



CORPORATE GOVERNANCE MANUAL

Updated as of 30 June 2015

Accountability, fairness and transparency - these values are deeply ingrained in Metrobank's business philosophy. The Bank adheres to good corporate governance practices and implements structures and processes that would ensure that our business is being run well and responsibly.

(Metrobank 2014 Annual Report)

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PART I - INTRODUCTION

This Manual shall be known as the “Corporate Governance Manual of Metropolitan Bank & Trust Company (the Bank)”.

It shall serve as reference¹ or guide for the Bank, its subsidiaries and affiliates in the implementation of Bangko Sentral ng Pilipinas (BSP) Circular No. 749 and 757 “Guidelines in Strengthening Corporate Governance in BSP Supervised Financial Institutions”, Circular No. 793 “Amendment to Align the Familial Restrictions Applicable to ‘Independent Director’ with the Existing Provision of the Securities Regulation Code (SRC)”, BSP Memorandum No. 2013-002 “Guidelines in Assessing the Quality of Corporate Governance in BSP-Supervised Financial Institutions”, Securities and Exchange Commission (SEC) Memorandum Circular No. 6 s2009 “Revised Code of Corporate Governance” as amended by SEC Memorandum Circular No. 9 s 2014, applicable provisions in the BSP Manual of Regulations for Banks (MORB) and other relevant references.

The Board of Directors (the Board), Management, Officers and Staff of the Bank hereby commit themselves to the principles and practices contained in this Manual and acknowledge that the same will guide them in the performance of their respective duties and responsibilities to stockholders and other stakeholders² and in the development and achievement of the Bank’s corporate goals. To enjoin Bank-wide compliance, this Manual is posted and available in the Insight Online/Compliance Library for easy access of all employees, officers and directors of the Bank.

This manual shall be available for inspection by any stockholder of Metrobank at its principal office during reasonable hours on business days¹.

Integrity makes all the difference. We aim to lead with no other agenda but yours. We hold transparency with the highest regard, with all the necessary information made available. We manage this institution, with only your best interest in mind. We are your trusted Bank. We are your trusted partner.

MetroBank believes that good governance is the cornerstone in fulfilling its commitment to all shareholders.

(Metrobank 2010 Annual Report)

¹ SEC Memo Cir. No. 6, s2009

² SEC Memo Cir. No. 9, s2014 – Other stakeholders include, among others, customers, employees, suppliers, financiers, government and community in which it operates.

PART II – GOVERNANCE STRUCTURE

A. BOARD OF DIRECTORS

1. Composition of the Board³

- a. Pursuant to Sec. 15 of R.A. 8791 “The General Banking Law of 2000”, there shall be at least five (5), and a maximum of fifteen (15) members of the Board. The Board shall determine the appropriate number of its members to ensure that the number is commensurate with the size and complexity of the Bank’s operations.

To the extent practicable, the members of the Board shall be selected from a broad pool of qualified candidates. External sources i.e. professional search firms as well as recommendations from shareholders and existing directors may be used for possible candidates as director. A sufficient number of qualified non-executive members shall be elected to promote the independence of the Board from the views of Senior Management. Non-executive members of the Board shall refer to those who are not part of the day to day management of banking operations and shall include the independent directors.⁴

The Board’s composition should reflect an appropriate mix with regards to skill representation, board experience, tenure, gender, age, and geographic experience. Other considerations are personal qualities, communication capabilities, ability and commitment to devote appropriate time to properly discharge the task, professional reputation and community standing. The Bank may compile a board profile when considering candidates to the Board (i.e., identify the professional skills and personal characteristics present on the current Board; identify the missing skills and characteristics; and nominate individuals who could fill the possible gaps).⁵

- b. At least twenty percent (20%) but not less than two (2) members of the Board shall be independent directors: provided that any fractional result from applying the required minimum proportion, i.e., 20 percent (20%), shall be rounded-up to the nearest whole number.
- c. Non-Filipino citizens may become members of the Board to the extent of the foreign participation in the equity of the Bank: provided, that pursuant to Section 23 of the Corporation Code of the Philippines (BP Blg. 68), a majority of the directors must be residents of the Philippines.

³ Sec. 1 BSP Cir. No. 749

⁴ Sec. 1 BSP Cir. No. 757

⁵ ICD ASEAN Corporate Governance Scorecard

2. Powers/Responsibilities and Duties of the Board⁶

a. Powers of the Board

The corporate powers of the Bank shall be exercised, its business conducted and all its property controlled and held, by its Board. The powers of the Board as conferred by law are original and cannot be revoked by the stockholders. The directors hold their office charged with the duty to exercise sound and objective judgment for the best interest of the Bank.

b. General Responsibility of the Board

The position of a Bank director is a position of trust. A director assumes certain responsibilities to different constituencies or stakeholders, i.e., the Bank itself, its stockholders, its depositors and other creditors, its management and employees, the regulators, deposit insurer and the public at large. These constituencies or stakeholders have the right to expect that the institution is being run in a prudent and sound manner.

The Board is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. Further, the Board is also responsible for monitoring and overseeing the performance of Senior Management as the latter manages the day to day affairs of the Bank.

It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.⁷

c. Specific Duties and Responsibilities of the Board

To ensure a high standard of best practice for the Bank, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

1) Approve and monitor the implementation of strategic objectives

Consistent with the Bank's strategic objectives, business plans shall be established for the Bank including its trust operations, and initiatives thereto shall be implemented with clearly defined responsibilities and accountabilities. These shall take into account the Bank's long-term financial interests, its level of risk tolerance and its ability to manage risks effectively. The Board shall establish a system for measuring performance against plans through regular monitoring and reviews, with corrective action taken as needed.

The Board shall likewise ensure that the Bank has beneficial influence on the economy by continuously providing services and facilities which will be supportive of the national economy.

⁶ Sec. 2 BSP Cir. No. 749

⁷ SEC Memo Cir. No. 9, s2014

- 2) Approve and oversee the implementation of policies governing major areas of banking operations

The Board shall approve policies on all major business activities, e.g., investments, loans, asset and liability management, trust, business planning and budgeting. The Board shall accordingly define the Bank's level of risk tolerance in respect of said activities. A mechanism to ensure compliance with said policies shall also be provided.

The Board shall set out matters and authorities reserved to it for decision, which include, among others major capital expenditures, equity investments and divestments. The Board shall also establish the limits of the discretionary powers of each officer, committee, subcommittee and such other groups for purposes of lending, investing or any other financial undertaking that exposes the Bank to significant risks.

- 3) Approve and oversee the implementation of risk management policies

The Board shall be responsible for defining the Bank's level of risk tolerance and for the approval and oversight of the implementation of policies and procedures relating to the management of risks throughout the institution, including its trust operations.

The Board shall ensure that the risk management function is given adequate resources to enable it to effectively perform its functions. The risk management function shall be afforded with adequate personnel, access to information technology systems and systems development resources, and support and access to internal information.

- 4) Oversee selection and performance of Senior Management

It is the primary responsibility of the Board to appoint competent management team at all times, monitor and assess the performance of the management team based on established performance standards that are consistent with the Bank's strategic objectives, and conduct regular review of Bank's policies with the management team.

- (a) The Board shall apply fit and proper standards on key personnel. Integrity, technical expertise and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. The Board shall replace members of Senior Management, when necessary, and have in place an appropriate plan of succession.
- (b) The Board shall regularly monitor the actions of Senior Management and ensure that these are consistent with the policies that it has approved. It shall put in place formal performance standards to be able to effectively assess the performance of Senior Management.

- (c) The Board shall regularly meet with Senior Management to engage in discussions, question and critically review the reports and information provided by the latter.
- (d) The Board shall regularly review policies, internal controls and self-assessment functions (e.g., internal audit, risk management and compliance) with Senior Management to determine areas for improvement as well as to promptly identify and address significant risks and issues.

The Board shall ensure that Senior Management's expertise and knowledge shall remain relevant given the Bank's strategic objectives, complexity of operations and risk profile.

5) Consistently conduct the affairs of the Bank with a high degree of integrity

The Board shall lead in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the Senior Management and other employees. The Board shall:

- (a) Articulate clear policies on the handling of any transaction with DOSRI and other related parties ensuring that there is effective compliance with existing laws, rules and regulations at all times and no stakeholder is unduly disadvantaged. In this regard, the Board shall define "related party transaction", which is expected to cover a wider definition than DOSRI under existing regulations and a broader spectrum of transactions (i.e., not limited to credit exposures), such that relevant transactions that could pose material risk or potential abuse to the Bank and its stakeholders are captured.
- (b) Require the Bank's stockholders to confirm by majority vote, in the annual stockholders' meeting, the Bank's significant transactions with its DOSRI and other related parties.
- (c) Articulate acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the Bank, or unethical conduct.
- (d) Articulate policies that will prevent the use of the facilities of the Bank in furtherance of criminal and other improper or illegal activities, such as but not limited to financial misreporting, money laundering, fraud, bribery or corruption.
- (e) Explicitly discourage the taking of excessive risks as defined by internal policies and establish an employees' compensation scheme effectively aligned with prudent risk taking.
- (f) Ensure that employee pension funds are fully funded or the corresponding liability appropriately recognized in the books of the Bank at all times. Further, the Board shall ensure that all transactions involving the pension fund are conducted at arm's length terms.

- (g) Allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices directly to the Board or to any independent unit. Policies shall likewise be set on how such concerns shall be investigated and addressed, for example, by an internal control function, an objective external party, Senior Management and/or the Board.
 - (h) Articulate policies in communicating corporate values, codes of conduct and other standards in the Bank as well as the means to confidentially report concerns or violations to an appropriate body.
- 6) Define appropriate governance policies and practices for the Bank and for its own work and to establish means to ensure that such are followed and periodically reviewed for ongoing improvement
- (a) The Board shall ensure that the Bank's organizational structure facilitates effective decision making and good governance. This includes clear definition and delineation of the lines of responsibility and accountability, especially between the roles of the Chairman of the Board and President.
 - (b) The Board shall maintain, and periodically update, organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities.
 - (c) The Board shall structure itself in a way, including in terms of size, frequency of meetings and the use of committees, so as to promote efficiency, critical discussion of issues and thorough review of matters.
 - (d) The Board shall conduct and maintain the affairs of the Bank within the scope of its authority as prescribed in its charter and in existing laws, rules and regulations. It shall ensure effective compliance with the latter, which include prudential reporting obligations. The Board shall appoint a compliance officer who shall be responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations. The compliance officer shall be vested with appropriate authority and provided with appropriate support and resources.
 - (e) The Board shall establish a system of checks and balances which applies in the first instance to the Board itself. The system shall also provide a mechanism for effective check and control by the Board over the chief executive officer and key managers and by the latter over the line officers of the Bank. Checks and balances in the Board shall be enhanced by appointing a Chairman who is a non-executive, whenever possible.
 - (f) The Board shall assess at least annually its performance and effectiveness as a body, as well as its various Committees, the President, the Individual Directors, and the Bank itself, which may be facilitated by the corporate governance committee or external facilitators.
 - (g) The Board shall ensure that individual members of the Board and the shareholders are accurately and timely informed. It shall provide all its members and to the shareholders a comprehensive and understandable assessment of the

Bank's performance, financial condition and risk exposures. All members of the Board shall have reasonable access to any information about the Bank at all times. It shall also provide appropriate information that flows internally and to the public.

7) Constitute committees to increase efficiency and allow deeper focus in specific areas.

The Board shall create committees, the number and nature of which would depend on the size of the Bank and the Board, the complexity of operations, long-term strategies and risk tolerance level of the Bank.

(a) The Board shall approve, review and update at least annually or whenever there are significant changes therein, the respective charters of each committee or other documents that set out its mandate, scope and working procedures.

(b) The Board shall appoint members of the committees taking into account the optimal mix of skills and experience to allow the members to fully understand, be critical and objectively evaluate the issues. In order to promote objectivity, the Board, shall appoint independent directors and non-executive members of the Board to the greatest extent possible while ensuring that such mix will not impair the collective skills, experience, and effectiveness of the committees. Towards this end, an independent director who is a member of any committee that exercises executive or management functions that can potentially impair such director's independence cannot accept membership in committees that perform independent oversight/control functions such as the Audit, Risk Oversight and Corporate Governance Committees, without prior approval of the Monetary Board.⁸

(c) The Board shall ensure that each committee shall maintain appropriate records (e.g., minutes of meetings or summary of matters reviewed and decisions taken) of their deliberations and decisions. Such records shall document the committee's fulfillment of its responsibilities and facilitate the assessment of the effective performance of its functions.

(d) The Board shall constitute, at a minimum, the Audit Committee, Risk Oversight Committee and the Corporate Governance Committee.

8) Effectively utilize the work conducted by the internal audit, risk management and compliance functions and the external auditors

The Board shall recognize and acknowledge the importance of the assessment of the independent, competent and qualified Internal and External Auditors as well as the Risk and Compliance Officers in ensuring the safety and soundness of the operations of the Bank on a going-concern basis and communicate the same through-out the Bank.

Further, non-executive Board members shall meet regularly, other than in meetings of the Audit and Risk Oversight Committees, in the absence of Senior Management,

⁸ As amended by BSP Cir. No. 757

with the External Auditor and Heads of the internal audit, compliance and risk management functions.

- 9) Have the overall responsibility for defining an appropriate corporate governance framework that shall contribute to the effective oversight over entities in the group.

Towards this end, the Board shall ensure consistent adoption of corporate governance policies and systems across the group and shall carry-out the following duties and responsibilities:

To define and approve appropriate governance policies, practices and structure that will enable effective oversight of the entire group, taking into account nature and complexity of operations, size and the types of risks to which the Bank and its subsidiaries are exposed. The Board shall also establish means to ensure that such policies, practices and systems remain appropriate in light of the growth, increased complexity and geographical expansion of the group. Further, it shall ensure that the policies include the commitment from the entities in the group to meet all governance requirements.

- (a) To define the level of risk tolerance for the group, which shall be linked to the process of determining the adequacy of capital of the group.
- (b) To ensure that adequate resources are available for all the entities in the group to effectively Implement and meet the governance policies, practices and systems.
- (c) To establish a system for monitoring compliance of each entity in the group with all applicable policies, practices and systems.
- (d) To define and approve policies and clear strategies for the establishment of new structures.
- (e) To understand the roles, the relationships or interactions of each entity in the group with one another and with the Bank. The Board shall understand the legal and operational implications of the group structure and how the various types of risk exposures affect the group's capital, risk profile and funding under normal and contingent circumstances.
- (f) To develop sound and effective systems for generation and sharing of information within the group, management of risks and effective supervision of the group.
- (g) To require the risk management, compliance function and internal audit group to conduct a periodic formal review of the group structure, their controls and activities to assess consistency with the Board approved policies, practices and strategies and to require said groups to report the results of their assessment directly to the Board.
- (h) To disclose to the BSP all entities in the group (e.g., owned directly or indirectly by Bank and/or its subsidiaries/affiliates including special purpose entities (SPEs),

and other entities that the Bank exerts control over or those that exert control over the Bank, or those that are related to the Bank and/or its subsidiaries/affiliates (either through common ownership/ directorship/ officership) as well as all significant transactions between entities in the group involving any BSP regulated entity. For this purpose, significant shall refer to transactions that would require Board approval based on the Bank's internal policies or as provided under existing regulations: Provided, that the Bank shall continue to submit any report required under existing regulations covering transactions between companies within the group.

- 10) Identify the corporations' stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them.⁹

3. Stockholders' Rights and Protection of Minority Stockholders' Interests¹⁰

- a. The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

- 1) Right to vote on all matters that require their consent or approval;
- 2) Right to inspect books and records of the Bank;
- 3) Right to information;
- 4) Right to dividends; and
- 5) Appraisal right.

- b. Stockholders' Participation

The Board shall be transparent and fair in the conduct of the annual and special stockholders' meetings of the Bank. The Bank shall encourage the stockholders to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of the right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

Voting Procedures¹¹

Every stockholder entitled to vote on a particular question or matter involved shall be entitled to one (1) vote for each share of stock in his name.¹² Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name as of the record date multiplied by the number of directors to be elected. Matters submitted to stockholders for the ratification shall be decided by the required vote of stockholders present in person or by proxy.

⁹ SEC Memo Cir. No. 6, s2009

¹⁰ SEC Memo Cir. No. 6, s2009

¹¹ 2013 Metrobank SEC Form 20-IS

¹² Art. III, Metrobank Amended By-Laws

Majority vote is required for the following:

- 1) Approval of the minutes of the annual meeting of the stockholders
- 2) Ratification of corporate acts
- 3) Election of external auditors

On the election of directors, nominees receiving the highest number of votes shall be declared elected following the provision of the Corporation Code.

- c. The Board shall promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. All shareholders shall have the opportunity to obtain effective redress for violation of their rights.
- d. The Board shall make available to the stockholders accurate and timely information to enable the latter to make a sound judgment on all matters brought to their attention for consideration or approval.
- e. Dissenter's Right of Appraisal¹³

In general, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence. Appraisal right is also available in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets of the corporation; in case of merger or consolidation.

