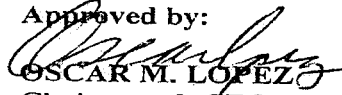
	<p align="center">Title INTERNAL AUDIT CHARTER</p>	<p><i>Document Code:</i> CH-IAG-001</p>	<p><i>Page No.</i> 1 of 4 pages</p>
	<p>Approved by:  OSCAR M. LOPEZ Chairman & CEO</p>	<p><i>Version No.:</i> 01</p> <p><i>Revision Date:</i></p>	<p><i>Revision No.:</i> 1</p> <p><i>Effectivity Date:</i> January 01, 2004</p>

I. MISSION STATEMENT

The mission of the Internal Audit is to provide an independent, objective assurance and consulting services designed to add value and improve the organization's operations. It assists the organization achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

II. SCOPE

The scope of work of the Internal Audit is to determine whether the organization's network of risk management, control and governance processes, *as designed and represented by management*, is adequate and functioning in a manner to ensure that:


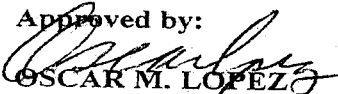
- Risks are appropriately identified and managed;
- Significant financial, managerial, and operating information is accurate, reliable and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately; and
- Interaction with various governance groups occurs as needed;

Opportunities for improving management control, profitability, and the organization's image which are identified during the audits shall be communicated to the management.

III. AUTHORITY

The Internal Audit shall have the authority to:

1. Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives;

	Title INTERNAL AUDIT CHARTER	Document Code: <i>CH-IAG-001</i>	Page No. <i>2 of 4 pages</i>
	Approved by:  OSCAR M. LOPEZ Chairman & CEO	Version No.: 01	Revision No.: 1

2. Have unrestricted access to all functions, any relevant documents, records, properties, and personnel;
3. Obtain the necessary assistance of personnel in units or organization where they perform audits, as well as other specialized services from within or outside the organization;
4. Conduct assurance and consulting services to affiliated companies; and
5. Have full and free access to the audit committee.

Internal Audit shall undertake other activities deemed necessary by the Audit Committee.

The Internal Audit shall not have direct authority over, nor responsibility for any of the activities under review. Moreover, the task of reviewing, reporting, and appraising established policies, plans and procedures do not in any way substitute for, nor relieve the line personnel in the organization of the responsibilities assigned to them.

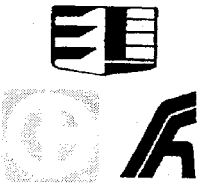
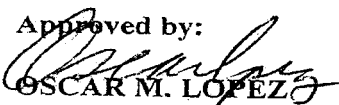
IV. ACCOUNTABILITY

Internal Audit shall be accountable to senior management and the audit committee to:

1. Provide annually an assessment of the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
2. Report significant issues related to processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
3. Periodically provide information on the status and results of the annual audit plan and the sufficiency of internal audit resources.

V. INDEPENDENCE AND OBJECTIVITY

The independence of the Internal Audit is essential for the effective and efficient performance of its functions. This independence is ensured by making its personnel report to the Chief Audit Executive (CAE) who reports functionally to the Audit Committee and administratively to the senior management.

	Title INTERNAL AUDIT CHARTER	Document Code: <i>CH-IAG-001</i>	Page No. <i>3 of 4 pages</i>
	Approved by:  OSCAR M. LOPEZ Chairman & CEO	Version No.: 01	Revision No.: 1

Internal Audit shall maintain their individual objectivity in performing their assigned tasks at all times. Conflicts of interest and /or any impairment in fact or in appearance should be appropriately disclosed.

VI. RESPONSIBILITY

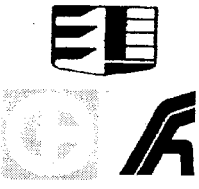
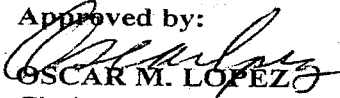
The Internal Audit shall have the responsibility to the Audit Committee to:

1. Submit a flexible annual audit plan using an appropriate risk based-methodology, including any risks or control concerns identified by management, and submit that plan to the audit committee and senior management for review and approval as well as periodic updates.
2. Implement the annual audit plan as approved, including as appropriate any special tasks or projects requested by management and the audit committee.
3. Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
4. Issue periodic reports to the audit committee and management summarizing results of audit activities.
5. Communicate to the appropriate authority within the organization any fraudulent activities which would warrant investigation.
6. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.

VII. PROFICIENCY AND DUE PROFESSIONAL CARE

The Internal Audit shall ascertain that internal auditing functions are performed with proficiency and due professional care by knowledgeable, skilled, and competent internal audit staff.

A continuing professional education and development program, e.g. post-graduate studies, attendance to relevant training, seminars, conferences, conventions, as well as membership to professional organizations, etc. shall be provided to internal audit staff to further enhance their knowledge, skills and competencies.

	<p align="center">Title INTERNAL AUDIT CHARTER</p>	<p>Document Code: <i>CH-IAG-001</i></p>	<p>Page No. <i>4 of 4 pages</i></p>
	<p>Approved by:  OSCAR M. LOPEZ Chairman & CEO</p>	<p>Version No.: 01</p> <p>Revision Date:</p>	<p>Revision No.: 1</p> <p>Effectivity Date: <i>January 01, 2004</i></p>

VIII. STANDARDS OF AUDIT PRACTICE

The Internal Audit activities shall be guided and performed in accordance with the revised “Standards for the Professional Practice of Internal Auditing” and “Code of Ethics” developed by the Institute of Internal Auditors (IIA) and/or any other auditing standards as may be adopted by the Internal Audit.

IX. AMENDMENTS

Any additions, deletions or revisions to this Charter shall be subject to the approval of the Chairman of the Board.
