



Meaningful Sustainability

2021 Sustainability Report



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“We are committed to sustainable wealth creation for our customers. We ensure that our way of doing business today protects the ability of future generations to grow theirs.”



ABOUT THIS REPORT

Metrobank's purpose is to empower individuals and businesses to realize their goals and reach their full potential. We create and customize financial solutions to meet our stakeholders' needs, continuously expanding our scope of reach and leading in community service. This is our way of living up to our brand promise, "You're in Good Hands," which embodies who we are and what we do.

This report describes how we live up to our purpose and promise which will ultimately lead to the sustainability of our business. Stakeholders assess our financial and non-financial performance when making decisions that are forward looking and impactful.

This is the third year since we embarked on a sustainability reporting journey and our first time to publish a stand-alone format to supplement our corporate annual report.

Scope and Boundaries

Our report follows an annual cycle from the period 1 January to 31 December. It covers the performance and management approach of Metropolitan Bank & Trust Company (Metrobank) in governing economic, environmental, social and governance issues. We also included the contributions of Metrobank Foundation, Inc., our corporate philanthropy arm. Our report does not include the performance of Metrobank's international operations and those of its subsidiaries.

To present a better picture of our Bank-wide performance, we intensified our baselining activities, specifically in measuring our environmental footprint. Before 2021, our disclosures were limited only to selected facilities. This year, we were able to expand our coverage to include all corporate centers and domestic branches.

Reporting Guidelines

We prepared the report in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and focus on topics that are most material to our business. Our report's GRI Content Index is found in pages 90-92.

We were also guided by the disclosure mandates of the Securities and Exchange Commission and Bangko Sentral ng Pilipinas.

You may access and download a digital copy of this report from our corporate website: www.metrobank.com.ph.

Our sustainability reporting is a continuing journey. Thus we value and welcome your feedback to improve our operations and reporting in the subsequent years. Please share your feedback with our Metrobank Sustainability Department: sustainability@metrobank.com.ph.

Note on Forward-Looking Statements

This report contains statements describing Metrobank's objectives, projections, estimates, and expectations, which may be "forward-looking statements" within the meaning of applicable securities laws and regulations. These statements are based on the current beliefs and expectations of the management and are subject to significant risks and uncertainties, many of which are beyond the Bank's control. Actual results could differ materially from those expressed or implied goals and targets set forth in the forward-looking statements. Important factors that could make a difference to the Bank's operations include, among others, economic conditions in the domestic and overseas markets in which the company operates, changes in government regulations, tax laws, other statutes and incidental factors, as well as the effect of the COVID-19 pandemic.

This report describes how we live up to our purpose and promise which will ultimately lead to the sustainability of our business. Stakeholders assess our financial and non-financial performance when making decisions that are forward looking and impactful.

JOINT MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT

Meaningful Banking Towards a Sustainable Future

Sustainability has been at the heart of Metrobank since we opened our doors to the Filipino public in 1962. Since then, our mission has always been to empower people to realize their goals and to reach their full potential so they can ultimately contribute to building a prosperous nation. While we help our stakeholders with wealth creation today, we must also ensure that our efforts support future generation's ability to do the same.

"You're in good hands" is not just our brand promise, but a recognition of our role in society, being one of the largest allocators of capital, as well as an institution that influences the lives of many.

For our customers, we customize financial solutions and continuously expand our delivery channels while pioneering solutions in anticipation of their future needs.

For small and medium enterprises, which comprise about 99.5% of total businesses in the country, we champion their development — from seed capital to expansion — and nurture their entrepreneurial spirit while unlocking opportunities for the future.

For corporates, we extend financing and advisory services to support their

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business expansion while ensuring their sustainable growth.

As one of Asia's best employers in 2019, we continue to maintain a solid reputation as employer of choice. For the more than 13,000 people in our employ, we prepare them for the future of work. Together with their families, we look after their welfare and livelihood.

Thousands of Filipino workers abroad depend on our financial products and services, including our international network for remittances that support their families. For them, this serves

as a vital lifeline, before, during, and after the pandemic, that ensures their inclusive future. In 2021 alone, we processed \$7.9 billion from 1.9 million remitters that benefited 3.5 million beneficiaries, improving the well-being of their dependents and boosting the economy.

For the local communities, our Metrobank Foundation — one of the most enduring corporate foundations in the country — has been making a difference in the lives of Filipinos for decades, especially in the areas of education, arts, and public service.

The Foundation will continue to play a significant role in amplifying our goal of making meaningful social contributions and in upholding role models in social service and public trust and accountability.

While we have been consistent in the pursuit of our mission these past six decades, the stark reality is that our country continues to be beset by many economic and social problems. Majority of our countrymen still struggle to meet even the most basic of needs, such as food and shelter. The pursuit of higher learning, let alone the education of young minds, has likewise consistently taken a back seat in the face of poverty, as the Philippines still lags behind access to primary education, maternal mortality rates, and access to reproductive health care. Access to decent health facilities also remains wanting.