On the above instances, the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the corporation for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

4. Conduct of Board Meetings and Quorum Requirements

The directors shall act only as a Board, and the individual directors shall have no power as such. A majority of the Board shall constitute a quorum for the transaction of business and the vote of a majority of the quorum of the Board shall always be needed to decide any action.¹⁴ It shall meet regularly to properly discharge its functions. It shall also ensure that

¹³ 2013 Metrobank SEC Form 20-IS

¹⁴ Art. IV, Metrobank Amended By-Laws

independent views in Board meetings shall be given full consideration and all such meetings shall be duly minuted.¹⁵

The members of the Board should attend its regular and special meetings in person or through teleconferencing. Independent directors should always attend Board meetings.¹⁶

The meetings of the Board may be conducted through modern technologies such as, but not limited to, teleconferencing and video conferencing as long as the director who is taking part in said meetings can actively participate in the deliberations on matters taken up therein: Provided, that every member of the Board shall participate in at least fifty percent (50%) and shall physically attend at least twenty five percent (25%) of all Board meetings every year: Provided, further, that in the case of a director who is unable to physically attend or participate in Board meetings via teleconferencing or video conferencing, the corporate secretary shall execute a notarized certification attesting that said director was given the agenda materials prior to the meeting and that his/her comments/decisions thereon were submitted for deliberation/discussion and were taken up in the actual Board meeting, and that the submission of said certification shall be considered compliance with the required fifty percent (50%) minimum attendance in Board meetings.¹⁷

The Board shall hold a meeting immediately after their election for organization and for the election of the officers of the Bank. Thereafter, unless otherwise determined by the Board, it shall hold regular meetings every second Wednesday of each month at 4:30 pm. Meetings of the Board may be held at any place within the Philippines.¹⁸

As far as practicable, materials for the Board meeting should be provided within 3 banking days before the meeting¹⁹.

The Bank shall submit to SEC, on or before January 5 of the following year, an advisement letter on the directors' attendance in Board meetings and update the pertinent portion of the Annual Corporate Governance Report (ACGR).²⁰

B. DIRECTORS

1. Qualifications of a Director²¹

A director shall have the following minimum qualifications:

- a. He shall be at least twenty-five (25) years of age at the time of his election or appointment;

¹⁵ Sec. 2 BSP Cir. No. 749

¹⁶ SEC Memo Cir. No. 6, s2009

¹⁷ Sec. 1 BSP Cir. No. 749; MORB Sec. x141.1

¹⁸ Art. IV, MBTC Amended By-Laws

¹⁹ Annual Corporate Governance Report

²⁰ SEC Memo Cir. No. 1, s2014

²¹ Sec. 1 BSP Cir. No. 749; MORB Sec. x141.2

- b. He shall be at least a college graduate or have at least five (5) years' experience in business;
- c. Unless otherwise exempted by existing regulations²², he must have attended a special seminar on corporate governance for board of directors conducted or accredited by the BSP or within a period of six (6) months from date of election and
- d. He must be fit and proper for the position of a director of the Bank. In determining whether a person is fit and proper for the position of a director, the following matters must be considered: integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, membership in good standing in relevant industry, business or professional organizations, diligence and knowledge/experience.

The members of the Board shall possess the foregoing qualifications for directors in addition to those required or prescribed under R.A. No. 8791 and other existing applicable laws and regulations.

2. Independent Directors²³

An independent director shall refer to a person who –

- a. is not or has not been an officer or employee of the Bank, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election;
- b. is not a director or officer of the related companies of the Bank's majority stockholder;
- c. is not a stockholder owning more than two percent (2%) or with shares of stock sufficient to elect one seat in the Board, or in any of its related companies or of its majority corporate shareholders;
- d. is not a relative, legitimate or common-law of any director, officer or majority shareholder of the bank or any of its related companies. For this purpose, relatives refer to the spouse, parent, child, brother, sister, parent-in-law, son-/daughter-in-law, and brother-/sister-in-law;
- e. is not acting as a nominee or representative of any director or substantial shareholder of the bank, any of its related companies or any of its substantial shareholders; and
- f. is not retained as professional adviser, consultant, agent or counsel of the institution, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm; is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the institution or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than

²² Sec. 1 BSP Cir. No. 840

²³ Sec. 1 BSP Cir. No. 749, as amended by BSP Cir. No. 757 and 793 /Sec. 38 SRC IRR

transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment.

A regular director who resigns or whose term ends on the day of the election shall only qualify for nomination and election as an Independent Director after a two (2) year "cooling-off period". Persons appointed as Chairman "Emeritus", "Ex-Officio" Directors/Officers or members of any Executive Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities shall be subject to a one (1) year "cooling-off period" prior to his qualification as an Independent Director.²⁴

3. Limits for Independent Directors²⁵

In selecting independent directors, the number and types of entities where the candidate is likewise elected as such, shall be considered to ensure that he will be able to devote sufficient time to effectively carry-out his duties and responsibilities.

- a. There shall be no limit in the number of covered companies that a person may be elected as Independent Director (ID), except in business conglomerates where an ID can be elected to only five (5) companies of the conglomerate, i.e. parent company, subsidiary or affiliate;
- b. ID can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID was relinquished or terminated;
- c. After completion of the 5-year service period, an ID shall be ineligible for election as such unless the ID has undergone a "cooling off" period of two (2) years, provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company;
- d. An ID re-elected as such after the "cooling off" period can serve for another five (5) consecutive years;
- e. After serving as ID for ten (10) years, the ID shall be perpetually barred from being elected as such, without prejudice to being elected as ID in other companies outside of the business conglomerate.

4. Specific Duties and Responsibilities of a Director²⁶

- a. Remain fit and proper for the position for the duration of his term

A director is expected to remain fit and proper for the position for the duration of his term. He should possess unquestionable credibility to make decisions objectively and resist undue influence. He shall treat Board directorship as a profession and shall have a

²⁴ SEC Memo Cir. No. 9, s2009

²⁵ SEC Memo Cir. No. 9, s2011, as included in Sec. 1 BSP Cir. No. 749

²⁶ Sec. 2 BSP Cir. No. 749

clear understanding of his duties and responsibilities as well as his role in promoting good governance. Hence, he shall maintain his professional integrity and continuously seek to enhance his skills, knowledge and understanding of the activities that the Bank is engaged in or intends to pursue as well as the developments in the banking industry including regulatory changes through continuing education or training.

- b. Conduct fair business transactions with the Bank and to ensure that personal interest does not bias Board decisions

Directors should, whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the Bank cannot be avoided, it should be done in the regular course of business and upon terms not less favorable to the Bank than those offered to others. The basic principle to be observed is that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that would compromise his impartiality. Directors are required to abstain from participating in the Board discussion on a particular agenda when they are conflicted²⁷.

- c. Act honestly and in good faith, with loyalty and in the best interest of the Bank, its stockholders and other stakeholders, regardless of the amount of their Stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and the general public

A director must always act in good faith, with the care which an ordinarily prudent man would exercise under similar circumstances. While a director should always strive to promote the interest of all stockholders, he should also give due regard to the rights and interests of other stakeholders.

- d. Devote time and attention necessary to properly discharge their duties and responsibilities

Directors should devote sufficient time to familiarize themselves with the Bank's business. They must be constantly aware of the Bank's condition and be knowledgeable enough to contribute meaningfully to the Board's work. They must attend and actively participate in Board and committee meetings, request and review meeting materials, ask questions, and request explanations. If a person cannot give sufficient time and attention to the affairs of the Bank, he should neither accept his nomination nor run for election as member of the Board.

- e. Act judiciously

Before deciding on any matter brought before the Board, every director should thoroughly evaluate the issues, ask questions and seek clarifications when necessary.

- f. Contribute significantly to the decision-making process of the Board

Directors should actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of the Board.

²⁷ ICD ASEAN Corporate Governance Scorecard

g. Exercise independent judgment

A director should view each problem/situation objectively. When a disagreement with others occurs, he should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollary, he should support plans and ideas that he thinks will be beneficial to the Bank.

h. Have a working knowledge of the statutory and regulatory requirements affecting the Bank, including the content of its articles of incorporation and by-laws, the requirements of the BSP and where applicable, the requirements of other regulatory agencies

A director should also keep himself informed of the industry developments and business trends in order to safeguard the Bank's competitiveness.

i. Observe confidentiality

Directors must observe the confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person without the authority of the Board.

5. Election of Directors²⁸

The directors shall be elected by the vote of the holders of common stock of the Bank in accordance with Section 24²⁹ of the Corporation Code or pertinent applicable law at the annual meeting of the stockholders.

Nomination Procedure³⁰

- a. Any stockholder may submit nominations for directorial positions to the Nominations Committee.
- b. The nominating stockholder shall submit his proposed nomination in writing to the Nominations Committee, together with the biodata, acceptance and conformity of the would-be nominee. In the case of a nominee for the position of an independent director,

²⁸ Metrobank Amended By-Laws, Art. III, Item 5

²⁹ Sec. 24 Election of directors or trustees – At all elections of directors or trustees, there must be present, either in person or by representative authorized to act by written proxy, the owners of a majority of the outstanding capital stock, or if there be no capital stock, a majority of the members entitled to vote. The election must be by ballot if requested by any voting stockholder or member. In stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected: Provided, however, That no delinquent stock shall be voted. Unless otherwise provided in the articles of incorporation or in the by-laws, members of corporations which have no capital stock may cast as many votes as there are trustees to be elected but may not cast more than one vote for one candidate. Candidates receiving the highest number of votes shall be declared elected. Any meeting of the stockholders or members called for an election may adjourn from day to day or from time to time but not sine die or indefinitely if, for any reason, no election is held, or if there not present or represented by proxy, at the meeting, the owners of a majority of the outstanding capital stock, or if there be no capital stock, a majority of the member entitled to vote.

³⁰ 2014 Metrobank SEC Form 20-IS

the would-be nominee is also required to submit a Certification that he/she has all the qualifications and none of the disqualifications to become an independent director.

- c. The Nominations Committee shall screen the nominations of directors prior to the submission of the Definitive Information Statement and come up with a Final List of Candidates.
- d. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.

6. Confirmation of Election/Appointment of Directors/Officers³¹

The election/appointment of directors/officers (Senior Vice President (SVP) and above) of the Bank shall be subject to confirmation by the Monetary Board.

Confirmation by the Monetary Board shall not be required in the following cases:

- a. Re-election of a director (as a director) in the same bank or election of the same director in another bank, QB, NBF with trust authority or trust corporation within a banking group;
- b. Re-election of an independent director (as an independent director or not) in the same bank or election of the same director (as an independent director or not) in another bank, QB, NBF with trust authority or trust corporation within a banking group.
- c. Promotion of an officer, other than to that which requires (i) prior Monetary Board approval or (ii) a different set of minimum qualifications or (iii) a different level of confirming authority as provided, in the same bank or appointment/transfer to another bank, QB, NBF with trust authority or trust corporation within a banking group.

Provided, that the director/officer concerned has been previously confirmed or in the case of a compliance officer or trust officer who will be promoted to the rank of SVP or above (or equivalent rank), previously approved by the Monetary Board, his/her re-election / promotion / transfer requires the same level of confirming authority as provided: provided, further, that said director/officer has had continuous service within the same bank or banking group.

The election/appointment shall be deemed to have been confirmed by BSP, if after sixty (60) banking days from receipt of the required reports, no advice against said election/appointment has been received by the Bank.

The appointment of the Compliance Officer and Trust Officer regardless of rank shall be subject to prior Monetary Board approval.

³¹ BSP Cir. No. 758

7. Disqualifications of Directors³²

Without prejudice to specific provisions of law prescribing disqualifications for directors, the following are disqualified from becoming directors:

a. Permanent Disqualification

- 1) Persons who have been convicted by final judgment of a court for offenses involving dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of Anti-Graft and Corrupt Practices Act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);
- 2) Persons who have been convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six (6) years;
- 3) Persons who have been convicted by final judgment of the court for violation of banking laws, rules and regulations;
- 4) Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract;
- 5) Directors, officers or employees of closed banks who were found to be culpable for such institution's closure as determined by the Monetary Board;
- 6) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory; or
- 7) Directors and officers of banks or any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.

The following are additional disqualifications under Article 3.E.1 of SEC Memo Cir. No. 6, s2009:

- 1) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant commodity trading advisor, or floor broker; (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as affiliated person of any of them;

³² MORB Sec. x143

- 2) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by SEC or BSP, or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order or a self-regulatory organization or association with a member or participant of the organization.

- 3) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forger, bribery, false affirmation, perjury or other fraudulent acts;
- 4) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or produced the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order.
- 5) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Bank;
- 6) Any person found guilty by final judgment or order or a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs 1) to 5) above;
- 7) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

b. Temporary Disqualification

- 1) Persons who refuse to fully disclose the extent of their business interest or any material information to BSP when required pursuant to a provision of law or of a circular, memorandum, rule or regulation of the BSP. This disqualification shall be in effect as long as the refusal persists;
- 2) Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special, of the

Board during their incumbency, and directors who failed to physically attend for whatever reasons in at least twenty-five percent (25%) of all Board meetings in any year, except that when a notarized certification executed by the corporate secretary has been submitted attesting that said directors were given the agenda materials prior to the meeting and that their comments/decisions thereon were submitted for deliberation/discussion and were taken up in the actual Board meeting, said directors shall be considered present in the Board meeting. This disqualification applies only for purposes of the immediately succeeding election;

3) Persons who are delinquent in the payment of their obligations as defined hereunder:

a) Delinquency in the payment of obligations means that an obligation of a person with a Bank where he/she is a director or officer, or at least two (2) obligations with other banks/FIs, under different credit lines or loan contracts, are past due pursuant to MORB Sec. X306;

(b) Obligations shall include all borrowings from a bank obtained by:

- i. A director or officer for his own account or as the representative or agent of others or where he/she acts as a guarantor, endorser or surety for loans from such FIs;
- ii. The spouse or child under the parental authority of the director or officer;
- iii. Any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director or officer;
- iv. A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
- v. A corporation, association or firm wholly-owned or majority of the capital of which is owned by any or a group of persons mentioned in the foregoing Items "i", "ii" and "iv";

This disqualification shall be in effect as long as the delinquency persists.

4) Persons who have been convicted by a court for offenses involving dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of Anti-Graft and Corrupt Practices Act and prohibited acts and transactions under Section 7 of R.A. No. 6713, violation of banking laws, rules and regulations or those sentenced to serve a maximum term of imprisonment of more than six (6) years but whose conviction has not yet become final and executory;

5) Directors and officers of closed banks pending their clearance by the Monetary Board;

- 6) Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board;
- 7) Directors who failed to attend the required special seminar on corporate governance for board of directors conducted or accredited by BSP. This disqualification applies until the director concerned had attended such seminar;
- 8) Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance, on their request, from the Monetary Board after showing good and justifiable reasons, or after the lapse of five (5) years from the time they were officially advised by the appropriate department of the SES of their disqualification;
- 9) Those under preventive suspension;
- 10) Persons with derogatory records as certified by, or on the official files of, the judiciary, NBI, Philippine National Police (PNP), quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violations of any law, rules and regulations that would adversely affect the integrity of the director/officer or the ability to effectively discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a lapse of five (5) years from the time the complaint, which was the basis of the derogatory record, was initiated;
- 11) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;
- 12) Directors and officers of banks or any person found by the Monetary Board to be unfit for the position of director or officer because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court; and
- 13) Directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the Monetary Board is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court. The disqualification shall be in effect during the period of suspension or so long as the fine is not fully paid.

The following are additional temporary disqualifications provided under Article 3.E.2 of SEC Memo No. 6 S2009:

- 1) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.
- 2) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- 3) Dismissal or termination for cause as director of any corporation covered by the Revised Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.
- 4) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. This disqualification shall be lifted if the limit is later complied with.
- 5) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails to do so for unjustified reasons, the disqualification shall become permanent.

8. Disqualification Procedures³³

- a. The Board and Management shall be responsible for determining the existence of the ground for disqualification of a director/officer or employee and for reporting the same to BSP. While the Bank may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/officer/employee from being elected/appointed as director/officer. Grounds for disqualification made known to the Bank, shall be reported to the appropriate department of the SES within seventy-two (72) hours from knowledge thereof.
- b. On the basis of knowledge and evidence on the existence of any of the grounds for disqualification mentioned in BSP MORB Secs. X143.1 and X143.2, the director or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by BSP of the existence of the ground for his/her disqualification and shall be allowed to submit within fifteen (15) calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the

³³ Sec. X143.3 BSP MORB

evidence in support of his/her position. BSP may allow an extension on meritorious ground.

- c. Upon receipt of the reply explanation of the director/officer concerned, BSP shall proceed to evaluate the case. The director/officer concerned shall be afforded the opportunity to defend/clear himself/herself.
- d. If no reply has been received from the director/officer concerned upon the expiration of the period prescribed under Item "b" above, said failure to reply shall be deemed a waiver and BSP shall proceed to evaluate the case based on available records/evidence.
- e. If the ground for disqualification is delinquency in the payment of obligation, the concerned director or officer shall be given a period of thirty (30) calendar days within which to settle said obligation or, restore it to its current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.
- f. If the disqualification is based on dismissal from employment for cause, BSP shall, as much as practicable, endeavor to establish the specific acts or omissions constituting the offense or the ultimate facts which resulted in the dismissal to be able to determine if the disqualification of the director/officer concerned is warranted or not. The evaluation of the case shall be made for the purpose of determining if disqualification would be appropriate and not for the purpose of passing judgment on the findings and decision of the entity concerned. BSP may decide to recommend to the Monetary Board a penalty lower than disqualification (e.g., reprimand, suspension, etc.) if, in its judgment the act committed or omitted by the director/officer concerned does not warrant disqualification.
- g. All other cases of disqualification, whether permanent or temporary shall be elevated to the Monetary Board for approval and shall be subject to the procedures provided in Items "a", "b", "c" and "d" above.
- h. Upon approval by the Monetary Board, the concerned director/officer shall be informed by BSP in writing either by personal service or through registered mail with registry return receipt card, at his/her last known address of his/her disqualification from being elected/appointed as director/officer in any financial institution under the supervision of BSP and/or of his/her inclusion in the masterlist of watchlisted persons so disqualified.
- i. The Board shall be immediately informed of cases of disqualification approved by the Monetary Board and shall be directed to act thereon not later than the following Board meeting. Within seventy two (72) hours thereafter, the corporate secretary shall report to the BSP Governor the action taken by the Board on the director/officer involved.
- j. Persons who are elected or appointed as director or officer in any of the BSP-supervised institutions for the first time but are subject to any of the grounds for disqualification provided for under BSP MORB Secs. X143.1 and X143.2, shall be afforded the procedural due process prescribed above.

