

COMPLIANCE COMMITTEE CHARTER

I. Purpose and Objective

This Charter sets forth the authority and responsibilities of the Compliance Committee of the Bank.

The Committee shall assist the Board in monitoring compliance with established banking laws, rules and regulations, particularly in compliance with risk management system designed to specifically mitigate risks that may erode the franchise value of the Bank such as risk of legal or regulatory sanctions, material financial loss, or loss to reputation a Bank may suffer as a result of its failure to comply with laws, rules, related self-regulatory organization standards and the codes of conduct applicable to its activities.

The said risk may also arise from failure to manage conflict of interest, treat customers fairly, or effectively manage risks arising from money laundering and terrorist financing activities.

II. Membership

1. The Committee shall be composed of at least three (3) members of the Board, preferably, one (1) of whom shall be an independent director. The Chairman of the Committee shall be a non-executive director.
2. The members of the Committee shall be appointed by the Board including the Committee Chairperson.
3. The Board of Directors shall have the power to remove and replace the members of, and fill vacancies in, the Compliance Committee.

III. Meeting and Reporting

1. The Committee shall meet once a month at the Bank's Board Room, Principal Office preferably every second Wednesday at 1:00 pm, or on such other date and time as may be agreed upon by the members.
2. The members of the Compliance Committee who cannot physically attend or cast a vote at a meeting can participate through remote communication such as videoconferencing, teleconferencing or other alternative platforms/media that allow them reasonable opportunity to participate.
3. The Committee shall report its activities to the Board on a regular basis and make such recommendations, as the Committee deems necessary or appropriate.

IV. Quorum and Voting

1. A majority of the members of the Committee shall constitute a quorum and every decision of at least a majority of the Committee members present at a meeting at which there is a quorum shall be valid, unless a specific number of votes is required by existing laws and regulations.
2. In cases where a deadlock decision is arrived at during committee meetings, the matter being the subject of the deadlock shall be elevated to the Board of Directors for its decision.
3. Directors who participate through remote communication shall be deemed present, for purposes of quorum.

V. Duties and Responsibilities

1. Oversee the Compliance Function of the Bank by ensuring that it maintains its formal and independent status within the Bank, thru this Charter duly approved by the Board.¹ In addition, ensure the appointment of a full-time Chief Compliance and Governance Officer (CCGO), who shall be the lead operating officer in charge of the compliance function.
2. Approve the compliance program, plan and material changes, updates, and amendments thereto, and other compliance matters. Since the implementation of the compliance program rests collectively with senior management², ensure that matters affecting the design and implementation of the program are duly reported by the management.
3. Approve any updates and amendments to the Money Laundering and Terrorist Financing Prevention Program (MTPP) Manual, by reason of updates to related³ policies & procedures, adoption of the latest trends in money laundering, terrorist financing and proliferation financing typologies and changes to the laws, rules and regulations; and delegate approval of the corresponding implementing guidelines and procedures to the AML Committee.
4. Review and approve the performance and compensation of the CCGO, as well as the budget of the compliance function.
5. Ensure that identified compliance issues within the Bank are resolved expeditiously.
6. Receive regular compliance reports from the CCGO or his representative, on major activities/initiatives undertaken, general assessment of the Bank's regulatory compliance and vital compliance matters that demands immediate attention.
7. Review the completeness of the processes in reporting and compliance to identify regulatory breaches, including the review of findings by the Bangko Sentral ng Pilipinas and other regulatory agencies, as the case may be.
8. Assess and review on a regular basis the Bank's Compliance Framework prior to Board's approval.

¹ *BSP Manual of Regulations for Banks, Section 161, Compliance Framework*

² *BSP Manual of Regulations for Banks, Section 161, Responsibilities of the board and senior management*

³ *On Anti Money-Laundering, Terrorist Financing & Proliferation of Weapons of Mass Destruction*

9. Oversee the implementation of the Bank's Compliance Program or Plan.
10. The Committee shall perform such other duties as may be delegated to it by the Board from time to time.

VI. Review and Performance Evaluation

1. The Board shall review and assess the adequacy of this Charter annually or as the need arises.
2. The Committee shall conduct an annual review of its performance based on established self-assessment evaluation. The results thereof shall be reported to the Board through the Corporate Governance Committee of the Bank.

Reviewed as of December 2024