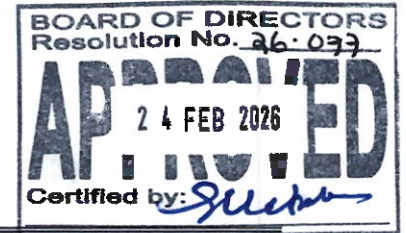


FOR : The Board of Directors (BOD)
THROUGH : The Board Risk Oversight Committee (BROC)
FROM : Risk Management Division
DATE : February 20, 2026
SUBJECT : Proposed Amendments to the BROC Charter



I. PURPOSE

This memorandum seeks the Board's approval for the proposed amendments to the Board Risk Oversight Committee (BROC) Charter. These amendments aim to:

- Incorporate the oversight of operational resilience principles as required by BSP Circular No. 1203.
- Strengthen governance over cybersecurity and information security risks.
- Clarify the delegated authorities of the BROC regarding procedural approvals and specific project expenditures.

II. SUMMARY OF AMENDMENTS

The proposed updates in the February 2026 version include:

- Clarifies that while the BOD retains final approval for bank-wide policies, the BROC is delegated the power to approve implementing procedures and specific risk-related expenditures.
- Formally integrates the Operational Resilience Framework into the BROC's oversight duties.
- Adds explicit responsibilities for overseeing the effectiveness of the Information Security Program and reviewing material cyber incidents.
- Updates the authorities table to reflect the BROC's power to approve RSK-initiated projects from Php 2M up to Php 5M.

Please refer to **Annex A** for the line-by-line comparison of the proposed amendments.

For your kind approval.

Respectfully,


Renato B. del Rosario, Jr.
ORM Department Head


Jeremy H. Reyes
Chief Risk Officer



ANNEX A

Proposed Amendments to the BROCC Charter

Section	Current Provision	Proposed Amendment
I. PURPOSE	Delegates power to approve procedures for implementing risk and capital management policies.	Expanded: Delegates power to approve procedures and specific risk-related expenditures (CAPEX/OPEX) , while mandating the oversight/endorsement of bank-wide policies.
III. DUTIES (Item 1)	Ensure periodic review of risk management systems and recovery plans.	Expanded: Clarifies corrective actions are promptly addressed by Management
III. DUTIES (Item 4)	Endorses for BOD approval ISPP and Business Continuity Manual.	Expanded: Includes Baseline Security Standards, IT Risk Management Framework, Operational Resilience Framework, and Recovery Plan.
III. DUTIES (Item 5 - New)	(None)	Added: Specific oversight of cybersecurity risks , review of the Information Security Strategic Plan , and material cybersecurity incidents.
III. DUTIES (Item 11 - New)	(None)	Added: Oversight of operational resilience effectiveness , including approval of disruption tolerance levels and testing scenarios.
V. APPROVING AUTHORITIES	Table focused on Market, Liquidity, and Risk Policies.	Updated: Added rows for Interest Rate Risk in the Banking Book Limit, Operational Resilience Framework, Recovery Plan, Contingency Funding Plan, and RSK-initiated Projects (CAPEX/OPEX).

**BOARD RISK OVERSIGHT
COMMITTEE (BROC)**

Version No. :13

Date of BOD Approval :02/24/2026

Page No. : 1

I. PURPOSE

The Board of Directors (BOD) is primarily responsible for promoting a risk management culture in the Bank by establishing and maintaining a sound risk management system.

The BOD delegates to the BROC the power to approve procedures for implementing risk and capital management policies, as well as specific risk-related expenditures within the authorized limits defined in this Charter. The BROC is also provided with the mandate to oversee and endorse for BOD approval all bank-wide risk frameworks and policies.

The Board Risk Oversight Committee (BROC) shall assist the BOD with its oversight function to:

- a. Identify and evaluate risk exposures;
- b. Develop risk management strategies;
- c. Oversee the risk management framework; and
- d. Promote a risk management culture in the Bank.

(*The term Bank encompasses the Trust Services Group).

II. COMPOSITION

The BROC shall be composed of at least three (3) Directors, majority of whom shall be independent directors, including the Chairperson. The BROC's Chairperson shall not be the chairperson of the Board of Directors, or any other Board-level committee.