- k. Whenever a director/officer is cleared in the process mentioned under Item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of BSP to elevate to the Monetary Board the lifting of the disqualification of the concerned director/officer and his/her delisting from the masterlist of watchlisted persons.

9. Removal Procedure³⁴

- a. A director may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock.
- b. The removal shall take place either at the regular stockholder’s meeting or at a special meeting called for the purpose, and in either case, after previous notice to stockholders of the intention to propose such removal at the meeting.
- c. The Corporate Secretary shall call a special meeting, on order of the President or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock for the purpose of removal of a director.

Should the Corporate Secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting shall be addressed directly to the stockholders by any stockholder signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the Corporation Code of the Philippines. Removal may be with or without cause: provided that removal without cause may not be used to deprive minority stockholders the right of representation to which they may be entitled under Section 24 of the Corporation Code of the Philippines.

- d. A director removed from office is not eligible to seek re-election and/or be reappointed to the Board unless a written consent is obtained from stockholders holding or representing at least two thirds (2/3) of the outstanding capital stock.

10. Vacancies in the Office of a Director³⁵

Any vacancies occurring in the Board may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, provided, that any vacancy occurring by reason of removal by stockholders, by expiration of term or increase in the number of directors shall be filled by the stockholders in a regular or special meeting called for the purpose.

³⁴ Sec. 28 of the Corporation Code of the Philippines

³⁵ Art. IV, Item 3, Metrobank By-Laws

11. Orientation and Continuing Education

a. Orientation for First-Time Director

It is critical that new directors receive the training they need in order to be an effective member of the Board and help lead the organization in the right direction. Orientation for first-time directors will begin immediately after they are selected and before their first Board meeting.

In compliance with BSP Circular No. 758, the Bank shall furnish all the first-time directors with a copy of the general responsibility and specific duties and responsibilities of the board of directors and of a director. The directors shall submit under oath a certification that they have received copies of such general responsibility and specific duties and responsibilities and that they fully understand and accept the same.

The Bank shall submit the certification to the appropriate department of the BSP-Supervision and Examination Sector, together with a copy of certificate of attendance in Corporate Governance Seminar.

b. Continuing Education Program³⁶

The Board as a group and as individual directors should have sufficient knowledge relevant to the Bank's activities to provide effective governance and oversight.

Pursuant to §X141.3 of the BSP's Manual of Regulations for Banks and the Corporate Governance and Compensation Committee Charter, the Corporate Governance and Compensation Committee is mandated, among others, to make recommendations to the Board regarding the continuing education of directors.

In compliance with the above mandate and to encourage and support the continuing education of the Bank's directors, the Corporate Governance Officer (CGO) shall liaise with external training providers for training and seminars of directors. He/She shall also liaise with the senior officers of the Metrobank Group who may provide internal training for the directors.

Unless otherwise exempted by existing regulations, all directors and key officers are required to attend a minimum of four (4) hours of training every year, a program on corporate governance conducted by training providers duly accredited by SEC or through an SEC-approved in-house corporate governance training, covering all the mandated topics including financial reporting and auditing. Key officers for purposes of this requirement refer to all officers provided in the Bank's By-Laws, all members of the Audit Committee, Internal Auditor and Compliance Officer.³⁷

³⁶ Policy on Continuing Education for Directors (Annex 12)

³⁷ SEC Memo Cir. No. 20, s2013, as amended by SEC Memo Cir. No. 2, s2015

12. Multiple Board Seats³⁸

The Board may adopt guidelines on the number of directorships that its members can hold in other corporations. The Board shall take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities and the limitations on concurrent directorship between banks or between a bank and a quasi-bank under existing regulations.

The President and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities of the boards they serve shall not be compromised.

13. Reportorial Requirements

a. Certifications Required³⁹

All first-time directors shall be furnished with a copy of the general responsibility and specific duties and responsibilities of the Board and of a director.

The Bank must submit to BSP, within ten (10) banking days from date of election, a certification under oath of the directors concerned that they have received copies of such general responsibility and specific duties and responsibilities and that they full understand and accept the same.

The Bank must also submit to BSP a certification under oath of the director/officer with rank of senior vice president and above, and officers whose appointment requires prior Monetary Board approval, that he/she has all the prescribed qualifications and none of the disqualifications within ten (10) banking days from the date of election/re-election of the directors/meeting of the Board in which the officers are appointed/promoted.

b. Bio-Data⁴⁰

The Bank shall submit to BSP a bio-data with ID picture of the (i) directors/officers with rank of SVP and above (ii) officers below the rank of SVP requiring a different set of minimum qualifications or (iii) officers whose appointment requires prior Monetary Board approval upon every election/re-election/appointment/promotion in a prescribed form, within ten (10) banking days from date of election/re-election of the directors/meeting of the Board in which the officers are appointed/promoted.

The bio-data shall be updated and submitted (i) in case of change of name due to change in civil status, within ten (10) banking days from the date of change occurred and (ii) in cases of requests for prior Monetary Board approval of interlocks.

³⁸ SEC Memo Cir. No. 6, s2009

³⁹ MORB Sec x141.9, Sec. 6 BSP Cir. No. 749 & Sec. 2 BSP Cir. No. 758

⁴⁰ Sec. 6 BSP Cir. No. 758

For other officers below the rank of SVP, the Bank shall not be required to submit their bio-data to BSP. The Bank shall keep a complete record of the bio-data of all its directors and officers and shall maintain a system of updating said records which shall be made available during on-site examination or when required by the BSP for submission for offsite examination.

c. Notarized Authorization Form to Query in BSP Watchlist File⁴¹

For first-time directors/officers with rank of SVP and above within a particular bank/banking group whose election/appointment requires confirmation/ prior approval of Monetary Board, a duly notarized "Authorization Form For Querying The Bangko Sentral Watchlist Files For Screening Applicants And Confirming Appointments Of Directors And Officials" shall be submitted within ten (10) banking days from date of election/re-election of the directors/meeting of the Board in which the officers are appointed/promoted.

The said authorization must be obtained on an individual basis.

d. List of incumbent Directors³⁹

A duly notarized list of the incumbent members of the Board and officers after the annual election of the Board as provided in the by-laws shall be submitted to BSP within ten (10) banking day from the annual election of the Board.

e. Certification by an Independent Director⁴²

In the case of Independent Directors, the bio-data shall be accompanied by a certification under oath from the director that he/she is an independent director as defined under the regulations and that all the information he supplied are true and correct.

f. Certificate of Attendance⁴³

The Bank shall submit the Certificate of Attendance of key officers and members of the Board in a program on corporate governance conducted by training providers duly accredited by SEC within ten (10) days from the completion of the program.

C. DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD AND THE PRESIDENT

The roles of the Chairman and the President shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. The respective powers and duties of the Chairman and the President are delineated in the Bank's By-Laws.⁴⁴

⁴¹ Sec. 5 BSP Cir. No. 758

⁴² MORB Sec. x144, as amended by BSP Cir. No. 758

⁴³ SEC Memo Cir. No. 20, s2013, as amended by SEC Memo Cir. No. 2, S2015

⁴⁴ SEC Memo. Cir. 6, s2009

1. The Chairman of the Board shall provide leadership in the Board. He/She shall ensure effective functioning of the Board, including maintaining a relationship of trust with Board members. In addition, the Chairman shall ensure a sound decision making process and he should encourage and promote critical discussions and ensure that dissenting views can be expressed and discussed within the decision-making process.⁴⁵

Based on the By-Laws⁴⁶, the Chairman shall have the following powers and duties:

- a. To preside at all meetings of the stockholders and of the Board, and to ensure that the meeting of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary;
 - b. To supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the President, management and the directors;
 - c. To maintain qualitative and timely lines of communication and information between the Board and management;
 - d. To submit an annual report of the operations of the Bank to the stockholders at the annual meeting;
 - e. To exercise such general supervision as may be necessary to determine whether the resolutions and orders of the Board and of any authorized committee have been carried out by the management; and
 - f. To exercise such other powers and perform such other duties as the Board may from time to time fix or delegate.
2. Based on the By-Laws⁴⁷, the President shall have the following powers and duties:
 - a. To exercise direct and active management of the business and operations of the Bank, conducting the same according to the orders, resolutions and instructions of the Board and of any authorized committee, and according to his own discretion wherever the same is not expressly limited by such orders, resolutions and instructions;
 - b. To exercise general superintendence and direction over the other officers and the employees of the Bank and to see to it that their respective duties are properly performed;
 - c. To recommend to the Board, the appointment or removal of any of the management officers, employees and agents of the Bank, the fixing of their salaries and wages, to prescribe their duties, and to require guarantees or bonds to secure the faithful discharge of certain officers, employees or agents of their official duties;
 - d. To suspend, at his discretion, any management officer or employees of the Bank;

⁴⁵ Sec. 3 BSP Cir. No. 749

⁴⁶ Art. V Amended Metrobank By-Laws

⁴⁷ Art. V Amended Metrobank By-Laws

- e. To sign and execute on behalf of the Bank, when so authorized by the Board, either singly or jointly with any other officer or officers designated by the Board, all contracts and agreements which it may enter into;
- f. To represent the Bank in all judicial and administrative proceedings affecting its business;
- g. To sign with the Secretary all the certificates of stock of the Bank;
- h. To carry out all the resolutions and orders of the Board and of any authorized committee;
- i. To submit to the Board such statements, reports, memoranda and accounts, as the latter may require; and prepare such statements and reports as may be required from time to time by law or government regulations with respect to domestic corporations in general and banks in particular; and
- j. To perform such other duties as may be prescribed by the Board or which may properly pertain to his office and which in his judgment will serve the best interest of the Bank in conformity with the provisions of statutory law and the Bank's By-Laws.

D. BOARD COMMITTEES

To aid the Board in the task of corporate governance, the following committees, among others, have been created:

- Executive Committee
- Audit Committee
- Risk Oversight Committee
- Corporate Governance and Compensation Committee
- Nominations Committee
- Related Party Transactions Committee
- Overseas Banking Committee
- Domestic Equity Investments Committee
- Trust Committee
- Information Technology Steering Committee
- Anti-Money Laundering Committee

1. Executive Committee

The EXCOM shall review the Bank's corporate plans, strategies that may be endorsed by the various committees to the EXCOM for its approval. It shall also approve credit policies and evaluate loan proposals in excess of the authority delegated to the Senior Credit Committee, and approve risk exposures for the following types of entities:

- a. Commercial Exposures to Corporations and Businesses
- b. Consumer / Retail Exposures under Existing Policy
- c. Bank and Non-Bank Financial Institutions

d. Country Risk Limits

Refer to Annex 1 for the Committee Charter.

2. Audit Committee

As an extension of the Board, the Audit Committee shall assist the Board in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest through effective oversight of internal and external audit functions, transparency and proper reporting, compliance with laws, rules and regulations and code of conduct, and adequate and effective internal controls.

Refer to Annex 2 for the Committee Charter.

3. Risk Oversight Committee

The Risk Oversight Committee, as the extension of the Board, shall be responsible for the development and oversight of the risk management program for the Bank and its Trust Banking Group.

The Board has the ultimate overall authority and responsibility for corporate risk management. By virtue of its approval of the Bank's strategic plans, the Board effectively approves the ways and means by which the plans are carried out, including the risk stance to be adopted.

Refer to Annex 3 for the Committee Charter.

4. Corporate Governance and Compliance Committee

The Corporate Governance and Compensation Committee shall assist the Board in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest through (a) effective oversight on corporate governance practices, (b) ensuring the effectiveness and observance by the Board of corporate governance principles and guidelines, (c) providing oversight in the implementation of the Bank's Compliance System; (d) making recommendations to the Board regarding the continuing education of directors, assignment to Board committees, succession plan for the senior officers, and the remuneration policy linked to the corporate and individual performance.

Refer to Annex 4 for the Committee Charter.

5. Nominations Committee

The Committee shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board. While it is recognized that it is the ultimate prerogative and responsibility of the stockholders

to select and elect qualified persons as directors or officers under the “Fit and Proper Rule”, the creation of this committee aims only to aid the stockholders in the selection process.

Refer to Annex 5 for the Committee Charter.

6. Related Party Transactions Committee

The Related Party Transactions Committee has been created to assist the Board in ensuring that transactions with related parties (including internal Group transactions) are reviewed to assess risks, are subject to appropriate restrictions to ensure that such are conducted at arm’s-length terms and that corporate or business resources of the Bank are not misappropriated or misapplied. After appropriate review, the committee shall disclose all information and endorse to the Board with recommendations, the proposed related party transactions.

Refer to Annex 6 for the Committee Charter.

7. Overseas Banking Committee

The Overseas Banking Committee shall assist the Board in its oversight functions over the operations and financial performance of the overseas branches and subsidiaries, their compliance with the rules and regulations of their respective host countries and their adherence to the parent Bank’s business and corporate governance policies as prescribed by the BSP and SEC.

Refer to Annex 7 for the Committee Charter.

8. Domestic Equity Investments Committee

The Domestic Equity Investments Committee has been established to assist the Board in overseeing the development and maintenance of the Bank's domestic equity investments policy and in monitoring its implementation by Management.

Refer to Annex 8 for the Committee Charter.

9. Trust Committee

The Trust Committee shall act within the sphere of its authority, including but not limited to, the confirmation of acceptance and closing of trust and fiduciary accounts, the review of assets placed under the Bank’s custody, the investment, and reinvestment and disposition of trust funds and the review and approval of transactions between trust and/or fiduciary accounts.

Refer to Annex 9 for the Committee Charter.

10. Information Technology Steering Committee

The ITSC shall oversee the formulation and execution of the Information Technology (IT) strategic plan, ensure management of IT risks and oversee IT performance and resources to ensure a safe, sound, controlled and efficient IT operating environment.

Refer to Annex 10 for the Committee Charter.

11. Anti-Money Laundering Committee

A Board level Committee tasked to assist the Board in fulfilling its oversight responsibility over the Bank's AML Compliance Management to make sure that the Bank complies with the provisions of the AMLA, as amended, its Revised Implementing Rules and Regulations (RIRR), and BSP regulations.

Refer to Annex 11 for the Committee Charter.

E. OFFICERS

The By-Laws enumerated the various officers of the Bank and defined their respective duties and responsibilities. Other officers may be appointed and their duties defined by the Board as the exigencies of the service may require.

Each officer shall contribute his share in the pursuit of good corporate governance. His service shall be characterized by honesty and integrity, diligence and dedication, efficiency and effectiveness, loyalty and fidelity, adherence to sound banking practices and the rule of law, as well as fairness and equity to all depositors and clients constituting the banking public; his peers and colleagues in the Bank and the banking community, the Board and senior officers, and the public in general.

1. Qualifications of an Officer⁴⁸

An officer shall have the following minimum qualifications:

- a. He shall be at least twenty-one (21) years of age; and
- b. He shall be at least a college graduate, or have at least five (5) years experience in banking or trust operations or related activities or in a field related to his position and responsibilities, or have undergone training in banking or trust operations acceptable to the appropriate department of the SES: *Provided, however,* That trust officers shall have at least five (5) years of actual experience in trust operations, or at least three (3) years of actual experience in trust operations and completed at least one (1) year training program in trust operations acceptable to the BSP, or at least five (5) years of actual experience as officer of a Bank or related activities and completed at least one (1) year training program in trust operations acceptable to the BSP; and

⁴⁸ MORB Sec. x142.2

- c. He must be fit and proper for the position he is being proposed/appointed to. In determining whether a person is fit and proper for a particular position, the following matters must be considered: integrity/probity, competence, education, diligence and experience/training.

The Bank must submit to BSP a certification under oath of the officer with rank of senior vice president and above, and officers whose appointment requires prior Monetary Board approval, that he/she has all the prescribed qualifications and none of the disqualifications within ten (10) banking days from the date of meeting of the Board in which the officers are appointed/promoted.⁴⁹

2. Duties and Responsibilities of Officers⁵⁰

Duties and responsibilities of officers shall include among others the following:

- a. To set the tone of good governance from the top.

Bank officers shall promote the good governance practices within the Bank by ensuring that policies on governance as approved by the Board are consistently adopted across the Bank.

- b. To oversee the day-to-day management of the Bank.

Bank officers shall ensure that Bank's activities and operations are consistent with the Bank's strategic objectives, risk strategy, corporate values and policies as approved by the Board. They shall establish a bankwide characterized by strategically aligned and mutually reinforcing performance standards across the organization.

- c. To ensure that duties are effectively delegated to the staff and to establish a management structure that promotes accountability and transparency.

Bank officers shall establish measurable standards, initiatives and specific responsibilities and accountabilities for each Bank personnel. Bank officers shall oversee the performance of these delegated duties and responsibilities and shall ultimately be responsible to the Board for the performance of the Bank.

- d. To promote and strengthen checks and balances systems in the Bank.

Bank officers shall promote sound internal controls and avoid activities that shall compromise the effective dispense of their functions. Further, they shall ensure that they give due recognition to the importance of the internal audit, risk management, compliance and external audit functions.

