Risk Exposure	Risk Management Policy	Objective
The Group's banking business is subject to credit, market, foreign currency, operational and liquidity risk which may have an adverse effect on its credit ratings and its cost of funds.	*The Group's banking business has a Risk Management unit which identifies, measures and monitors the credit, market, liquidity and operational risks that may arise from its business activities. It also ensures that all units adhere strictly to the policies and procedures which are established to mitigate or manage these risks. In coordination with the respective business units, it is also responsible for risk policy development, risk analysis, implementation of risk methodologies and risk reporting to senior management and the various risk committees. The Bank's Board of Directors, through its Risk Management Committee oversees its risk management activities. The Risk Management Committee is also responsible for periodically reviewing risk management policies and procedures relating to credit, market, liquidity and operational risks.* *The Group's banking business has a Risk of its loan portfolio by continuing to (i) improve its credit policies and credit approval procedures, (ii) implement risk management control tools, including, among others, a centralized credit management information system that allows it to standardize credit risk detection, quantification and management and (iii) strengthen internal controls and legal compliance by standardizing internal policies and procedures in accordance with legal and regulatory requirements with a view to establish a comprehensive internal control system.* *N.B. For more information on the Bank's risk policy, procedures, risk assessment monitoring and measurement, the Commission may refer to the Bank's Annual Corporate Governance Report.*	*The Group's banking business seeks to institute an efficient and appropriate risk management process that can be evaluated, monitored, and managed for key risks.* *The Bank is broadly directed by the following guidelines:* *- align risk appetite with its busines plan and strategies* *- proactive risk management* *- reduce surprises of unexpected losses* *-identify and manage all material risks* *-optimize use of capital*
The Group's real estate, sugar, hotel and power generations businesses are subject to interest, liquidity, credit and market which may have an adverse effect to the business, to wit: • *The Group's power business faces risks relating to its future power generation* •	*Interest Rate Risk Policy. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate. The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. The*	• *The Group's real estate, sugar, hotel and power generations businesses seeks to institute an efficient and appropriate risk management process that can be evaluated, monitored, and managed for key risks.* *With regard to the Group's financial riskmanagement, the main objectives*

projects, including risks relating to project cost, completion time frame and development rights. • *The Group's real estate business is exposed to risks associated with their in-house financing project including the risk of customer default, operation of their investment properties and the development of their office space and retail leasing business, etc.* • *The Group's sugar business is exposed to risks, including the risk of price fluctuations, adverse weather conditions and price competition.*	*Group's policy is to manage its interest cost using a mix of fixed floating interest-rate debts.* *<u>Liquidity Risk Policy.</u> As part of its liquidity management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities which may include bank loans and capital market issues.* *<u>Credit Risk Policy</u>. It is the Group's policy that buyers who wish to avail the in-house financing scheme are subject to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, AFS financial assets and HTM investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.*	*are as follows:* *· To identify and monitor such risks on an ongoing basis;* *· To minimize and mitigate such risks; and* *To provide a degree of certainty about costs.* *The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts.* • *The Group's funding requirements are designed to keep an appropriate balance between equity and debt, to give financing flexibility while continuously enhancing the Group's businesses.*