

GOVERNMENT CORPORATION NAME:

**AL-AMANAH ISLAMIC INVESTMENT BANK OF THE PHILIPPINES**

<b>BOARD COMMITTEES</b>		
<b>Audit and Compliance Committee</b>	<b>FUNCTION</b>	<b>COMPOSITION As of June 30, 2018</b>
	<ol style="list-style-type: none"> <li>1. To review and approve the audit scope and frequency, the annual internal audit plan, quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirement. . It shall receive key audit reports, internal or external, and ensure that senior management is taking necessary corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws and regulations and other issues identified by auditors.</li> <li>2. It shall have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions. The Audit and Compliance Committee shall ensure that a review of the effectiveness of the institution’s internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.</li> <li>3. The Audit and Compliance Committee shall establish and maintain mechanisms by which officers and staff shall, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up</li> </ol>	<p style="text-align: center;"><b>RAMAYANA D. SAIDAMEN</b> Chairman</p> <p style="text-align: center;"><b>ROBERT SY TAN</b> Vice Chairman</p> <p style="text-align: center;"><b>Dir. MIGUEL C. ABAYA</b> Member</p>

	<p>action, and subsequent resolution of complaints.</p> <ol style="list-style-type: none"><li>4. Overseeing, monitoring and evaluating the adequacy and effectiveness of the Bank's internal control system, engage and provide oversight of the Bank's internal and external auditors, and coordinate with the Commission on Audit (COA).</li><li>5. Ensuring that internal auditors have free and full access to all the Bank's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results; and</li><li>6. Developing a transparent financial management system that will ensure the integrity of internal control activities throughout the Bank's through a procedures and policies handbook that will be used by the entire organization.</li><li>7. To review and discuss the following with management and auditors :<ul style="list-style-type: none"><li>• Significant financial and regulatory reporting issues, including highly complex or unusual transactions that render the determination of their effects on the financial statements difficult or highly subjective.</li><li>• Significant issues on non-compliance with Islamic Shari'ah rules and principles</li><li>• Significant changes in the selection or application of accounting principles.</li><li>• Significant related party transactions not in the ordinary course of business, or with related entities that either not audited or are audited by another firm.</li><li>• Significant unadjusted audit differences.</li><li>• Significant off-balance sheet structures.</li></ul></li><li>8. To review the quarterly, half-year and annual financial statements before submission to the Board.</li></ol>	
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	<p>9. To review and approve the annual internal audit plan, the scope of audit and its frequency.</p> <p>10. To determine the overall internal auditing and compliance policies to ensure that the Offices of Internal Audit and Compliance are vested with adequate authority to fulfill their responsibilities.</p>	
<b>Corporate Governance Committee</b>	<b>FUNCTION</b>	<b>COMPOSITION</b>
	<p>1. Ensure the Board's effectiveness and due observance of corporate governance principles and guidelines;</p> <p>2. Oversee the periodic performance evaluation of the Board and its Committees and Executive Management including an annual self evaluation of the Committee's performance. The corporate governance committee may coordinate with external facilitators in carrying out board assessment, within the frequency approved by the entire board.</p> <p>3. Decide whether or not a director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g. competence, candor, attendance, preparedness and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when directors serve on multiple boards.</p> <p>4. Responsible for enjoining the members of the board to give priority to their attendance to the AAILBP Board and its committee meetings to address the competing time commitments that are faced when directors serve on multiple boards.</p> <p>5. Make recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the Board members and senior officers, and their remuneration commensurate with corporate and individual performance;</p> <p>6. Make recommendation to the Board the manner by which the Board's performance may be evaluated and propose an objective performance criteria approved by the Board with performance indicators which shall address how the Board has enhanced long</p>	<p><b>ACAS T. BAYABAO</b> Chairman</p> <p><b>ABDELNOOH K. HADJIRUL</b> Vice Chairman</p> <p><b>ROBERT SY TAN</b> Member</p>