⁴⁹ Sec. 2 BSP Cir. No. 758

⁵⁰ Sec. 4 BSP Cir. No. 749

Management should formulate an effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation for the benefit of all stockholders and other stakeholders

3. Disqualifications of Officers⁵¹

- a. The disqualifications for directors mentioned in the Disqualification of Directors (Part II B 7) shall likewise apply to officers, except those stated in items “b.2)” and “b.7)”.
- b. The spouses or relatives within the second degree of consanguinity or affinity are prohibited from holding officership positions across the following functional categories within the Bank:
 - 1) Decision making and Senior Management function, e.g., chairman, president, chief executive officer, chief operating officer, general manager, and chief financial officer other than the treasurer or controller;
 - 2) Treasury function, e.g., Treasurer and Vice President – Treasury;
 - 3) Recordkeeping and financial reporting functions, e.g., controller and chief accountant;
 - 4) Safekeeping of assets, e.g., chief cashier;
 - 5) Risk management function, e.g., chief risk officer;
 - 6) Compliance function, e.g., compliance officer; and
 - 7) Internal audit function, e.g., internal auditor.

The spouse or a relative within the second degree of consanguinity or affinity of any person holding the position of manager, cashier, or accountant of a branch or extension office of the Bank or their respective equivalent positions is disqualified from holding or being appointed to any of said positions in the same branch or extension office.

4. Corporate Secretary

The Corporate Secretary plays a significant role in supporting the Board in discharging its responsibilities. Based on the By-Laws⁵², the Corporate Secretary shall have the following duties:

- a. To attend and keep full minutes of all meetings of the Board and of the Stockholders;
- b. To keep the stock certificate book, the stock and transfer books and the corporate seal, which he shall stamp on all documents requiring such seal;
- c. To file and countersign all the certificates of stock issued, making corresponding annotations on the margins or stubs of such certificates upon issuance and sign such other instruments as may be require his signature;

⁵¹ MORB Sec. x143.2

⁵² Art. V Amended Metrobank By-Laws

- d. To give or cause to be given, all notices required by law or by these by-laws as well as notices of special meetings of the Board and of regular and special meetings of the stockholders; and
- e. To render such reports and perform such other duties as are incidental to his office or are properly required of him by the President or the Board, and as may be required by law.

In addition to the foregoing, the Corporate Secretary shall also have the following responsibilities:⁵³

- a. Safe keep and preserve the integrity of the meetings of the Board committees, as well as other official records of the Bank;
- b. Be loyal to the mission, vision and objectives of the Bank;
- c. Work fairly and objectively with the Board, Management, stockholders and other stakeholders;
- d. Have appropriate administrative and interpersonal skills;
- e. If he is not at the same time the Bank's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- f. Have a working knowledge of the operations of the Bank;
- g. Inform members of the Board, in accordance with the By-Laws, of the agenda for their meetings and ensure that the directors have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- h. Ensure that all Board procedures, rules and regulations are strictly followed by the directors;
- i. And other duties and responsibilities as prescribed by relevant regulations.

F. INTERLOCKING DIRECTORSHIPS/OFFICERSHIPS⁵⁴

1. Interlocking Directorships

There shall be no concurrent directorships between banks or between a bank and quasi-banks (QB) or non-bank financial institutions (NBFI), except as may be authorized by the Monetary Board.

Without the need for prior approval of the Monetary Board, concurrent directorships between entities not involving an investment house shall be allowed in the following cases:

⁵³ SEC Memo. Cir. 6, S2009

⁵⁴ MORB Sec. x145

- a. Banks not belonging to the same category: *Provided*, That not more than one (1) bank shall have quasi-banking functions;
- b. A bank and an NBFi;
- c. A bank without quasi-banking functions and a QB; and
- d. A bank and one (1) or more of its subsidiary bank/s, QB/s and NBFi/s.

For purposes of the foregoing, a husband and his wife shall be considered as one (1) person.

2. Interlocking directorships and officerships

Except as may be authorized by the Monetary Board or as otherwise provided hereunder, there shall be no concurrent directorship and officership between banks or between a bank and a QB or an NBFi.

Without the need for prior approval of the Monetary Board, concurrent directorship and officership between a bank and one (1) or more of its subsidiary bank/s, QB/s and NBFi/s, other than investment house/s, shall be allowed.

3. Interlocking Officerships

A concurrent officership in different financial institutions may present more serious problems of self-dealing and conflict of interest. Multiple positions may result in poor governance or unfair competitive advantage. Considering the full-time nature of officer positions, the difficulties of serving two (2) offices at the same time, and the need for effective and efficient management, the following rules shall be observed:

As a general rule, there shall be no concurrent officerships, including secondments, between banks or, between a bank and a QB or an NBFi. For this purpose, *secondment* shall refer to the transfer/detachment of a person from his regular organization for temporary assignment elsewhere where the seconded employee remains the employee of the home employer although his salaries and other remuneration may be borne by the host organization.

However, subject to prior approval of the Monetary Board, concurrent officerships, including secondments, may be allowed in the following cases:

- a. Between a bank and not more than two (2) of its subsidiary bank/s, QB/s, and NBFi/s, other than investment house/s; or
- b. Between a bank and not more than two (2) of its subsidiary QB/s and NBFi/s; or
- c. Between two (2) banks, or between a bank and a QB or an NBFi, other than an investment house: *Provided*, That at least twenty percent (20%) of the equity of each of the banks, QBs or NBFis is owned by a holding company or a bank/QB and the interlocking arrangement is necessary for the holding company or the bank/QB to provide technical expertise or managerial assistance to its subsidiaries/affiliates.

Aforementioned concurrent officerships may be allowed, subject to the following conditions:

- 1) that the positions do not involve any functional conflict of interests;
 - 2) that any officer holding the positions of president, chief executive officer, chief operating officer or chief financial officer or their equivalent may not be concurrently appointed to any of said positions or their equivalent;
 - 3) that the officer involved, or his spouse or any of his relatives within the first degree of consanguinity or affinity or by legal adoption, or a corporation, association or firm wholly- or majority-owned or controlled by such officer or his relatives enumerated above, does not own in his/its own capacity more than twenty percent (20%) of the subscribed capital stock of the entities in which the Bank has equity investments; and
 - 4) that where any of the positions involved is held on full-time basis, adequate justification shall be submitted to the Monetary Board; or
- d. Concurrent officership positions in the same capacity which do not involve management functions, i.e., internal auditor, corporate secretary, assistant corporate secretary and security officer, between a bank and one or more of its subsidiary QB/s and NBFIs, or between bank/s, QB/s and NBFIs, other than investment house/s: *Provided*, That at least twenty percent (20%) of the equity of each of the banks, QBs and NBFIs is owned by a holding company or by any of the banks/QBs within the group.
- e. Concurrent officership positions as corporate secretary or assistant corporate secretary between bank/s, QB/s and NBFIs, other than investment house/s, outside of those covered under item no. 4 above, provided, that proof of disclosure to and consent from all of the involved financial institutions, on the concurrent officership positions, shall be submitted to BSP.⁵⁵

G. COMPLIANCE SYSTEM⁵⁶

1. Compliance Program

The Board shall ensure that a Compliance Program is defined for the Bank and that compliance issues are resolved expeditiously.

- a. The Compliance Program shall be distinguished from the Risk Program and the Internal Audit Program.
- b. The Compliance Program shall take into account the size and complexity of operations of the Bank. It must clearly identify the avenues through which business risks may occur and

⁵⁵ BSP Cir. No. 851

⁵⁶ BSP Cir. No. 747

correspondingly, compliance of the Bank in order to mitigate said business risks shall be institutionalized.

- c. An appropriate organizational structure must be in place to manage the Compliance Program. The compliance function shall be manned by full-time officers/ staff either embedded in operating departments, or in a department operating on its own. Coordination with the respective department heads shall be the responsibility of the Compliance Officer.
- d. In addition to the organizational structure, the duties and responsibilities of the Compliance Officer and other personnel involved in the compliance function must be defined explicitly.
- e. A compliance system which does not consistently ensure the integrity and the accuracy of documentary submissions shall be deemed as a basis to assess a bank as involved in unsafe and unsound practices.

The President and the Compliance Officer shall execute an affidavit, under oath, that the compliance system has been approved by the Board and that the Compliance Program reflects said approved system.

The program shall be updated at least annually to incorporate changing responses to evolving internal and external conditions.

2. Compliance Officer

The Bank shall appoint a full-time Compliance Officer to manage the Compliance Program. Given the importance of the compliance function, the Compliance Officer is a senior officer functionally reporting to the Board. Such appointment/designation shall require prior approval of the Monetary Board.

The Compliance Officer is the lead senior officer for purposes of administering the Compliance Program and interacting with the regulatory agencies on compliance-related issues. The principal function of the Compliance Officer is to oversee the design of an appropriate compliance system, promote its effective implementation and address breaches that may arise. He/she shall also be responsible for ensuring the integrity and accuracy of all documentary submissions to BSP.

In relation to Corporate Governance, the Compliance Officer shall have the following duties and responsibilities⁵⁷:

- a. Monitor compliance by the Bank with this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation.
- b. Appear before the SEC when summoned in relation to compliance with this Manual.

⁵⁷ SEC Memo Cir. 6, S2009

- c. Issue a certification every January 30th of the year on the extent of the Bank's compliance with this Manual for the completed year and, if there are any deviations, explain the reason for such deviation.
- d. Report to the President and the Board through Corporate Governance and Compensation Committee, significant compliance issues, the general status of Bank's level of compliance and also the relevant regulations, updates & other compliance matters.

The Compliance Division also exercises other specific statutory responsibilities.

H. RISK MANAGEMENT ⁵⁸

1. Risk Management Function

The risk management function is generally responsible for:

- a. identifying the key risk exposures and assessing and measuring the extent of risk exposures of the bank and its trust operations;
- b. monitoring the risk exposures and determining the corresponding capital requirement in accordance with the Basel capital adequacy framework and based on the bank's internal capital adequacy assessment on an on-going basis;
- c. monitoring and assessing decisions to accept particular risks whether these are consistent with Board approved policies on risk tolerance and the effectiveness of the corresponding risk mitigation measures; and
- d. reporting on a regular basis to Senior Management and to the Board of the results of assessment and monitoring.

Risk management personnel shall possess sufficient experience and qualifications, including knowledge on the banking business, the developments in the market, industry and product lines, as well as mastery of risk disciplines. They shall have the ability and willingness to challenge business lines regarding all aspects of risk arising from the Bank's activities."

2. Chief Risk Officer

The Bank shall appoint a Chief Risk Officer (CRO) who shall be independent from executive functions and business line responsibilities, operations and revenue-generating functions. This independence shall be displayed in practice at all times as such, albeit the CRO may report to the President or Senior Management, he shall have direct access to Board and the Risk Oversight Committee without any impediment. In this regard, the Board shall confirm the performance ratings given by President or Senior Management to the CRO.

⁵⁸ Sec. 5 BSP Cir. No. 749

The CRO shall have sufficient stature, authority and seniority within the Bank. This will be assessed based on the ability of the CRO to influence decisions that affect the Bank's exposure to risk. The CRO shall have the ability, without compromising his independence, to engage in discussions with the Board, President and other Senior Management on key risk issues and to access such information as he deems necessary to form his or her judgment. The CRO shall meet with the Board/Risk Oversight Committee on a regular basis and such meetings shall be duly minuted and adequately documented.

CROs shall be appointed and replaced with prior approval of the Board. In cases, when the CRO will be replaced, the Bank shall report the same to BSP within five (5) days from the time it has been approved by the Board.

I. CODE OF CONDUCT AND ETHICS

1. Code of Conduct and Ethics for Directors⁵⁹

The members of the Board have adopted the Code of Conduct and Ethics for Directors. It describes the behavioral standards expected from a director so that he/she can better understand and meet the expectations and requirements of the organization and regulators.

Included in the Code are the standards of conduct for ensuring the proper discharge of the duties and responsibilities, basic principle that a director should not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests, avoiding situations that would compromise his impartiality; maintaining professional integrity; enhancement of skills, knowledge and understanding of bank activities, etc.

2. Code of Conduct for Employees⁶⁰

Indispensable to the Bank's attainment of its objectives is the quality of the employees who carry out its day-to-day operations. Exemplary conduct, discipline, and total commitment to doing business with integrity are the cornerstones by which Metrobank can live out its vision to be the country's best financial institution.

Metrobank's long-term interests, and interests of everyone who has a stake in the institution, depend on its employees and officers embracing the standards outlined here and in full support of the Bank's principles as follows:

- a. That appropriate good conduct and good corporate discipline can be enhanced by promoting a corporate culture of professionalism and maturity characterized by appropriate work ethics, socially-acceptable behavior and moral standards;
- b. That an employee who belongs to the Metrobank community is entitled to pursue his/her career and advancement, personal goals, and other activities;

⁵⁹ Metrobank Code of Conduct and Ethics for Bank Directors

⁶⁰ Metrobank Code of Conduct

- c. That as a member of the Metrobank community, each employee is expected to challenge business practices or behaviors that may undermine the principles and guidelines adhered to by the Bank, thereby, protecting its interests, image, reputation, and integrity in all dealings.

These Codes of Conduct aim to instill a commitment and dedication to the virtues of honesty and integrity, together with a high sense of prudence, responsibility and efficiency in the conduct of duties. The Bank is a business community and each Metrobanker belongs to this community where the action of one affects and reflects on the others. It is imperative that directors, officers and employees live by the values that the Bank stands for and reflect these values in their behaviors.

To enforce bank-wide compliance, the Bank's Codes of Conduct for directors and employees are posted in the Bank's intranet and the Human Resources Management Group public folder for easy access of all directors, officers and employees of the bank.

The Codes are implemented by the CGC and the Human Resources Group and breaches are subject to disciplinary actions which may range from reprimand, suspension, termination set forth under the Corporate Governance Manual and the Bank's Manuals of Policies and Procedures in accordance with the principle of due process.

J. DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. It is therefore essential that all material information about the Bank which could adversely affect its viability or the interests of the stockholders and other stakeholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders.⁶¹

Likewise, the minimum information required to be posted on the company's website, arranged under SEC-recommended topic headings, shall be retained for a period of five (5) years. Any items in the required website template prescribed by the SEC could be added or removed any time as the need arises.⁶²

⁶¹ SEC Memo Cir. No. 9, s2014

⁶² SEC Memo Cir. No. 11, s2014

GROUP STRUCTURES⁶³

1. The report disclosing all entities in the group structure where the Bank belongs either as a parent company bank or subsidiary/affiliate company shall be submitted to the BSP Central Point of Contact within 30 calendar days after the end of every calendar year starting with the year ending 31 December 2011.
2. The report on significant transactions between entities in the group and involving any BSP-regulated entity, shall be submitted to the BSP Central Point of Contact within 20 calendar days after the end of the reference quarter starting with the quarter ending 31 March 2012.

REMUNERATION POLICY⁶⁴

The Bank aims to provide the Board and its officers with a compensation package that is competitive with those paid by other companies, taking into account the Bank's position against peers in the industry and other market considerations.

Generally, officers' salaries are determined with reference to the salary scale corresponding to the position and rank. Annual salary review is conducted and all increases are performance-based. The Bank grants fixed and guaranteed bonuses inclusive of 13th month pay in compliance with the law.

The Bank also grants a performance bonus (non-guaranteed) based on the Bank's performance, overall market conditions and individual performance.

The members of the Board receive compensation based on their banking or finance experience and their attendance in the meetings of the Board and the committees where they are members or chairs of. The pro-rated amount of said compensation is given to directors who are unable to complete their one (1) year term.

The Board sees to it that the remuneration policy is regularly reviewed to ensure that it is commensurate with corporate and individual performance and that the remuneration is consistent with industry while maintaining internal equity at the same time.

DIVIDEND POLICY⁶⁵

Consistent with existing practice, dividends shall be declared at such times and in such percentages as the Board may determine. Dividends are paid out of unrestricted retained earnings subject to prior approval of the BSP. Dividends shall be declared or paid in accordance with the law, regulations of the BSP, SEC, PSE and the pertinent policies of the Bank.

⁶³ Sec. 6 BSP Cir. No. 749, as amended by Cir. 757

⁶⁴ 2013 Metrobank Annual Report

⁶⁵ Metrobank By-Laws Article VII; 2013 SEC Form 20 IS

WHISTLE-BLOWING POLICY

All employees are encouraged to play their part in improving the overall effectiveness and success of the Bank and in strengthening the Bank's system of integrity. The Bank has a Whistle-blowing Policy (Annex 13) which aims to guide officers and staff on reporting complaints related to fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and controls.

RELATED PARTY TRANSACTIONS

The Bank has adopted a policy (Annex 14) on related party transactions where transactions with related parties are reviewed by the Related Party Transactions Committee, composed of independent directors, and require prior written approval of the members of the Board, with the exclusion of the director concerned in case the transaction involves him or his related interests. All directors and officers are required to disclose related party transactions and include a sign-off and commitment to disclose proposed transactions that the director or officer or their related party will undertake with Metrobank.

POLICY ON INSIDER TRADING

To ensure that the shareholders are afforded protection and that individuals do not benefit from knowledge which is not generally available to the market, Metrobank has instituted its own Insider Trading Policy. The policy covers the standard of conduct applicable to all directors and employees within the Metrobank Group including their immediate family members residing with them in the same household and corporations, other entities and funds subject to their influence or control to the extent that they are considered insiders having access to material nonpublic information about the securities of companies within the Metrobank Group ("Metrobank Group Securities") as well as the securities of any of their corporate clients and business partners ("Partner's Securities").

