

CHARTER OF THE GROUP RISK MANAGEMENT COMMITTEE OF RIZAL COMMERCIAL BANKING CORPORATION AND ITS SUBSIDIARIES

A. PRINCIPAL PURPOSE / OBJECTIVE

1. The Group Risk Management Committee (RMC) is a Board-level committee of the Rizal Commercial Banking Corporation (RCBC) Board of Directors (the Board), from which it derives its authority and to which it regularly reports. The RMC exercises authority over all other risk committees of the various RCBC business groups and subsidiaries (the Group), with the principal purpose of assisting the Board in fulfilling its oversight responsibilities relating to:
 - a. Evaluation and setting of the Group's risk appetite;
 - b. Review and management of the Group's risk profile;
 - c. Implementation and continuous improvement of a sound framework for the identification, measurement, control, monitoring, and reporting of the principal risks faced by the Group;
 - d. Capital planning and management.

B. MEMBERSHIP, ORGANIZATION AND TERM OF OFFICE

1. The Board has the sole authority to appoint the members of the RMC, its Chair, and its Vice Chair. As such, it is also the Board's sole discretion to remove or replace any RMC member at any time for justifiable reasons.
2. Members of the RMC must possess a range of risk management expertise and adequate knowledge of the Group's risk exposures. Membership to the committee shall be a minimum of six (6), all of whom must be incumbent members of the Board, with at least two (2) being Independent Directors.
3. Each committee member's tenure shall commence upon his/her appointment; and shall continue to subsist until such time that any one of the following occurs:
 - a. the Board withdraws his/her appointment to the RMC;
 - b. he/she ceases to be an incumbent member of the Board;
 - c. he/she voluntarily resigns the committee membership.
4. The Head of Corporate Risk Management Services Group, or his / her Designate, shall act as the RMC's Secretary.

C. MEETINGS AND ATTENDEES

1. The RMC shall hold monthly regular meetings and at such additional times as may be necessary to discharge its duties and responsibilities.
2. Meetings may be held in any designated area whereby a quorum may be physically established, or interactive participation by committee members may be achieved.
3. The Chair of the RMC presides over regular meetings, with the Vice Chair taking over in cases wherein the Chair is absent.

Moreover, the Chair shall have the sole authority to call for committee meetings, authorize the release of the committee's meeting Minutes, clear matters for inclusion in the meeting Agenda, and set cut-offs for information that the committee may require or consider.

4. Attendees to RMC meetings shall be in accordance with the following:

- | | |
|--------------------|---|
| a. Mandatory | Head of Risk Management
Head of Corporate Planning
Head of Treasury
Head of Internal Audit
Head of Controllership |
| b. Right to Attend | All members of the Board |
| c. By Invitation | Any Director, officer or employee of the Group. |

D. VOTING AND QUORUM

1. The physical presence of at least four (4) members shall constitute a quorum, provided that either the Chair or Vice Chair is among those present.
2. Voting on committee matters shall be on a one member-one vote basis. Where a quorum is present, a majority vote of all members present shall constitute an official action of the RMC, and shall have immediate effect without need for further confirmation from the Board, unless such action is one that specifically requires Board confirmation or approval.
3. When approval of the RMC is immediately needed, but the Committee is otherwise unable to meet for whatever reason, approval via routing or electronic mail shall be considered valid and operative, *provided* that the concurrence of at least four (4) RMC members is secured, one of which must be the Chair's or the Vice Chair's. The said approval should then be

at least noted by the Committee en-banc in the immediately following regular RMC meeting.

E. SCOPE OF AUTHORITY AND RESPONSIBILITY

The Committee's scope of authority shall be in accordance with its principal purpose and objective herein set, and guided by the directives as contained in BSP Circular 456 herein annexed and made an inherent component of this Charter.

The RMC's responsibilities are:

1. Review, evaluate, periodically assess for, and report to the Board the Group's Internal Capital Adequacy Assessment Process (ICAAP), especially relating to:
 - a. Current and projected capital and risk-weighted asset levels and requirements;
 - b. Capital allocation among risk-taking units of the Bank;
 - c. Perceived threats to capital adequacy arising from both identified and unexpected risk factors;
2. Consider and evaluate for the Board the levels of risk appetite proposed by the various risk-taking units of the Group, and to ensure that these levels are commensurate to a decided risk-reward strategy;
3. Consider and periodically review product/s and product program/s directly related to altering the make-up of the risk profile of the Group;
4. Evaluate the profile, direction, magnitude and distribution of risks across the Group from a consolidated perspective, thereby exercising supervision and review authority over the risk committees of the various Group subsidiaries;
5. Develop, implement, and periodically review the Group's Risk Management Framework, ensuring that the same remains effective and updated, and that implementation is carried out on an enterprise-wide basis;
6. Approve and oversee the continuous development of policies and procedures designed to:
 - a. Define, identify, measure, control, and monitor the principal risks faced by the Group;
 - b. Establish and communicate risk management controls throughout the Bank;

- c. Promote a risk culture that requires the highest standards of ethical behavior by risk taking personnel and risk managers;
7. Approve and periodically review the Bank's system of limits covering:
 - a. Performance vs. risk appetite;
 - b. Risk concentration;
 - c. Risk trends;
 - d. Risk tolerance levels;
8. Oversee compliance to established risk management policies and limits, and ultimately issue dispositions on risk policy and limit exceptions;
9. Oversee the system of limits to discretionary authority that the Board delegates to Management, ensure that the system remains effective, that the limits are observed, and immediate corrective actions are taken when limits are breached;
10. Oversee the functioning and performance of the Chief Risk Officer and of the Group's Corporate Risk Management Services (CRISMS); and assess the adequacy of resources including personnel, systems, and other risk management capabilities necessary for the conduct of sound risk management;
11. Provide a forum for sharing strategic initiatives to ensure that the risk management function is able to address and support changes within the Group in a proactive manner;
12. Delegate to Management certain authorities in the interest of instituting an efficient and responsive risk management infrastructure;
13. Assume other responsibilities as are required by existing and future regulations, and/or delegated to it by the Board from time to time.

F. REPORTING AND SELF-EVALUATION

1. The RMC is entitled to receive periodic reports from the subsidiary risk committees of the Group and from Management on matters relating to risk and capital pursuant to a schedule that the Committee develops.
2. The RMC, via its Chair, shall report to the Board on a periodic basis its actions and dispositions, and with such recommendations as deemed appropriate or required.
3. The approved Meeting Minutes of the RMC shall be reported by the RMC Chair to the immediately following Board Meeting for notation, and confirmation of certain previous RMC action/s requiring final Board approval.

4. The RMC shall perform an evaluation of its own performance at least on an annual basis, with the results communicated to the Board.

G. CHARTER AMENDMENTS

1. The RMC shall, from time to time, assess the adequacy of this Charter and recommend changes thereto to the Board.

-END-

Adopted by the Risk Management Committee on 20 May 2010.

For the Risk Management Committee:

RIZALINO S. NAVARRO

Chairman of the Risk Management Committee

Approved / Ratified by the RCBC Board on 21 May 2010.

Corporate Secretary