	<p>term shareholder's value;</p> <ol style="list-style-type: none"> <li>7. Review and update Board policies and practices on conflict of interest as defined in the Bank's Code of Ethics and other applicable laws, rules and regulations.</li> <li>8. Review outside activities of senior management;</li> <li>9. Ensure that the Committee has a written charter that describes the duties and responsibilities of its members and which has been approved by the Board and reviewed and updated at least annually; and</li> <li>10. Periodically review and update at least annually the Bank's Code of Ethics, the Manual on Corporate Governance and the Charter of the Governance Committee.</li> </ol>	
<b>Risk Oversight Committee</b>	<b>FUNCTION</b>	<b>COMPOSITION</b>
	<ol style="list-style-type: none"> <li>1. Serve as catalyst in the development of an era of enhanced risk awareness and sensitivity in doing business aligned with the requirements of Basle II. The impetus for more risk sensitivity in doing business should be anchored more on it being a business decision rather than mere regulatory compliance;</li> <li>2. Assist in the definition of business opportunities from a risk return perspective ensuring that returns are commensurate with risks taken consistent with the Bank's risk philosophy without necessarily neglecting its developmental mandate in pre-identified areas;</li> <li>3. Oversee the adequacy and effectiveness of existing risk policies, procedures and controls including, but not limited, to the System of Limits delegated to management, ensuring the System remains effective, adhered to and appropriate actions are taken in case of breach;</li> <li>4. See the development of a written plan in defining the required risk management strategies in identifying, assessing, measuring, monitoring and controlling the three (3) major risks the Bank is confronted with (i.e. credit, market &amp; liquidity, and operational risks), giving emphasis to the priority risk areas of concern;</li> </ol>	<p><b>ROBERT SY TAN</b> Chairman</p> <p><b>ROGELIO V. GARCIA</b> Vice Chairman</p> <p><b>RAMAYANA D. SAIDAMEN</b> Member</p>

	<ol style="list-style-type: none"> <li>5. Identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real.</li> <li>6. Ensure that plan/strategies are implemented through proper communication to concerned parties. The Committee shall conduct regular discussions on the Bank's current risk exposure based on regular management reports and call attention of concerned units/management for appropriate action in reducing these risks, if needed;</li> <li>7. Identify and evaluate risk exposures and assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur and are costly when they happen.</li> <li>8. Review and revise the plan/strategies as needed to ensure its relevance, adequacy and effectiveness in the face of changing risk exposures over time brought about by various factors (i.e. new products, economic condition, market volatility, new regulations, etc.); and</li> <li>9. Ensure adequate separation of duties in the risk management process to avoid potential conflicts of interest. In this light, the Committee shall see to it that risk measurement, monitoring and control functions are sufficiently independent from position taking functions.</li> <li>10. Report regularly, or at least quarterly, to the Board the Bank's overall risk exposure, actions taken to reduce the risks and recommend further action or plans as necessary as well as ad hoc reporting and evaluation of investment proposal; and</li> <li>11. Ensure adequate separation of duties in the risk management process to avoid potential conflict of interest, in this light, the committee shall see to it that risk measurement, monitoring and control functions are sufficiently independent from position-taking functions.</li> </ol>	
<b>HR Committee</b>	<b>FUNCTION</b>	<b>COMPOSITION</b>
	<ol style="list-style-type: none"> <li>1. Installing and maintaining a process to ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations.</li> <li>2. Reviewing and evaluating the qualifications of all persons nominated to positions in the Bank which require appointment by the Board.</li> </ol>	<p><b>ALEX P. BANGCOLA</b> Chairman</p> <p><b>ACAS T. BAYABAO</b> Vice Chairman</p>

	<ol style="list-style-type: none"> <li>3. Recommending to the Development Bank of the Philippines (DBP) Board nominees for the shortlist in line with the Bank's Board composition and succession plan, for DBP's proper disposition.</li> <li>4. Developing recommendations to the GCG for updating the CPCS and ensuring that the same continues to be consistent with the Bank's culture, strategy, control environment, as well as the pertinent laws, rules and regulations.</li> <li>5. Review, screen and formalize management recommendations on HR related matters for the Board's approval, including, but not limited to: <ol style="list-style-type: none"> <li>b) Establishing a formal and transparent procedure for developing a policy on implementation of executive remuneration and remuneration packages for corporate officers and directors in accordance with the guidelines of the GCG and Civil Service Commission (CSC) and provide oversight over the implementation of remuneration of senior management and other key personnel, ensuring that compensation is in accordance with what is prescribed by existing law or regulations.</li> <li>c) Review organization plans and structure to ensure adequacy in meeting the need of the Bank under the present set-up and conditions.</li> <li>d) Review manpower plan, including the assessment and evaluation of performance of all consultants and the proposed organizational structure for changes/enhancement to address anticipated growth needs and Islamic industry trends.</li> <li>e) Review management development programs and conduct audit on implementation and effectiveness of these programs.</li> <li>f) Review the existing Personnel Manual to strengthen provisions on conflict of interests, salaries and benefits policies, promotion and career advancement directives, and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts, and</li> </ol> </li> </ol>	<p style="text-align: center;"><b>MARIA LOURDES A. ARCENAS</b> Member</p>
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	g) In consultation with the Executive or Management Committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.	
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