Following the Securities Regulation Code, it is a crime for a director or employee of a company within the Metrobank Group to do any of the following, directly or indirectly, while in possession of Material Nonpublic Information: (a) to trade Metrobank Group Securities or a Partner's Securities; and (b) to communicate Material Nonpublic Information about Metrobank Group Securities or any Partner's Securities to any person whom the director or employee has reason to believe will trade on those securities. Further, information is considered Material Nonpublic if it has not been generally disclosed to the public and, if disclosed, would likely affect the price of the securities whether positively or negatively.

The policy requires that the disclosure of Material Nonpublic Information about any of the companies within the Metrobank Group or any Partner shall be made on a reasonable need-to-know basis and in furtherance of a legitimate business purpose. It further requires the reporting insiders to confirm their respective beneficial ownership of listed shares of stock in their respective companies, if any, and report any changes thereto on the next trading day from the date of the change pursuant to the requirements of the Securities and Exchange Commission and the Philippine Stock Exchange.

K. GROUP SUPERVISORS

To help the Board ensure an effective oversight over entities in Metrobank Group, “Group Supervisor” was created and recognized in each of the following areas:

1. Internal Audit
2. Controllership
3. Risk Management
4. Compliance

The Group Supervisors are responsible, among others, to recommend policies, practices, standards, controls and structures as it relates to their area of supervision, to define and oversee implementation plans, to monitor compliance, to conduct a periodic formal review and report the results of their assessments.

The scope of their supervision will include subsidiaries and affiliates of Metrobank Group that are BSP supervised financial institutions as it relates to their function. The Heads of the supervised areas in the covered entities shall be responsible for providing necessary support, information, reports, etc. to enable the Group Supervisors to dispense with the responsibilities given herein.

L. ANNUAL SELF-ASSESSMENT

The Board has created an internal self-rating system and procedures to determine and measure compliance with this Manual on Corporate Governance vis-à-vis good corporate governance principles and practices: (i) each Director self-rates and collectively rates the Board, the President and the Chairman (ii) Corporate Governance, Audit, Risk Oversight and other Board committees respectively rate themselves.

1. The evaluation shall cover the period April of the previous year to March of the following year (whole term).
2. In order to properly assess the Board, its individual Directors, the President, the Board Committees, etc., self-assessment forms shall be used. The Secretary of the Corporate Governance and Compensation Committee shall initiate the performance evaluation every February of each year.
3. Self-assessment forms must be accomplished as objectively as possible. The rating to be assigned shall reflect the personal view of the evaluator to the various corporate governance mechanisms.
4. The baseline on the assessment of the effectiveness of the performance of the Board, individual Directors and various Board Committees are the duties and responsibilities as mentioned in the Manual, the Bank’s By-laws, various rules and regulations and in the respective committee charters.
5. Results and matters concerning thereto shall be considered highly confidential. After the assessment forms have been duly accomplished, the Secretary of the Corporate Governance and Compensation Committee shall collate the forms and prepare a summary. For the

various Board Committees, the secretary shall coordinate with the respective secretaries of the committees for the results of the assessment of each Committee. The Audit Committee shall perform its self-assessment in accordance with SEC Memorandum Circular No. 4, S.2012.

6. The Committee Secretary shall review the results and report the results to the Board through the Corporate Governance and Compensation Committee.

M. CORPORATE GOVERNANCE SCORECARD

In accordance with the Revised Code of Corporate Governance⁶⁶, the Bank shall accomplish and submit the Annual Corporate Governance Report (ACGR) on or before 30 May 2013 and every five (5) years thereafter. The manner of posting updates and changes in the ACGR shall comply with the following guidelines⁶⁷:

1. For changes or updates required to be reported or disclosed under Sec. 17 of the Securities Regulation Code (SRC), the Bank shall notify SEC using SEC Form 17C signed by a duly authorized officer within five (5) days from the occurrence of the reportable change.
2. For changes or updates not required to be reported or disclosed under Section 17 of the SRC, the Bank shall notify SEC through an advisement letter signed by the Corporate Secretary and Compliance Officer within five (5) days from the occurrence of the reportable change.
3. Within ten (10) days from the end of the second (2nd) to fourth (4th) year, the Bank will consolidate all the updates and changes made for the whole year. This will be labeled "Consolidated Changes in the ACGR for (year)" and post the same in the website;
4. The notarized page of the ACGR shall not be amended for the updates and changes posted in the website. In lieu of the notarized page, the Consolidated Changes in the ACGR shall be accompanied by a Secretary's Certificate with excerpts of Board Resolutions or Minutes of meetings regarding said updates and changes in the ACGR.
5. The ACGR submitted on the fifth (5th) year from initial submission shall be notarized and signed by all five (5) required signatories namely: the Chairman of the Board, President, two (2) Independent Directors and Compliance Officer

The ACGR and updates thereto shall likewise be posted in the Bank's website within the same period.⁶⁸

The following reports shall be disclosed to the Philippine Stock Exchange (PSE) via PSE EDGE using the PSE Disclosure Form ACGR-2 (Update on Annual Corporate Governance Report):⁶⁹

⁶⁶ SEC Memo Cir. 6, s2009

⁶⁷ SEC Memo Cir. 1 & 12, s2014

⁶⁸ SEC Memo Cir. 5, s2013/Cir. 1, s2014

1. SEC Form 17-C or advisement letter regarding changes or updates on the ACGR
2. Consolidated Changes in the ACGR [for (year)].

The Bank shall participate in corporate governance surveys through scorecards for banks should BSP, PSE and other institutions such as the Institute of Corporate Directors additionally require such.

⁶⁹ PSE Memo dated 08 July 2015

PART III – MONITORING AND COMPLIANCE

The Compliance Officer shall monitor compliance by the Bank with the SEC Corporate Governance Code, and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation.

This Manual shall be subject to the rules and regulations, now or hereinafter enacted, by the SEC, BSP, PSE and other regulatory bodies.

ANNEX 1

Committee Name **Executive Committee**

Short Name **EXCOM**

Nature Board Level Committee

Responsibility Statement The EXCOM shall:

- Review the Bank's corporate plans, strategies that may be endorsed by the various committees to the EXCOM for its approval
- Evaluate loan proposals in excess of the authority delegated to the Senior Credit Committee, and approve risk exposures for the following types of entities:
 - a. Commercial Exposures to Corporations and Businesses
 - b. Consumer / Retail Exposures under Existing Policy
 - c. Bank and Non-Bank Financial Institutions
 - d. Country Risk Limits
- Approve credit policies.

Meeting Schedule The Committee shall meet every Tuesday at 3:30 PM.

ANNEX 2

Committee Name	Audit Committee
Short Name	AUDITCOM
Nature	Board Level Committee

Duties and Responsibilities

Statement of Policy

As an extension of the Board of Directors, the Audit Committee (AUDITCOM) shall assist the Board of Directors in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest through (a) effective oversight of internal and external audit functions, (b) transparency and proper reporting, (c) compliance with laws, rules and regulations; and code of conduct, and (d) adequate and effective internal controls.

The AUDITCOM shall be responsible for overseeing Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

Composition and Qualifications

The members of the AUDITCOM are appointed annually by the Board of Directors. It shall be composed of at least three (3) board members, majority of which shall be non-executive directors, and at least two (2) of whom shall be independent directors, including the Chairperson preferably with accounting and financial management experience, and one (1) of whom shall have related audit experience commensurate with the size, complexity of operations and risk profile of the bank.

The term of an AUDITCOM member is the same as that of a director of the Bank and can be re-appointed according to prescribed procedures consecutively. If a member does not serve the position of director within the term, his/her AUDITCOM membership is automatically removed; the vacancy should then be filled up by the remaining Board of Directors, if still constituting a quorum. Once an independent director loses his/her independent director's position within the term, he/she will automatically lose qualification of AUDITCOM chairperson. A new chairperson shall be appointed subject to the approval of the Board of Directors. The AUDITCOM chairperson or member so appointed to fill a vacancy shall be appointed only for the unexpired term of his predecessor in office.

Authority

The AUDITCOM 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.

Primary Responsibilities

1. Provide effective oversight of external and internal audit functions, including insourcing and outsourcing of internal audit activities.
2. Ensure transparency and proper reporting with emphasis on the reports' integrity, timeliness and compliance with standards;
3. Ensure compliance with Bank policies, and applicable laws, rules and regulations and code of conduct; and
4. Ensure adequate and effective internal controls.

Duties and Responsibilities

1. Effective Oversight of External and Internal Audit Functions, including insourcing and outsourcing of internal audit activities, and ensure that the internal and external auditors act independently from each other.
 - a. Be responsible for the appointment, re-appointment and termination of the Internal Audit Group Head and key internal auditors, as well as the independent external auditor and external service providers based on fair and transparent criteria. In the case of the internal auditor, the Senior Management may appoint the internal auditor subject to the concurrence of the AUDITCOM. If the internal/external auditor resigns or communicates an intention to resign, the Audit Committee should follow up the reasons/explanations giving rise to such resignation, and should consider whether it needs to take any action in response to those reasons;
 - b. Review and approve the internal audit risk assessment and overall annual plan (including scope, audit frequency and resources) of the internal auditors taking into consideration the internal audit activities that will be insourced/outsourced to ensure its conformity with the objectives of the Bank;
 - c. Review and approve the internal audit activities/functions to be insourced/outsourced. Ensure that the audit plan of the external service provider is aligned with the overall strategy and budget of the Bank and is based on robust risk assessment, and that the internal audit service provider is independent and has adequate human resources with sufficient qualifications and skills necessary to accomplish the internal audit activities. Furthermore, the AUDITCOM shall report to the Board of Directors on the status of accomplishments of the outsourced internal audit activities, including significant findings noted during the conduct of the internal audit;
 - d. Review and approve the Internal Audit Group Charter;
 - e. Discuss and agree to the terms of the engagement letter issued by the external auditor prior to the approval of the engagement, obtain an understanding of the scope and audit approach, set compensation of the external auditor in relation to the scope of its duties upon recommendation of Controller, and ensure coordination where more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
 - f. Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the total annual income of the external auditor and in relation to the Bank's total

expenditure on consultancy and disallow any non-audit work that will conflict with or pose a threat to the independence of the external auditor. The non-audit work should be disclosed in the annual report;

- g. Review management representation letters before these are transmitted to the external auditor to ensure that items in the letter are complete and appropriate;
- h. Receive and review reports of internal/external auditors, to monitor and evaluate the adequacy and effectiveness of the Bank's internal control system, including financial reporting, operational and compliance controls, risk management and information technology security on a going-concern basis and communicate the same throughout the Bank to ensure that Management is taking appropriate corrective actions, in a timely manner in addressing control weaknesses and non-compliance with policies, laws and regulations and other issues identified by auditors. Furthermore, significant matters in the said reports should be reported to the Board of Directors;
- i. Require Internal Audit Group to conduct a periodic formal review of the group structure, its controls and activities to assess consistency with the board approved policies, practices and strategies and require Internal Audit Group to report the results of assessment directly to the AUDITCOM;
- j. Monitor results of internal audit activities provided to First Metro Investment Corporation (FMIC), First Metro Securities Brokerage Corp. (FMSBC), FMIC Asset Management, Inc. (FAMI) and PBC Capital through quarterly reports on completion of internal audit plan and significant audit observations;
- k. Review quarterly result of oversight activities on internal audit functions of the Bank's subsidiaries and associates, including reporting of significant audit observations;
- l. Recommend enhancements in the audit processes, ensure that the internal audit function follows sound internal auditing standards such as the International Standards for the Professional Practice of Internal Auditing (ISPPA) and other supplemental standards issued by regulatory authorities/government agencies, as well as with relevant code of ethics, and continually engage the external auditor on matters concerning audit quality;
- m. Identify and establish the reporting line of the Head of internal audit so that the reporting levels allow the internal audit activity to fulfill its responsibilities. The head of internal audit shall functionally report directly to the AUDITCOM;
- n. Ensure that the internal/external auditors shall have free and full access to all the Bank's records, properties and personnel relevant to the audit activity, and that audit be given latitude in determining the scope of auditing examinations, performing work, and communicating results and shall be free from interference by outside parties in the performance of work;
- o. Take necessary measures to provide the appropriate resources and staffing that would enable internal audit to achieve its objectives and assess the extent of cooperation provided by the management during the conduct of the internal/external audit;
- p. Review annually the AUDITCOM Charter to reassess its adequacy, implement best practices and propose necessary changes thereto;

- q. Review and monitor the overall effectiveness and conduct a regular performance appraisal of the AUDITCOM, internal and external auditors and insourced/outsourced arrangement. Review the annual performance appraisal of the Audit Group Head and report the same to the Board of Directors. Furthermore, the AUDITCOM shall recommend for approval of the Board of Directors the annual remuneration of the Internal Audit Group Head and key internal auditors;
- r. Supervise and direct any special projects or investigations considered necessary; and
- s. Submit its annual performance report to the Board of Directors.

2. Transparency and Proper Reporting

Before submission to the Board, review and discuss in full and on a timely manner the Bank's quarterly, semi-annual and annual financial statements with external auditor and management to decide the appropriate action to be taken, including reporting to the Board, focusing particularly on:

- a. Any change/s in accounting policies and procedures;
- b. Major estimates, assumptions and judgmental areas;
- c. Unusual or complex transactions;
- d. Significant adjustments, material errors and fraud;
- e. Going concern assumption;
- f. Compliance with accounting standards; and
- g. Compliance with tax, legal and regulatory requirements.

Understand and duly assess the external auditor's opinion regarding the capability of the management and the adequacy of accounting/information systems to comply with financial and prudential reporting responsibilities.

3. Compliance with Bank Policies, and applicable Laws, Rules and Regulations, and Code of Business Conduct

- a. Monitor compliance by the Bank with laws, regulations and promulgated policies of the BSP and other regulatory government agencies, including but not limited to Anti-Money Laundering and Countering Financing of Terrorists (CFT).
- b. Monitor compliance with Bank regulations and policies as contained in the various manuals of operating policies and procedures of the Bank, as well as the Bank's code of Business Conduct and other codes of conduct as may be imposed by the Bank.
- c. Establish and maintain mechanisms by which officers and staff may, 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. AUDITCOM shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.

4. Adequate and Effective Internal Controls

- a. Evaluate the adequacy and effectiveness of the Bank's accounting policies and procedures and financial and accounting management through observations and discussions with the external auditors, internal auditors and appropriate bank officers;
- b. Evaluate internal accounting controls through a review of the reports of the external auditors and internal auditors that describe internal accounting, organizational or operating control weaknesses and determine that appropriate corrective action is being taken by Management;
- b. Identify high-risk areas or areas of emphasis that will require more consideration by the AUDITCOM and internal audit; and
- c. Recommend improvement in policies, processes and procedures.

Limitation of Role

The AUDITCOM's role is one of oversight. Management is responsible for the preparation and fair presentation of the Bank's financial statements and adequacy of disclosures in accordance with Philippine Financial Reporting Standards (PFRS). The external/independent auditors' responsibility is to provide its opinion, based on their audits, that the financial statements fairly present in all material respects, the financial position, results of operations and cash flows of the Bank in accordance with PFRS. While the AUDITCOM has the responsibilities and powers set forth in this Charter, it is not the duty of the AUDITCOM to plan or conduct audits or to determine that the Bank's financial statements and disclosures are complete and accurate and in accordance with PFRS and applicable rules and regulations.

Interaction with other Committees

As needed

Support Requirement

Audit Committee Secretary

Send agenda at least 3 banking days before the meeting
 Send minutes of meeting not later than 10 banking days from said meeting
 Maintain appropriate records (e.g., minutes of meeting of summary of matters reviewed and decisions taken) of AUDITCOM deliberations and decisions

Meeting Schedule

The Committee shall meet as follows:

Monthly Semestral
 (or as the need arises)

Review of Internal Audit Reports
 Meeting with External Auditor
 Meeting with Management

Special Meetings

With BSP and others as necessary

Reporting to the Board

Every other month or at least six in a year

Review of Terms of Reference (Charter)
 Audit Plan
 Audit Results
 Appointment of External Auditors
 Approval of Financial Statements
 Performance Assessment

Committee Name **Risk Oversight Committee**

Short Name **ROC**

Nature Board Level Committee

Duties and Responsibilities **A. Principal Function**

The Risk Oversight Committee (ROC), as the extension of the Board of Directors (BOD), shall be responsible for the development and oversight of the risk management program for the Bank and its Trust Banking Group.

B. Membership

The Committee shall be composed of at least three (3) members of the Board of Directors including at least one (1) independent director, and a Chairperson who is a non-executive member.

Members of the ROC shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposures, in order to enable the Committee to develop and/or evaluate strategies that will help prevent losses and minimize their impact should they occur.

An officer of the Risk Management Group will be the Committee's secretary.