III. DUTIES AND RESPONSIBILITIES

1. Oversees the risk management framework and ensure that there is periodic review of the effectiveness of the risk management systems, and recovery plans. Any required corrective actions resulting from the reviews are monitored and promptly addressed by Management.
2. Oversees adherence to the Bank's risk appetite statement, risk policy, and risk limits.
3. Endorses for BOD's approval bank-wide policies for risk definition, assessment, management and monitoring/reporting.
4. Endorses for BOD's approval bank-wide Information Security Policies and Procedures (ISPP), Baseline Security Standards, IT Risk Management Framework, Operational Resilience Framework, Recovery Plan, and Business Continuity Manual, including any material updates thereto.
5. Oversees the management of cybersecurity and information security risks as part of the Bank's IT Risk Management Framework, including the periodic review of the Information Security Strategic Plan, the effectiveness of the Information Security Program, and material cybersecurity incidents.
6. Endorses for BOD's approval bank-wide policies for capital management.
7. Reviews and approves market and liquidity risk limits as recommended by the Risk Management Division (RSK).

**BOARD RISK OVERSIGHT
COMMITTEE (BROC)**

Version No. :13

Date of BOD Approval :02/24/2026

Page No. : 1

8. Reviews and approves asset and liability benchmarks for risk monitoring as recommended by RSK.
9. Reviews and endorses individual trading limits as recommended by Treasury Management Group (TMG) and RSK.
10. Analyzes and evaluates that risk infrastructure are within the Bank's overall direction and are supported by the appropriate technology.
11. Oversees the operational resilience framework and ensures the periodic review of its effectiveness in maintaining critical operations through disruptions, including the approval of disruption tolerance levels and the range of severe but plausible scenarios for testing.
12. Promotes the continuous development and upgrade of risk practices, policies, procedures and structures.
13. Ensures that business and risk units develop sufficient risk management skills and encourages high standards of ethical behavior by risk-taking personnel.
14. Monitors that capital levels are adequate relative to the Bank's risk profile and comply with internal and statutory requirements. Reviews the results of and updates to the Internal Capital Adequacy Assessment Process (ICAAP).
15. Reviews current and emerging risk exposures to prevent undue or over-concentration of risk in any product, market, industry or business.
16. Evaluates and concurs with the appointment, dismissal and other changes to the Bank's Chief Risk Officer (CRO).
17. Ensures that the risk management function has adequate resources and effectively oversees the risk-taking activities of the Bank.
18. Approves CAPEX and/or OPEX for RSK-initiated projects amounting to Php 2 million up to Php 5 million. Project costs above P5 million shall be for BROC endorsement to the Board.
19. Reviews the performance of the Chief Risk Officer including the conduct of the annual performance appraisal.
20. Confirm annually that all responsibilities outlined in this charter have been carried out. Reviews the Committee's performance at least annually.

IV. MEETINGS

The Committee meets monthly or as often as necessary. RSK, under the Chief Risk Officer (CRO), handles the administrative aspects of the Committee.

The Committee meeting may be conducted through modern technologies such as, but not limited to, teleconferencing and video-conferencing as long as the committee members attending the meeting can actively participate in the deliberations on matters taken up. Notwithstanding, every Committee member shall attend at least fifty percent (50%) of all Committee meetings every year.

**BOARD RISK OVERSIGHT
COMMITTEE (BROC)**

Version No. :13
Date of BOD Approval :02/24/2026
Page No. : 1

V. APPROVING AUTHORITIES

ITEM	RECOMMENDED BY	BROC	BOARD
Market Risk Limits – e.g. VaR, Stop Loss, Position, Sensitivity	RSK	Approves	
Liquidity Risk and Interest Rate Risk in the Banking Book Limits	RSK	Approves	
Asset Liability Management Benchmarks	RSK	Approves	
Individual Trading Authorities and Limits	TMG & RSK	Endorses	Approves
ICAAP and Capital Management policies	ICAAP Steering Committee	Endorses	Approves
Operational Resilience Framework (including Critical Operations, Tolerance for Disruption, and Scenarios)	RSK	Endorses	Approves
Recovery Plan	RSK	Endorses	Approves
Contingency Funding Plan	TMG	Endorses	Approves
Risk Management Policies	RSK	Endorses	Approves
ISPP Policies and Amendments	ITSC or RSK	Endorses	Approves
Business Continuity Management (BCM) Manual	BCM Committee	Endorses	Approves
Trust Unit Risk Management Policies	TIC	Endorses	Approves
Trust Market Risk Limits – e.g., VaR, Stop Loss, Position, Sensitivity	TIC	Approves	
Trust Liquidity Risk Limits	TIC	Approves	
RSK-initiated Projects (CAPEX/OPEX)	RSK	Approves (Php2M to Php 5M)	Approves (Above Php 5M)

VI. EVALUATION AND REPORTS

The Committee shall review and assess the adequacy of this charter annually and recommend any proposed changes to the BOD for its approval pursuant to this charter.

The Committee shall keep written minutes of meetings, which shall be maintained in the books and records of the Bank and reported to the BOD and Management.

CHARTERS OF BANK COMMITTEES