



ANTI-MONEY LAUNDERING COMMITTEE CHARTER

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INTRODUCTION

The Anti-Money Laundering Committee (“AMLCOM”) is hereby constituted by the Board of Directors for the purpose of carrying out its mandate to fully comply with the Anti-Money Laundering Act, as amended, its Revised Implementing Rules and Regulations and the Anti-Money Laundering Regulations under the Manual of Regulations for Banks (“MORB”); and to ensure that oversight on the Bank’s compliance management is adequate.

This Charter of the AMLCOM sets out the roles, responsibilities, and authority of the AMLCOM as delegated by the Board of Directors, and the rules of procedure that will guide the Committee in the performance of its functions.

1.0 GENERAL PURPOSE AND AUTHORITY

The AMLCOM is constituted by the Board of Directors for the following purposes:

- 1.1 To oversee and implementation of the Bank’s Money Laundering and Terrorist Financing Prevention Program (MLPP).¹
- 1.2 To oversee and recommend to the Board the adoption of a comprehensive and risk-based MLPP geared toward the promotion of high ethical and professional standards and the prevention of the bank being used, intentionally, or unintentionally, for money laundering and terrorism financing;²
- 1.3 Management of the implementation of the MLPP shall be the primary task of the Compliance Office. To ensure the independence of the said office, it shall directly report to the AMLCOM on all matters related to AML and terrorist financing compliance and their risk management. The AMLCOM shall have oversight over the following functions of the Compliance Office:
 - 1.3.1 Ensure compliance by all responsible officers and employees with this the AMLA, as amended, the RIRR, the AML Regulations in the MORB and the Bank’s MLPP. It shall conduct periodic compliance checking which covers, among others, evaluation of existing processes, policies and procedures including on-going monitoring of performance by staff and officers involved in money laundering

¹ Section X805.2 of the MORB.

² Section X805.2 of the MORB.



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and terrorist financing prevention, reporting channels, effectivity of the electronic money laundering transaction monitoring system and record retention system through sample testing and review of audit or examination reports. It shall also report compliance findings to the AMLCOM;

- 1.3.2 Ensure that infractions, discovered either by internally initiated audits or by special or regular examination conducted by the BSP, are immediately corrected;
- 1.3.3 Inform all responsible officers and employees of all resolutions, circulars and other issuances by the BSP and the AMLC in relation to matters aimed at preventing money laundering and terrorist financing;
- 1.3.4 Alert the Senior Management Committee, AMLCOM and the Board of Directors if it believes that the institution is failing to sensibly address anti-money laundering and terrorist financing issues; and
- 1.3.5 Organize the timing and content of AML training of officers and employees including regular refresher trainings as required under Section X809 of the MORB.³

2.0 COMPOSITION

The AMLCOM shall be composed of three (3) directors, including the Chairman, to be appointed by the Board of Directors annually.

3.0 QUALIFICATIONS

- 3.1. The Chairman of the Committee shall be an independent director;
- 3.2. The members of the Committee who are directors shall possess the same qualifications and none of the disqualifications of a director or independent director, as the case may be;
- 3.3. The members of the Committee shall be provided with periodic professional education/training on corporate governance and AMLA;

³ Section X805.1(a) of the MORB.



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- 3.4. The members of the Committee who have been absent or who have not participated for whatever reason in more than fifty percent (50%) of all meetings, and members who failed to physically attend for whatever reasons in at least twenty-five percent (25%) of all meetings during the year, shall be disqualified for reappointment in the succeeding election, except that if the chairman certifies that said members were given the agenda for the meeting and their comments/discussions thereon were taken up in the meeting, said members shall be considered present in the meeting.

4.0 MEETINGS

- 4.1. The AMLCOM shall meet as frequently as considered necessary by the Committee. Meetings of the AMLCOM shall be convened by the chairman as deemed appropriate, or upon request of the majority of the members.
- 4.2. A quorum will comprise of majority of the members of the AMLCOM. Voting on Committee matters shall be on one member – one vote basis. Majority vote of all members present shall constitute an official action of the AMLCOM.
- 4.3. The members of the AMLCOM shall attend its meetings in person or through teleconferencing and videoconferencing conducted in accordance with the rules and regulations of the SEC in such a manner that will allow the member who is taking part in said meetings to actively take part in the deliberations on matters taken up therein, except when justifiable causes prevent his attendance to ensure that the quorum requirement will be met. Justifiable causes include, but are not limited to, grave illness or death of an immediate family or serious accidents.
- 4.4. The notice and agenda of the meeting shall be furnished to the members prior to each meeting and will include relevant supporting papers as appropriate.
- 4.5. Minutes of the meeting shall be submitted to the Board of Directors.



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5.0 SPECIFIC DUTIES AND RESPONSIBILITIES

5.1 Client Profiling:

- a. To review and approve the AML client risk profiling model and changes thereto;
- b. To review and note changes in the risk profiles of clients, *i.e.*, downgrading from high risk to normal or low risk, and upgrading from low risk to normal or high risk;
- c. To review and approve changes in the sensitivity of watch list name screening on Base60;

5.2. STR Reporting:

- a. To note the suspicious transaction reports filed pursuant to the approval of the AML Management Committee ("AML MANCOM").

5.3 Alerts Management:

- a. To approve changes in alert scenarios, rules, parameters and thresholds in AML alert management and transaction monitoring systems (e.g Base 60, Predator, PVS – Pre Validation System) such as, but not limited to the following;
 - i. Structuring of transactions;
 - ii. Large volume of check encashments;
 - iii. Large amount of over-the-counter withdrawal
 - iv. Large cash deposit transactions;
 - v. Transactions between bank employees
 - vi. High network accounts;
 - vii. High frequency of "pass through accounts";
 - viii. Large sum of remittance
 - ix. Possible deviation of customer declared profile;
 - x. Sudden closure of Loan and Investment accounts
 - xi. Sudden movement of dormant accounts
- b. To review and approve reports on transactions disposed as false positive;



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5.4 Disposition of Issues:

- a. To review and recommend actions for AML critical issues;
- b. To review and approve reports on transactions disposed via Triage;
- c. To review and note closure of accounts;

5.5 Compliance Testing and Monitoring for AML:

- a. To review and approve AML compliance risk assessment;
- b. To review and approve the annual testing plan and changes thereto;
- c. To review the findings of Compliance Testing for AML and approve sanctions to be imposed as a result of such findings;
- d. To monitor and oversee timely compliance and responses to BSP/AMLC findings on regular or special examination in relation to AML.

5.6 Policy and Manuals:

- a. To review the Bank's MLPP for the approval of the Board of Directors;
- b. To review and approve the Manuals on the following:
 - i. System;
 - ii. Alerts
 - iii. Policy;
 - iv. Testing

5.7 Others:

- a. To review and approve training plan for the Board and bank employees on AML;
- b. To note the Covered Transactions Reports and Reports on Crimes and Losses filed;
- c. To note the AML risk indicators set by the Risk Oversight Committee;
- d. To confirm minutes of the AML Management Committee;
- e. To monitor the status of requests for information by the regulators, *i.e.*, BSP and AMLC.