Heads of risk-taking units and information providers shall participate in the ROC meetings as resource persons. They include:

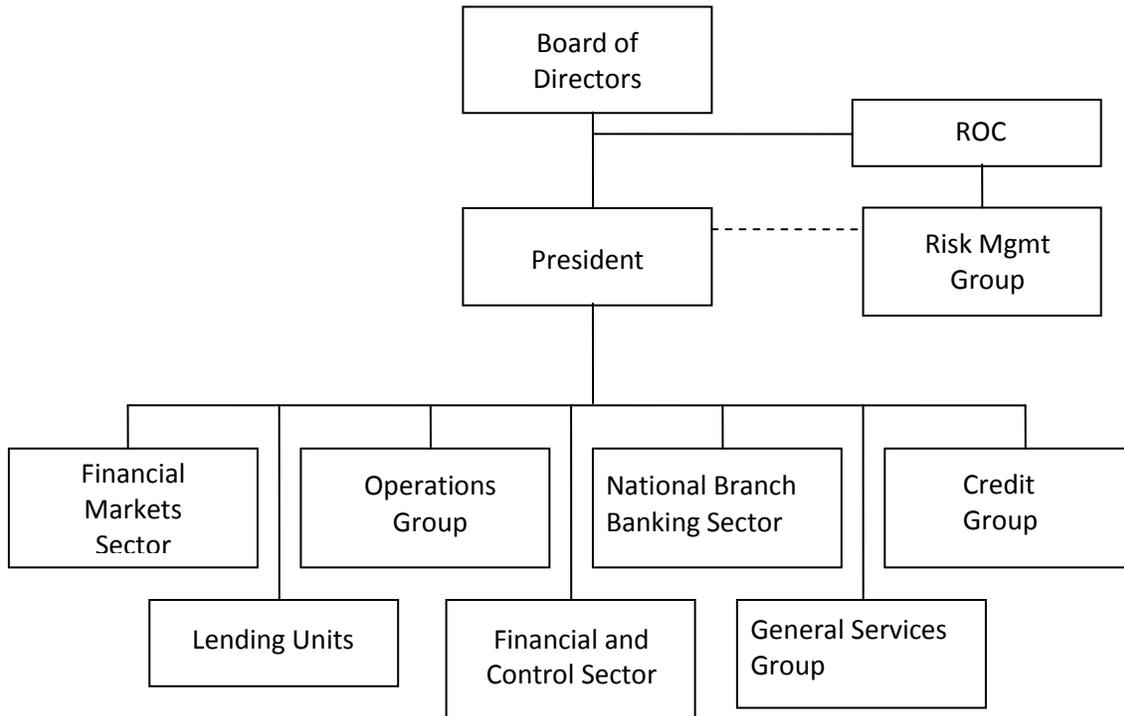
- Head, Operations Group
- Head, Financial Markets Sector
- Head, Corporate Banking Group
- Head, Commercial Banking Group
- Head, National Branch Banking Sector
- Head, Credit Group
- Head, Financial and Control Sector
- Head, International Offices and Subsidiaries Group
- Head, Internal Audit Group

The Committee shall be free to invite any officer if there are any urgent or important matters to present to and discuss before the Committee. The Chief Risk Officer and the Risk Management Group shall also formally and informally communicate to the ROC any material information relevant to the functions of the Committee. Moreover, the ROC shall, where appropriate, have access to external expert advice, particularly on proposed strategic transactions like mergers and acquisitions.

C. The Metrobank Risk Management Structure

The BOD has the ultimate overall authority and responsibility for corporate risk management. By virtue of its approval of the Bank's strategic plans, the BOD effectively approves the ways and means by which the plans are carried out, including the risk stance to be adopted.

The Metrobank risk organization is as follows:



D. Duties and Responsibilities of the Risk Oversight Committee

1. Identify and evaluate risk exposures. ROC shall assess the chances of each risk becoming real and assess the potential effect and cost. Priority shall be given to those risks that are deemed most likely to occur and are costly should they happen.
2. Develop risk management strategies. The Committee shall develop a written plan defining strategies for managing and controlling the major risks. It shall identify practical strategies to reduce the chance of harm or failure, and minimize losses if the risk is realized.
3. Oversee the implementation of the risk management plan. ROC shall conduct regular discussions on the Bank's risk exposures based on regular management reports, and evaluate how the concerned units monitored and reduced these risks.
4. Review and revise the risk management plan as needed. The Committee shall evaluate the plan to ensure its continued relevance, comprehensiveness, and effectiveness. It shall revisit strategies, look for emerging or changing exposures, and stay abreast of developments that affect the likelihood of harm or loss. ROC shall report regularly to the BOD the Bank's overall risk exposure, actions taken to reduce the risks, and recommend further actions and/or plans if deemed necessary.

**Meeting
Schedule**

The Committee shall meet as needed, but should meet at least once a month. The Committee shall also meet with Management to discuss issues and concerns when needed. It shall also meet with the BSP and other regulatory bodies as necessary.

Minutes of meetings shall be reported to the Board of Directors for notation.

ANNEX 4

Committee Name	Corporate Governance and Compensation Committee
Short Name	CGCCOM
Responsibility Statement	The CGCCOM shall assist the Board of Directors in fulfilling its corporate governance responsibilities and in providing oversight in the implementation of the Bank's Compliance System.
Statement of Policy	<p>The Corporate Governance and Compensation Committee shall assist the Board in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest through (a) effective oversight on corporate governance practices, (b) ensuring the effectiveness and observance by the Board of corporate governance principles and guidelines, (c) providing oversight in the implementation of the Bank's Compliance System; (d) making recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the senior officers, and the remuneration policy linked to the corporate and individual performance.</p> <p>In addition, the CGCCOM shall also aid the Board in the discharge of its overall responsibility for defining an appropriate corporate governance framework that shall contribute to the effective oversight function over entities in the group.</p>
Composition, Qualifications and Voting	The members of the CGCCOM are appointed annually by the Board. It shall be composed of at least three (3) Board members, two of whom shall be independent directors, including the Chairperson. The Board may appoint members outside of the Board but within the corporate organization of the Bank, without voting rights. All decisions or resolutions of the Committee shall have the affirmative vote of at least two (2) members of the Committee who are members of the Board.
Duties and Responsibilities	<p><u>Primary Responsibilities</u></p> <ol style="list-style-type: none">1. Provide effective oversight on corporate governance practices over the Bank and entities in the group2. Assist the Board in fulfilling its corporate governance responsibilities3. Ensure the effectiveness and due observance by the Board of corporate governance principles and guidelines4. Provide oversight in the implementation of the Bank's compliance system. It shall ensure that oversight on the Bank's compliance management is adequate5. Extend assistance to the Board in<ul style="list-style-type: none">• defining appropriate governance and compliance policies, practices and structure that will enable effective oversight over entities in the group and

- ensuring consistent adoption of corporate governance and compliance policies and systems across the group

Specific Duties and Responsibilities

1. Be responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines
2. Oversee the periodic performance evaluation of the Board and its committees, executive management and interlocking directors or officers and conduct of annual self-evaluation for its performance. It may coordinate with external facilitators in carrying out board assessment, within the frequency approved by the Board
3. Decide the manner by which the Board's performance shall be evaluated and propose an objective performance evaluation criteria approved by the Board. Such performance indicators shall address how the board has enhanced long term shareholder's value
4. 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).
5. Determine whether or not a director or officer who has multiple positions is able to and has been adequately carrying out his/her duties and, if necessary, recommend changes to the board based upon said performance/review
6. Make recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the senior officers, and the remuneration policy linked to the corporate and individual performance
7. Ensure that a Compliance Program is defined for the Bank and that compliance issues are resolved expeditiously:
 - a. Review, at least annually, the Bank's Compliance Program in accordance with existing regulatory requirements, in support of the Bank's goals and strategies and recommend approval thereof by the Board
 - b. Monitor the implementation of the Bank's Compliance Program and ensure that compliance issues are resolved expeditiously
 - c. Monitor the Bank's compliance with the applicable laws, regulations and rules of regulatory agencies and recommend to the Board appropriate actions based on the review of the reports submitted to/by Compliance Division
 - d. Review the regular reports submitted by Compliance Division as well as reports on significant compliance issues, general status of Bank's level of compliance, relevant regulations, updates and other compliance matters

8. To contribute to the Board's effective oversight functions over entities in the group, CGCCOM shall require Compliance Division to, among others:
 - Provide compliance oversight function over the Bank's BSP-supervised Financial Subsidiaries and Affiliates (FSAs)
 - Conduct a formal review of the structure, their controls and activities to assess consistency with the Board approved policies, practices and strategies and report the results of the assessment to the CGCCOM
 - Ensure open communication with BSP-supervised financial subsidiaries and affiliates thru generation and sharing of information of relevant and recent regulatory issuances and sharing and benchmarking of appropriate compliance and corporate governance best practices and policies. This is to ensure synergy of compliance policies including corporate governance between and among the group
9. In coordination with the Nominations Committee, review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors.

Meeting Schedule The Committee shall meet bi-monthly/once every two months. Special meeting may also be called as necessary.

The Committee Secretary shall develop the agenda for each meeting and send out notices at least three (3) days before the meeting date. He/She shall likewise prepare/distribute the minutes of the meeting and make memo to the Board and other reports, as needed.

ANNEX 5

Committee Name	Nominations Committee
Short Name	NOMCOM
Nature	Board Level Committee
Responsibility Statement	The Committee shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors.
Meeting Schedule	The committee shall meet as required.

ANNEX 6

Committee Name	Related Party Transactions Committee
Short Name	RPTC
Nature	Board Level Committee
Responsibility Statement	The Committee shall review proposals on Related Party Transactions.
Duties and Responsibilities	<p>The RPTC shall review proposals on Related Party Transactions by considering the following:</p> <ul style="list-style-type: none">• Identity of the parties involved in the transaction or relationship;• Terms of the transaction or relationship and whether these are no less favorable than terms generally available to an unrelated third party under the same circumstances;• Business purpose, timing, rationale and benefits of the transaction or relationship;• Approximate monetary value of the transaction and the approximate monetary value of the Related Party's interest in the transaction;• Valuation methodology used and alternative approaches to valuation of the transaction;• Information concerning potential counterparties in the transaction;• Description of provisions or limitations imposed as a result of entering into the transaction;• Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction;• Impact to a Director's independence; and,• Extent that such transaction or relationship would present an improper conflict of interest.
Meeting Schedule	The committee shall meet monthly or as the need arises.

Committee Name	Overseas Banking Committee
Short Name	OBCOM
Nature	Board Level Committee
Responsibility Statement	The Overseas Banking Committee shall assist the Board of Directors in its oversight functions over the operations and financial performance of the overseas branches and subsidiaries, their compliance with the rules and regulations of their respective host countries and their adherence to the parent bank's business and corporate governance policies as prescribed by the Bangko Sentral ng Pilipinas and the Philippine Securities and Exchange Commission.
Duties and Responsibilities	<p>The Committee shall:</p> <ul style="list-style-type: none"> • Exercise oversight over the business activities and financial performance of the overseas branches and subsidiaries as compared to their respective budgets and expressed business strategies. • Exercise oversight over the compliance of the overseas branches and subsidiaries to the laws and regulations of the respective host countries as well as to the applicable rules of the Bangko Sentral ng Pilipinas. • Review, evaluate and recommend approval to the BOD the Group's business plans towards expanding the reach, strengthening support and providing quality service of its international banking and money transfer businesses. In this regard, OBCOM shall: <ul style="list-style-type: none"> ➤ Review and endorse for approval of the Board recommendations of the International Offices and Subsidiaries Group (IOSG) for the opening or establishment of or closure of overseas branches and subsidiaries. ➤ Review and approve changes and amendments in the criteria, policies and procedures in the accreditation of remittance tie-ups/correspondents and remittance agents. ➤ Note appointments for the positions of Regional Heads and Heads of overseas branches and subsidiaries with the rank of Assistant Vice President or its equivalent and above. ➤ Review and endorse the annual business plans and budgets of overseas branches and subsidiaries and other business activities of the IOSG. ➤ Review the financial performance of the overseas branches and subsidiaries regularly. • Monitor the examination results of host country regulators and internal audit reports of the overseas branches and subsidiaries and the implementation of corrective actions that need to be taken from the examination and audit results. • Report to the BOD the activities of the OBCOM on a regular basis.

Interaction with other Committees	There shall be close coordination with the Audit, Anti-Money Laundering and Corporate Governance and Compensation Committees on audit and compliance issues of the overseas branches and subsidiaries.
Support Requirement	The IOSG shall serve as the Secretariat of the OBCOM. The IOSG Head or its designated Division or Department Head shall report on all audit and compliance issues affecting the overseas branches and subsidiaries and IOSG to the Committee.
Meeting Schedule	The Committee shall meet bi-monthly.

Committee Name	Domestic Equity Investments Committee
Short Name	DEI Committee
Nature	Board Level Committee
Responsibility Statement	The Domestic Equity Investments (DEI) Committee has been established to assist the Board of Directors of Metrobank in overseeing the development and maintenance of the Bank's DEI policy and in monitoring its implementation by Management. The DEI policy will be developed by Management and approved by the DEI Committee and subsequently submitted for confirmation to the Board.

Organization

- The Committee shall hold regular meetings every quarter and special meetings may be called when circumstances require.
- The Committee may meet in person or by telephone or video conference call
- A quorum for the transaction of business at any meeting of the Committee shall consist of a majority of the committee members. Decisions shall be made by a majority of those present at the meeting.
- The Committee shall keep minutes of all committee meetings and shall provide written reports to the Board at its regularly scheduled meetings.
- The committee reports will include notations of any outstanding exceptions to policy or violations of regulatory requirements.
- The Committee shall cover major equity investments of the Bank, including investments by subsidiaries on a case-to-case basis.
- The Committee shall have direct access to and complete and open communications with Management and may obtain advice and assistance from internal staff.
- The Committee may also retain independent consultants to assist it and determine the compensation for such consultants.

Duties and Responsibilities

Domestic Equity Investments Committee shall:

- Ensure that domestic equity investments goals support the Bank's mission and vision.
- Assist the Board in reviewing DEI policies, strategies and programs of the Bank and its subsidiaries.
- Review the procedures which Management utilized in determining the appropriateness of specific investments proposals in accordance with policies and limits approved by the Committee.
- Review specific investments proposals and transactions consistent with DEI policy and guidelines and recommend appropriate Board action.
- Monitor the quality and performance of major domestic equity investments in the portfolio.
- Oversee how policies on cross-selling arrangements are implemented between related companies and the Bank.
- Periodically review cross-selling arrangements and report to the Board.
- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.
- Evaluate the performance of the Committee and its individual members annually.

ANNEX 9

Committee Name	Trust Committee
Short Name	TRUSTCOM
Nature	Board Level Committee
Responsibility Statement	<p>The Trust Committee duly constituted and authorized by the Board of directors shall act within the sphere of authority as provided by the pertinent rules and regulations in the exercise fiduciary powers under Section X406.4 of the Manual of Regulations for Banks (MORB) and BSP Circular 766 Guidelines in Strengthening Corporate Governance and Risk Management Practices on Trust, Other Fiduciary Business, and Investment Management Activities.</p> <p>The Trust Committee may delegate to the Trust Officer or a Management Committee certain powers and duties but shall continue to be responsible for the oversight of all trust activities. Adequate reporting and monitoring procedures shall be established to fulfill these responsibilities.</p>
Qualifications of Committee members	<p>Committee members shall possess the necessary expertise and relevant experience which may be indicated by any of the following:</p> <ol style="list-style-type: none">1. At least one (1) year of actual experience in trust, other fiduciary business, or investment management activities;2. At least three (3) years of professional experience in relevant field such as banking, finance , economics, law and risk management;3. Completion of at least ninety training hours on trust, other fiduciary business, or investment management activities acceptable to BSP;4. Completion of relevant global or local professional certification <p>A Trust Committee member should be familiar with Philippine laws, rules and regulations on trust business, as well as uphold at all times ethical and good governance standards.</p>
Duties and Responsibilities	<p>The Trust Committee is a special committee which reports directly to the Board of Directors and is primarily responsible for overseeing the fiduciary activities of the bank. In discharging its function, it shall:</p> <ol style="list-style-type: none">1. Report regularly to the BOD on Matters Arising from fiduciary activities;2. Ensures that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices; (766)3. Ensure that policies and procedures that translate the Board’s objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective; (766);4. Confirm the acceptance, termination or closure of all trust and other fiduciary as approved by the trust officer or duly delegated management committee and shall record such in its minutes;5. Confirm the initial review of assets placed under the trustee’s or fiduciary’s custody as conducted by trust officer or duly delegated management committee;6. Approve the investment, reinvestment and disposition of funds or property as endorsed by the trust officer or duly delegated management committee;

7. Review and confirm transactions between trust and/or fiduciary accounts as approved by a the trust officer of duly delegated management committee;
8. Note the review of trust and other fiduciary accounts by a duly delegated management committee performed periodically as required by the regulation to determine the advisability of retaining or disposing of the trust or fiduciary assets, and/or whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship.
9. Adopt an appropriate staffing pattern and operating budgets that shall enable the trust department to effectively carry out its functions;
10. Ensure that the officers and staff of the bank are provided with appropriate training program in the administration and operation of all phases of trust and other fiduciary business;
11. Oversee and evaluate performance of the TBG Head/Trust officer;
12. Oversee the implementation of the Risk Management framework and ensure that internal controls are in place relative to the fiduciary activities; (766)
13. Take appropriate action on the examination reports of supervisory agencies, internal and/or external auditors on the bank's trust and other fiduciary business and recording such actions thereon in the minutes for confirmation of the Board; and
14. Perform any and all functions that may be deemed necessary or proper in the exercise of its oversight functions over all fiduciary activities.

Meetings

Regular meeting of the TRUSTCOM shall be held quarterly or more often as needed, to be attended by the Members either in person or through teleconference or videoconference, on such date and venue as may be called by the Chairman or upon the request of a Majority of the Members.

Special meetings may be conducted when the exigency of business requires.

The TRUSTCOM shall meet upon the call of the Chairman and in his absence, by the Vice Chairman. The Secretary shall document the minutes of every meeting, if not present, the Chairman of the meeting shall appoint a secretary of the meeting.

Quorum

A majority of all members of the TRUSTCOM shall constitute a quorum and a vote of majority of the members present at a meeting (*whether physically in person or, to the extent permitted by law, through electronic medium or telecommunications, such as video or teleconferencing, where the Members who are not physically present are located at different local or international places*) shall be required to pass a decision.

ANNEX 10

Committee Name IT Steering Committee

Short Name ITSC

Nature Board Level Committee

Duties and Responsibilities **A. Principal Function**

On behalf of the BOD, the ITSC provides governance and oversight in the management of the Bank's IT resources. Its principal function is to ensure that IT strategies are consistent with the overall business objectives. As an extension of the BOD, it shall supervise the IT Risk Management Program of the Bank and the development of policies, controls and specific accountabilities consistent with the Bank's IT Risk Management Framework. It should regularly provide adequate information to the BOD regarding overall IT performance, status of major projects or other significant issues related to IT risks.

B. Duties and Responsibilities

1. Approve IT Strategy and Tactical Plan and any proposed changes ensuring consistency with the overall business objectives and strategy of the bank.
2. Approve IT Risk Management System.
3. Note IT and Information Security (IS) policy changes and receive periodic report on the effectiveness of these policies.
4. Review and approve roles and responsibilities of individual IT functions.
5. Review overall IT performance.
6. Review, provide final approval, and monitor IT projects that may have significant impact on operations, earnings or capital.
7. Approve IT Security Program and subsequent changes thereof.
8. Note implementation and effectiveness of IT security program and ensure that identified issues are addressed.
9. Note changes to outsourcing arrangements.
10. Note changes on e-products offerings and services to ensure alignment with corporate strategic goals.
11. Report to the Board of Directors significant items as it deem necessary.

Meeting Schedule ITSC shall meet as needed, but should meet at least semi-annually.

Minutes of the meetings shall be reported to the Board of Directors for notation.

Committee Name **Anti-Money Laundering Committee**

Short Name **AMLACOM**

Nature Board Level Committee

Duties and Responsibilities Statement of Policy

A Board level Committee tasked to assist the Board of Directors in fulfilling its oversight responsibility over the Bank's AML Compliance Management to make sure that the Bank complies with the provisions of the AMLA, as amended, its Revised Implementing Rules and Regulations (RIRR), and BSP regulations.

Composition

The members of the AMLACOM shall be appointed annually by the Board of Directors. It shall be composed of three (3) Board members.

Authority

The AMLACOM shall have explicit authority to cause the investigation of any matter within its terms of reference, full access to and cooperation by Senior Management and full discretion to invite any Director or Officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions.

Duties and Responsibilities

1. Provide effective oversight over Policy Development and Execution.
 - a. Policies and procedures established by Senior Management are adequate to ensure compliance with all applicable laws and regulations, and AML risks are managed.
 - b. Policies and procedures are kept updated and remain relevant to best react on changing AML regulatory scenarios and conditions.
2. Endorse to the Board for approval the Bank's Money Laundering and Terrorist Financing Prevention Program (MLPP) documenting the policies and procedures of the Bank's compliance with the core components of AMLA, as amended.
3. Receive regular reports from the Anti-Money Laundering Compliance Committee (AMLCC) on the effectiveness of the implementation of the Bank's MLPP and whether Senior Management is taking appropriate actions on identified weaknesses in its (MLPP) implementation.
4. Review and monitor the overall effectiveness of Anti-Money Laundering Division (AMLDD), particularly its progress on the implementation of its overall business plan.
5. Perform annual self-assessment.
6. Review annually the AMLACOM Charter to reassess its adequacy, incorporate best practices and propose necessary changes thereto.

Interaction with other Committees

As needed

Support Requirement

AMLACOM Secretary:

1. Send agenda at least 3 banking days before the meeting.
2. Send Minutes of Meeting not later than 10 banking days from said meeting.
3. Maintain records of the AMLACOM deliberations and decisions.

Meeting Schedule

The AMLACOM shall meet every other month and as necessary.

Reporting to the Board

The AMLACOM shall report to the Board significant developments in the Bank's AML compliance as necessary.

Policy on Continuing Education for Directors

The Board of Directors as a group and as individual directors should have sufficient knowledge relevant to the Bank's activities to provide effective governance and oversight.

Pursuant to §X141.3 of the BSP's Manual of Regulations for Banks and the Corporate Governance Committee Charter, the Corporate Governance Committee is mandated, among others, to make recommendations to the Board regarding the continuing education of directors.

In compliance with the above mandate and to encourage and support the continuing education of the Bank's directors, the Corporate Governance Officer (CGO) shall liaise with external training providers for training and seminars of directors. He/She shall also liaise with the senior officers of the Metrobank Group who may provide internal training for the directors.

1. Budget allocation & approval

- a. Each director is entitled to a P50,000 budget allocation for one year for external seminars. Internal seminars shall be without charge and shall not be included in the budget.

2. Availment procedures

- a. The CGO will liaise with internal and external training providers for the continuing education of directors. He/She shall at least provide the Corporate Secretary a list of the said seminars on a quarterly basis.
- b. The Corporate Secretary will inform all the directors of the available seminars based on the list submitted by the CGO.
- c. A director shall inform the Corporate Secretary, in writing, on the seminar which he plans to attend.

A director may also opt to attend other seminars. In this case, he will inform the Corporate Secretary, in writing, attaching the seminar invite, course outline and other related documents.

- d. The Corporate Secretary shall determine if the seminar is within the approved budget per director.

If within the budget, the Corporate Secretary shall notify the Chairman of the Board of Directors of the director's plan to attend the seminar and process the payment of the seminar fees.

If beyond the approved budget, the Corporate Secretary will seek the Chairman's approval. Upon approval by the Chairman, the Corporate Secretary will process the payment of the seminar fees.

- e. After the seminar, the Corporate Secretary shall ask the director for a copy of the seminar materials and his certificate of attendance

3. Records & Reports

- a. The Corporate Secretary shall keep a record of all the seminars attended by the directors.
- b. The Corporate Secretary shall submit a semi-annual report to the Corporate Governance Committee on the training availments of the directors.

4. Sample topics for seminars/ training:

- a. Corporate governance
- b. Accounting & Finance
- c. Audit and Internal Control
- d. Risk Management
- e. Compliance and bank regulations
- f. Economic forecasts
- g. Strategic planning
- h. Bank operations (lending, borrowings, payment systems, etc.)
- i. Trust operations

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Whistle Blowing Policy

Purpose

To guide officers/staff on reporting complaints related to fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and controls.

Scope

This policy applies to all Head Office units and branches.

Definition

Whistle blowing refers to the disclosure or filing of a complaint by an employee or group of employees who in good faith, believes that the Bank or any of his/their colleagues is engaging/has engaged in acts of fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and controls.

Reporting Employee refers to an employee or group of employees who discloses in good faith and without any thought of personal gain, any information that he/she reasonably believes evidences acts of fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and controls.

Witness refers to an employee of the Bank or Metrobank Group or a third party other than the Reporting Employee, who participates or cooperates in the investigations or proceedings pertaining to a complaint.

Retaliation refers to an act of reprisal, discrimination, harassment, intimidation or adverse personnel action by the Bank's directors, officers, executives, supervisors or employees whether directly or indirectly, against a Reporting Employee or a witness.

Policy Statements

1. All employees are encouraged to play their part in improving the overall effectiveness and success of the Bank and in strengthening the Bank's system of integrity by reporting acts of fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and control.

This policy shall apply in instances when an employee deems it more prudent to report violations or offenses to another authorized unit/person within the Bank for proper handling, investigation and resolution. This policy may also apply when the matter which is brought to the attention of the immediate superior is not acted upon in accordance with the standard reporting procedures, or is concealed, or the immediate superior is himself involved in the infraction, or the reporting employee fears reprisal; thus preventing him from availing of the standard reporting procedures.

By creating an atmosphere of openness and trust and by providing an avenue for employees to raise concerns and receive feedback on any action taken, Metrobank is committed to maintaining the highest possible standards of ethics, honesty, accountability and adhering to the principles of good governance.

2. Responsible Units

- 2.1. The Head of the Internal Audit Group (IAG) is the designated recipient of complaints from Reporting Employees and is authorized to implement this policy.
- 2.2. The Internal Audit Group and Human Resource Management Group (HRMG) shall be responsible for undertaking investigations under this policy.

3. Protection of Reporting Employee

- 3.1. The Bank shall maintain the identity of the Reporting Employee as confidential unless:

- 3.1.1. Such person agrees to be identified;
- 3.1.2. Identification is necessary to allow the Bank to investigate or respond effectively to the disclosure;
- 3.1.3. Identification is required by law;

In such eventuality, the IAG Head shall secure the consent of the Reporting Employee prior to revealing his/her identity.

In case of unauthorized disclosure of identity, the erring employee shall be subject to existing policies on ***Omissions/Errors/Offenses (MOPP Vol. 5, 2300)*** and relevant provisions of the ***Bank's Code of Conduct***.

- 3.2. Retaliation (as described under Definitions) shall not be allowed against any Reporting Employee. Retaliatory actions shall be considered as misconduct and erring officers/staff involved shall be dealt with following existing policies on ***Omissions/Errors/Offenses (MOPP Vol. 5, 2300)***.

4. Filing of Complaints

- 4.1. Complaints/concerns shall be in writing using a Complaint/Disclosure Form (***Exhibit A***) and shall be addressed to the IAG Head.

The identity and contact information of the Reporting Employee/complainant should be disclosed to ensure that feedback on actions taken may be provided.

Details on the complaint/concern such as but not limited to the following should also be disclosed:

- 4.1.1. Full name and position of the respondent (i.e., person subject of the complaint)
- 4.1.2. Brief statement on relevant and material facts such as description of the violation/incident, approximate date/s, time and place of commission of the act, persons involved
- 4.1.3. Any evidence including affidavits of witnesses and/or third parties

The complaint may be forwarded to the IAG Head via email or pouch.

- 4.2. The IAG Head shall advise the Reporting Employee about the disposition of the complaint to the investigating/appropriate units within 5 banking days from receipt of the complaint.

If the Reporting Employee fails to provide sufficient information that will allow the investigating units to properly conduct an investigation, the IAG Head shall also advise the Reporting Employee within 5 banking days that no further action shall be taken.

5. Handling of Complaints

- 5.1. The IAG Head shall conduct a preliminary evaluation to determine if the Reporting Employee provided sufficient information, if the complaint is within the scope of the Whistle blowing policy, and to determine the appropriate unit that shall conduct further investigation.
- 5.2. If the complaint/concern is within the scope of this policy and the Reporting Employee provided sufficient information, the IAG Head shall endorse this to HRMG or IAG-Special Audit Department (SpAD) within 5 banking days from receipt (without disclosing the identity of the Reporting Employee).
- 5.3. If the complaint/concern is not within the scope of this policy, the IAG Head shall inform the Reporting Employee within 5 banking days from receipt.
- 5.4. The Investigating units shall conduct fact-finding investigations and consider the following:
 - 5.4.1. Gravity and relevance of the allegations and issues raised
 - 5.4.2. Whether the disclosure has been made on the basis of reliable information and in good faith
 - 5.4.3. Probability that the allegation/issue is true
 - 5.4.4. Significance of details and evidence submitted
 - 5.4.5. Possible sources of additional evidence

The investigating units shall not disclose or report to anyone, the name of the respondent/s or persons involved.

- 5.5. A withdrawal of the complaint shall not preclude the investigating unit from proceeding with the investigation of the case if there is sufficient evidence to warrant further investigation.
- 5.6. The Investigating unit shall submit a written report to the IAG Head on the findings, evidence gathered and a conclusion on whether the complaint is substantiated or not, within 30 calendar days from the time all the relevant documents are submitted.

If the complexity or circumstances warrant a longer time for investigation or resolution, the investigating unit shall issue a status report and notify the IAG Head in writing citing the justification for the extension. The written notification shall be made not later than 15 calendar days before the expiration of the period within which to resolve the complaint.

- 5.7. If based on the results of the investigation, the complaint is substantiated and disciplinary action is necessary, the IAG Head/HRMG Head shall initiate administrative proceedings following existing policies on ***Omissions/Errors/Offenses (MOPP Vol. 5, 2300)*** (cc: Group Head of the complainant) and inform the Reporting Employee.

On the other hand, if the complaint is not substantiated, the IAG Head shall inform the Reporting Employee that the case shall be closed and the reason for such.

- 5.8. If it was determined that the Reporting Employee and/or witness has made baseless, untruthful, fabricated, malicious or vexatious allegations particularly if he/they persist in making them, the IAG Head shall endorse the matter to HRMG for evaluation on appropriate disciplinary action

against the Reporting Employee and/or witness following existing policies on **Omissions/Errors/Offenses (MOPP Vol. 5, 2300)** (cc: Group Head of the complainant).

- 5.9. If an employee under investigation resigns pending completion of the investigation or final resolution of the case, his resignation shall be without prejudice to the outcome of the investigation or final resolution of the case.
- 5.10. Decisions/resolutions on Whistle blowing cases shall be considered final once approved by Management or the appropriate Bank committee.
- 5.11. Monitoring of received complaints
 - 5.11.1. The IAG Head shall assign a case number for each complaint received and maintain a record of all complaints received.
 - 5.11.2. The case file of each complaint shall be considered as confidential and shall be retained for a period of ten years from date of resolution or closing.
 - 5.11.3. The IAG Head shall submit a semi-annual report to the Board of Directors through the Audit Committee.

6. Handling of Complaints on Retaliation

- 6.1. If a Reporting Employee or Witness believes he has been retaliated upon for filing a complaint or for participating or cooperating in an investigation, a written complaint using the Retaliation Complaint Form (**Exhibit B**)¹ may be filed with the IAG Head within one month from the occurrence of the alleged act or retaliation incident.

Details on the complaint/concern such as but not limited to the following should be disclosed:

- 6.1.1. Name, designation, work address and telephone number of complainant
- 6.1.2. Name and position of the director, officer, employee alleged to have retaliated or to be involved in the retaliation
- 6.1.3. Brief description and date of the complaint to which the alleged retaliation relates
- 6.1.4. Brief description and details of the alleged retaliation
- 6.1.5. Relevant evidence
- 6.2. The IAG Head shall conduct preliminary evaluation of the retaliation complaint to determine if it meets the definition of retaliation, if it indicates serious implications to the complainant, if there is probable cause to warrant further investigation and to determine the appropriate investigating unit.
- 6.3. The designated investigating unit shall conduct an investigation as necessary and report results to the IAG Head.
- 6.4. If there is prima facie evidence of retaliation and disciplinary action is necessary, the IAG Head shall initiate administrative proceedings following existing policies on **Omissions/Errors/Offenses (MOPP Vol. 5, 2300)** (cc: Group Head of the complainant).
- 6.5. If the complaint is false or without basis, the IAG Head shall inform the complainant that the case shall be closed and the reasons for such.
- 6.6. Monitoring of complaints on retaliation

- 6.6.1. The IAG Head shall assign a case number for each complaint on retaliation and maintain a record of all complaints received.
- 6.6.2. The case file of each complaint shall be considered as confidential and shall be retained for a period of ten years from date of resolution or closing
- 6.6.3. The IAG Head shall submit a semi-annual report to the Board of Directors through the Audit Committee.

7. For complaints against the IAG Head, director or advisor of the Board of Directors

- 7.1. If the IAG Head/Director/Board Advisor is the subject or one of the subjects of the complaint or complaint against retaliation, complaints in writing may be filed directly with the Chairman of the Board.
- 7.2. The Chairman of the Board may deputize IAG-SpAD/HRMG to assist in the investigation, subject to the Board's control and supervision.
- 7.3. The deputized investigation unit shall assign a case number for each complaint and maintain a confidential record of all complaints received through the Chairman of the Board.
- 7.4. If the complaint is determined to be substantiated, the findings of the investigating unit shall be endorsed to the Board for further evaluation and imposition of the appropriate disciplinary action.

Benefit

The guidelines shall ensure standard handling of complaints and minimize the Bank's exposure to damage that can occur when employees circumvent internal control mechanisms. The process also ensures that concerns of reporting employees are addressed and they are protected against retaliation.

Control No. **AC No. 009, 2013**
01 March 2013
RPTC/systems

Approved

(original signed)
FABIAN S. DEE
President

WHAT **Related Party Transactions**

Metrobank, through its Board of Directors (BOD), shall ensure that transactions with related parties are reviewed to ensure that such are conducted at arm's-length terms and that corporate or business resources of the Bank are not misappropriated or misapplied¹.

For purposes of this circular:

Related Party shall mean any of the Bank's Directors, Officers, Stockholders and their related interests under DOSRI rules, entities that belong to the Metrobank Group (i.e., owned directly or indirectly by Metrobank and or its subsidiaries/affiliates, including Special Purpose Entities, and other entities that the Bank exert control over or those that exert control over the Bank or those related to the Bank and/or its subsidiaries/affiliates either through common ownership/directorship/officership) AND Directors, Officers or any of their immediate family members with beneficial ownership or significant influence/control in the company that the Bank has or will have dealings with.

Related Party Transaction on the other hand, shall mean a financial transaction, arrangement or relationship (or any series of similar transactions, arrangements, relationships) a) where the Bank is a participant and b) where any Related Party has or will have a direct or indirect material interest. Related Party Transactions shall include transfer or exchange of resources or facilities between the Bank and its related parties, such as but not limited to credit facilities, derivatives, purchase/sale/transfer/lease of assets, equity investments, transfer of technology, guarantees, agency arrangements, and provision and receipt of services. It shall also include transactions entered into, without any economic value by itself, except to avoid compliance with some requirement or prohibition under the law, rules and regulations.

A. Reporting of Related Party Transactions

1. All Directors and Officers (SVP and up) shall submit an Information Statement Questionnaire (*see Exhibit A*) to the Compliance Officer:
 - a. At the beginning of their term as a newly elected director or newly appointed senior officer;
 - b. At the beginning of each calendar year for all incumbents;
 - c. Upon discovery or knowledge of a previously unreported related party transaction.

The Questionnaire shall be accomplished as part of the responsibility of Directors and Officers to disclose related party transactions. It shall include a sign-off and commitment to disclose proposed transactions that the director/officer or their related party will undertake with Metrobank.

¹ Principles for Enhancing Corporate Governance. Basel Committee on Banking Supervision. Bank for International Settlement. October 2010.

2. Based on the Information Statement Questionnaires, the Compliance Officer shall report related party transactions covered by this policy to the RPTC.

B. Review, Approval or Disapproval of Related Party Transactions

1. Proposed transactions of related parties shall be endorsed by proponent units to the appropriate transaction approving authority following existing policies and processes:

Type of Related Party Transaction	Proponent Unit	Transaction Approving Authority
Credit accommodations to DOSRI and related parties	Lending Units	Executive Committee (EXCOM)
Derivatives	Treasury Group	Assets and Liabilities Committee (ALCO)
Purchase/Sale/Transfer/Lease of Assets (including extensions of lease)	AAMDG	Property Acquisition and Disposition Committee (PADCOM)
Transfer of Technology	Information Technology Group (ITG)	Project Governance Committee (PGC)
Provision and Receipt of Services	HO Unit	Group Head/GSG Head/President/PADCOM/Project Governance Committee (PGC)
Equity Investments	HO Unit	President/Domestic Equity Investments Committee (DEIC)

Existing regulations on DOSRI and SBL limits shall apply.

2. Upon approval, the proponent unit shall endorse the proposal to the Compliance Division for review. The Compliance Division shall verify if the transaction falls under the definition of a 'Related Party Transaction' and if the same is compliant with existing regulations.

If the transaction is a 'Related Party Transaction', Compliance Division shall endorse this to the Related Party Transactions Committee.

3. The RPTC shall review the proposed related party transactions endorsed to it, by considering the following:
 - a. Identity of the parties involved in the transaction or relationship;
 - b. Terms of the transaction or relationship and whether these are no less favorable than terms generally available to an unrelated third party under the same circumstances;
 - c. Business purpose, timing, rationale and benefits of the transaction or relationship;
 - d. Approximate monetary value of the transaction and the approximate monetary value of the Related Party's interest in the transaction;
 - e. Valuation methodology used and alternative approaches to valuation of the transaction;
 - f. Information concerning potential counterparties in the transaction;
 - g. Description of provisions or limitations imposed as a result of entering into the transaction;

- h. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction;
- i. Impact to a Director's independence; and,
- j. Extent that such transaction or relationship would present an improper conflict of interest.

In reviewing proposals endorsed to it, the RPTC may consult third-party experts if it deems the same necessary.

Based on the above and other factors or circumstances that it deems relevant, the RPTC shall, after its appropriate review, stamp the proposal with the acronym 'RPT' and indicate the recommendations.

For monitoring purposes, the RPTC Secretariat shall provide a Summary of Related Party Transactions reviewed by RPTC, to the Risk Management Group Head.

- 4. Upon review of the RPTC, the proponent unit shall prepare the Memo to the Board and forward this to the BOD for approval (through the Corporate Secretary). The proposals may be sent to the Corporate Secretary at any time but this should be at least three (3) banking days before the board meeting².
- 5. The following types of Related Party Transactions are not required to be coursed through the RPTC:
 - a. Compensation including monetary and non-monetary fringe benefits paid to a person for service as a director or executive officer;
 - b. Any transaction relating to the post-employment benefit plan of employees with a related party.
 - c. Any charitable contribution, grant, or endowment by the Bank to charitable institutions, foundations, NGOs or universities if the aggregate amount involved does not exceed Php50MM;
 - d. Any transaction where the Related Party's interest arises solely from the ownership of the Bank's common stock and all holders of the Bank's common stock received the same benefit on a pro-rata basis (e.g. dividends);
 - e. Any transaction with a Related Party involving services as a bank depository of funds (e.g., over the counter transaction involving foreign currency exchange transactions, etc.), regular trade transactions involving purchases and sales of debt securities traded in an active market, transfer agent, trustee under a trust indenture, or similar services with or without monetary value.

WHO Group Heads, Committee Chairmen, Compliance Division, Corporate Secretary

WHY The prescribed guidelines shall provide guidance on related party transactions and ensure that the highest ethical standards consistent with the Principles for Enhancing Corporate Governance are observed.

² The Corporate Secretary shall disseminate the dates of the Board meeting to the Group Heads and Committee Chairmen on a monthly basis.

SANCTIONS Proper disclosure is governed by standards on honesty and integrity as stated in the Bank's Code of Conduct. Any violation will be considered a breach of such standard. Directors and Officers who fail to submit the questionnaire or otherwise disclose a related party transaction shall be subject to sanctions and penalties as may be prescribed by the BOD. The prescribed guidelines shall ensure that all related party transactions are reviewed by the Related Party Transactions Committee prior to endorsement to the BOD for approval.

EFFECTIVITY 01 March 2013

REFERENCE Supersedes AC No. 063, 2011 re: Related Party Transactions



INFORMATION STATEMENT QUESTIONNAIRE

For the period of _____

This shall be accomplished as part of the responsibility of Directors and Officers to disclose related party transactions.

All Directors and Officers (SVP and up) shall respond *to the best of their knowledge*. In addressing each of the items, it is anticipated that full answers will be provided and/or explanations provided for any exception.

Please send via pouch, email (amelia.amparado@metrobank.com.ph) or fax the completed statement to the Compliance Officer not later than _____.

Exhibit A

INFORMATION STATEMENT QUESTIONNAIRE

Please provide further explanation for any YES answer by accomplishing the columns under REMARKS.

	QUESTION	YES	NO	REMARKS (If your answer is YES, indicate details on the related party transaction)			
				Name of Related Party	Nature of Related Party Transaction	Terms and Approximate Value	Other Details
1	Did you or any of your related parties render managerial or consultative services to Metrobank?						
2	Did you or any of your related parties provide goods and services to Metrobank?						
3	Did you or any of your related parties secure credit accommodations from Metrobank?						
4	Did you or any of your related parties have derivative transactions with Metrobank?						
5	Did you or any of your related parties have equity investment transaction with Metrobank?						
6	Did you or any of your related parties purchase assets from Metrobank?						
7	Did you or any of your related parties sell assets to Metrobank?						
8	Did you or any of your related parties transfer assets to Metrobank?						
9	Did you or any of your related parties lease properties from Metrobank?						

.....

DIRECTOR/OFFICER SIGN-OFF

Sign Off (please sign above your full name and position)

I, the undersigned, state that in respect to the attached, I have made appropriate enquiries and that, in all material respects, the answers provided are true to the best of my knowledge and belief.

I, the undersigned, state that to the best of my knowledge, the answers provided are free of any material errors and are not intentionally or inadvertently misleading.

I, the undersigned, undertake, that for as long as I continue to be a director or officer of Metrobank, I will immediately notify the Compliance Officer of any material changes to, or affecting the completeness or accuracy of any information supplied by me as soon as possible. I also undertake to disclose any proposed transaction which I or a related party will undertake with Metrobank.

First Name, Middle Name, Last Name

Position

Date of Accomplishment

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Policy on Insider Trading

Purpose

To guide officers/staff in handling material non-public information about the securities of companies within the Metrobank Group ("Metrobank Securities"), as well as the securities of their corporate clients and business partners ("Partner's Securities").

Scope

This policy applies to all Directors, SVPs, EVPs, SEVPs and all employees in Compliance, Institutional Accounting Division (IAD), Strategic Planning Division (SPD), Office of the Corporate Secretary (OCS), as well as their immediate family members residing with them in the same household as well as to corporations, other entities and funds subject to their influence or control who are considered to be Reporting Insiders.

Definition

1. **Metrobank Group** - Currently, the companies covered include Metrobank, Philippine Savings Bank and its subsidiaries, First Metro Investment Corporation and its subsidiaries, Metrobank Card Corporation and Orix Metro Leasing and Finance Corporation and its subsidiaries
2. **Insider** - While this Policy focuses on insider trading by directors and employees within the Metrobank Group, the broader definition of the term "insider" under the SRC includes any person with access to Material Nonpublic Information. Thus, even after the termination of the relationship with the covered company, the obligation of a former director or employee not to trade or tip on the basis of Material Nonpublic Information remains.
3. **Material Nonpublic Information** - Materials which have not been generally disclosed to the public and if disclosed, would likely affect the price of the securities whether positively or negatively

Policy Statements

1. Under the Securities Regulation Code, it is a crime for any director or employee within the Metrobank Group (Insider) who has access to material nonpublic information to do the following, whether directly or indirectly:
 - 1.1 Trade either in the Securities of Metrobank, PSBank Securities or any corporate client or business partner ("Partner");
 - 1.2 Communicate Material Nonpublic Information about the Securities of Metrobank or PSBank, or any Partner's Securities, to any person whom the director or employee has reason to believe will trade on those securities ("Tipping").

Disclosure of material nonpublic information about any of the companies within the Metrobank Group or any Partner shall be made on a need-to-know basis and in furtherance of a legitimate business purpose.

2. The following Reporting Insiders of listed companies within the Metrobank Group are required to report the aggregate number of listed shares (even if there is nothing to report/no shares held) beneficially owned by him and his Associates:

2.1 Reporting Insiders shall include:

2.1.1 Based on Rank

2.1.1.1 Directors

2.1.1.2 Officers who are at least Senior Vice President (SVP) in rank

2.1.2 Based on Function

All employees, regardless of rank, assigned to the following Covered units (or their equivalent within the listed company):

2.1.2.1 Controllership Group-Institutional Accounting Division (COG-IAD)

2.1.2.2 Compliance Division (Compliance)

2.1.2.3 Strategic Planning Division (SPD)

2.1.2.4 Office of the Corporate Secretary (CorpSec)

2.2 Associates of the Reporting Insiders shall include:

2.2.1 Immediate family members (i.e., spouse, 1st degree relatives and siblings) living with the Reporting Insider in the same household

2.2.2 Partnership where the Reporting Insider is a partner

2.2.3 Corporation that is more than 50% owned by the Reporting Insider

2.2.4 A trust account (e.g., IMA, Living Trust Account) where the Reporting Insider is a principal or trustor

2.2.5 Any person, natural or juridical, who has entered into a contract, arrangement or understanding with the Reporting Insider giving the latter the power to vote or to trade Metrobank shares beneficially owned by such person.

Human Resources Management Group (HRMG) shall maintain an updated list of Reporting Insiders and provide a copy to CorpSec (corpsec@metrobank.com.ph) and SPD - Investor Relations Department (SPD-IRD) (investor.relations@metrobank.com.ph) via email.

3. Initial Reporting of Beneficial Ownership of Securities

- 3.1 The following units shall advise the Reporting Insider on the requirement to submit the Initial Statement of Beneficial Ownership of Securities (SEC Form 23-A) (**see Exhibit A**) on or before the prescribed deadline below:

RESPONSIBLE UNIT WHO WILL ADVISE THE REPORTING INSIDER	PRESCRIBED DEADLINE FOR THE REPORTING INSIDER
CorpSec	On or before the next trading day from election as Director
HRMG	On or before the next trading day from approval of his hiring, appointment or promotion as SVP/EVP/SEVP On or before the next trading day from transfer of his assignment to COG-IAD/Compliance Division/SPD/CorpSec

3.2 In case the Reporting Insider will be out of the country (whether on official or personal business) and will not be able to submit the SEC Form 23-A within the prescribed deadline, the Reporting Insider shall submit a signed and notarized SPA (*see Exhibit B*) to CorpSec (corpsec@metrobank.com.ph) at least two (2) banking days prior to the deadline above, and submit the original on the same day of execution.

The Attorney-in-Fact of the Reporting Insider shall accomplish the SEC Form 23-A and submit this to CorpSec following the prescribed deadline above.

3.3 CorpSec, acting through the Transfer Agent of Metrobank, shall file the accomplished SEC Form 23-A submitted by the Reporting Insider or their attorney-in-fact with the SEC and the Philippine Stock Exchange (PSE).

4. Reporting of Changes in Beneficial Ownership of Securities

4.1 In case of change in the beneficial ownership of Metrobank shares (e.g., sale, purchase, inheritance, transfer of residence, etc.) as reported under SEC Form 23-A, the Reporting Insider shall accomplish and submit a scanned copy of the Statement of Changes in Beneficial Ownership of Securities (SEC Form 23-B) (*see Exhibit C*) on the next trading day from the date of the change in the beneficial ownership. The original shall also be forwarded to CorpSec on the same day of execution (Mailing Code: 10300).

4.2 In case the Reporting Insider will be out of the country (whether on official or personal business) and will not be able to submit the SEC Form 23-B within the prescribed deadline, the Reporting Insider shall submit a signed and notarized SPA (*see Exhibit B*) to CorpSec (corpsec@metrobank.com.ph) at least two (2) banking days prior to the deadline above, and submit the original on the same day of execution.

The Attorney-in-Fact of the Reporting Insider shall accomplish the SEC Form 23-B and submit this to CorpSec following the prescribed deadline above.

4.3 CorpSec, acting through the Transfer Agent of Metrobank, shall file the accomplished SEC Form 23-B submitted by the Reporting Insider or their attorney-in-fact with the SEC and the Philippine Stock Exchange (PSE).

5. Blackout Periods and Preclearance Trading Procedures

5.1 As a general rule, a Reporting Insider and his Associates shall not sell or buy Metrobank shares of stock during the period within which Material Nonpublic Information¹ is obtained and up to two (2) trading days after the Information is disclosed (i.e., Blackout Period).

The following Material Nonpublic Information will be governed by a more specific Blackout Period:

5.1.1 For the quarterly, annual and interim financial statements, the Blackout Period shall be seven (7) calendar days before and two (2) trading days after the disclosure of the financial statements.

¹ Materials which have not been generally disclosed to the public and if disclosed, would likely affect the price of the securities whether positively or negatively

5.1.2 For Material Nonpublic Information that requires board approval (e.g., cash dividend declaration, stock rights offering or any capital raising exercise, note issuance), the Blackout Period shall commence on the day of the Board approval and shall last for up to two (2) trading days from disclosure. The same principle shall apply to corporate exercises that specifically require stockholders' ratification, in which case, the Blackout Period shall commence on the day of the stockholders' approval and shall last for up to two (2) trading days from disclosure.

5.1.3 All other Material Nonpublic Information shall follow the general rule (i.e., Blackout Period shall commence on the day that the Material Nonpublic Information is known or obtained, and shall last up to two (2) trading days from disclosure).

All officers and employees involved in the abovementioned transactions shall maintain the level of confidentiality consistent with ethical standards and in compliance with the insider trading policy even prior to board approval.

5.2 The announcement of the specific dates covered by the Blackout Period shall be made by the Investor Relations Officer or any designated officer within the Strategic Planning Division. For guidance, especially on applying the materiality test, reference may be made to the Revised Disclosure Rules of the Philippine Stock Exchange.

6. Sanctions

Violation of any of the provisions of this policy may subject the Reporting Insider to disciplinary action including termination from employment. This is in addition to the following:

6.1 significant fines and imprisonment

6.2 disqualification from serving as officers and directors of Metrobank, PSBank and other publicly-listed companies; and

6.3 irreparable damage to their personal and professional reputation.

Benefit

This shall ensure clear standards of conduct applicable to the directors and employees of companies within the Metrobank Group to the extent that they are considered insiders having access to material nonpublic information about the securities of companies within the Metrobank Group ("Metrobank Securities"), as well as the securities of their corporate clients and business partners ("Partner's Securities").

WHAT Revised Blackout Periods for Insider Trading

1. As a general rule, a Reporting Insider and his Associates shall not sell or buy Metrobank shares of stock during the period within which Material Nonpublic Information¹ is obtained and up to two (2) trading days after the Information is disclosed (i.e., Blackout Period).

The following Material Nonpublic Information will be governed by a more specific Blackout Period:

- a. For the quarterly, annual and interim financial statements, the Blackout Period shall be seven (7) calendar days before and two (2) trading days after the disclosure of the financial statements.
- b. For Material Nonpublic Information that requires board approval (e.g., cash dividend declaration, stock rights offering or any capital raising exercise, note issuance), the Blackout Period shall commence on the day of the Board approval and shall last for up to two (2) trading days from disclosure. The same principle shall apply to corporate exercises that specifically require stockholders' ratification, in which case, the Blackout Period shall commence on the day of the stockholders' approval and shall last for up to two (2) trading days from disclosure.
- c. All other Material Nonpublic Information shall follow the general rule (i.e., Blackout Period shall commence on the day that the Material Nonpublic Information is known or obtained, and shall last up to two (2) trading days from disclosure).

All officers and employees involved in the abovementioned transactions shall maintain the level of confidentiality consistent with ethical standards and in compliance with the insider trading policy even prior to board approval.

2. The announcement of the specific dates covered by the Blackout Period shall be made by the Investor Relations Officer or any designated officer within the Strategic Planning Division. For guidance, especially on applying the materiality test, reference may be made to the Revised Disclosure Rules of the Philippine Stock Exchange.

WHO All Directors, SVPs, EVPs, SEVPs and all employees in Compliance, Institutional Accounting Division (IAD), Strategic Planning Division (SPD), Office of the Corporate Secretary (OCS), as well as their immediate family members residing with them in the same household as well as to corporations, other entities and funds subject to their influence or control who are considered to be Reporting Insiders.

¹ Materials which have not been generally disclosed to the public and if disclosed, would likely affect the price of the securities whether positively or negatively

WHY The revised guidelines prescribe the blackout dates for insider trading for Metrobank shares.

EFFECTIVITY 27 April 2015

REFERENCE CGCom approval dated February 27, 2015
BOD approval dated March 25, 2015
Partly amends AC No. 045, 2014 (re: Policy on Insider Trading)