Because of the current global economic crisis and recent increases in unemployment and poverty incidence, the goal of reducing the proportion of people living in extreme poverty may not be achieved. As of the first semester of 2021, poverty incidence among the population was estimated at 23.7%. This translates to 26.14 million Filipinos who live below the poverty threshold. On the other hand, subsistence incidence among Filipinos, or the proportion of Filipinos whose income is not enough to meet even the basic food needs, was registered at 9.9% or about 10.94 million Filipinos.



ARTHUR V. TY
Chairman

Among families, the first semester 2021 poverty incidence was estimated at 18.0%, which is equivalent to around 4.74 million poor families. Meanwhile, the subsistence incidence among families was recorded at 7.1% or around 1.87 million food poor families as of the same period.

With the rising rate of poverty, coupled with lack of local opportunity, Filipinos continue to look for work abroad, despite the known risks. Parental overseas migration has augmented household income through remittances, but it has resulted in increasing numbers of long-term disruptions in the dynamics of Filipino families. Studies from around the world indicate that children left behind by migrating caretakers face health and psychosocial problems, resulting in deteriorating academic performance and lower school attendance, greater risk of drug abuse, early pregnancy, involvement in criminal activities and social dysfunction.

The ongoing COVID-19 global pandemic only magnifies these challenges. At the height of the pandemic in 2020, more than seven million Filipinos lost their jobs. The Philippines also saw a drastic 75% reduction in the deployment of Overseas Filipino Workers (OFWs), which constitutes the lowest deployment numbers in over three decades. Meanwhile, the number of returning OFWs reached nearly 800,000 by the end of December 2020. This return migration has conceived more challenges and issues on remittances, income, and employment against a backdrop of general economic downturn.

As we face these pressing economic and social problems, we also recognize that environmental concerns serve to compound these issues. Our country recently ranked fourth in the world for being the most at-risk from the climate crisis. In 2021, in addition to the challenges of the pandemic, our nation of close to 110 million Filipinos faced extreme weather conditions, such as Super Typhoon Odette (international name: Rai) and a restive Taal Volcano. Rising sea levels threatened to submerge our major cities and economic hubs; and increasing temperatures are harming our marine ecosystems. We have been witnessing the depletion of our forest cover, grappling with water scarcity, and facing the prospect of having rotational brownouts due to a shortage of power supply.

The sustainability agenda for a developing country like ours is a challenge. Given finite resources and the wide range of problems seemingly needing immediate attention, the call is for thoughtful solutions and nuanced prioritizations that can deliver meaningful and sustainable impact, not only to our customers, but to all stakeholders.

Thus, we anchored our sustainability commitments on the attainment of these five priority goals:

UN Sustainable Development Goals

- *No. 8: Decent Work and Economic Growth.* Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- *No. 9: Industry, Innovation and Infrastructure.* Build resilient infrastructure, promote sustainable industrialization and foster innovation
- *No. 1: No Poverty.* End poverty in all its forms everywhere
- *No. 2: Zero Hunger.* End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- *No. 4: Quality Education.* Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Since 2019 when we first published our sustainability report, we have been making considerable progress in our sustainability journey and continue to sharpen our focus on meeting our sustainability goals.

This journey has led us to the publication of our first stand-alone report to emphasize our commitment and focus on sustainability. In our 2021 Sustainability Report, we articulate our programs and initiatives to create value for our stakeholders, as well as our progress and plans. More significantly, we have widened the scope of our disclosures to enhance governance and transparency. Our coverage now extends to Metrobank's entire domestic operations, and we are able to show more metrics on our environmental and social performance. By 2022, our corporate website will have a section dedicated solely to our sustainability efforts.

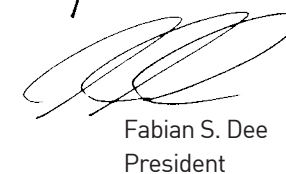
We have likewise set into motion the establishment of a sustainable finance framework and put in place a robust

governance structure to ensure the oversight, execution, and gradual expansion of our sustainability agenda. We have been engaging with our internal and external stakeholders to learn about topics that are important to them, and to build the capacity to monitor and report on these material topics.

Embarking on this sustainability reporting journey would not have been possible without the support of our employees nationwide. We take pride in having people who share our commitment to promote sustainability practices, and are determined to make their own meaningful contributions.

There is still more work ahead for us. As one of the largest financial institutions in the country we believe we can make a significant impact, directly through our operations and indirectly through our investment decisions. We are committed to do our part, to take actions that will ensure a sustainable future for the next generation.


Arthur V. Ty
Chairman


Fabian S. Dee
President

FABIAN S. DEE
President

CORPORATE PROFILE

Metrobank is the premier universal bank and among the foremost financial institutions in the Philippines, with a history spanning almost 60 years.

We have an extensive network that spans over 950 domestic branches and over 2,300 ATMs nationwide, as well as over 30 foreign branches, subsidiaries, and representative offices. To view our directory of branches, go to our website, www.metrobank.com.ph.

Our corporate headquarters is located at Metrobank Plaza, Sen. Gil Puyat Avenue, Urdaneta Village, Makati City, Metro Manila, Philippines.

Overview of Products and Services

We have a diverse product portfolio including investment banking, thrift banking, leasing and financing, bancassurance, and credit cards.

We offer a full range of services to large local and multinational corporations, middle-market and small and medium enterprises, high net-worth individuals, and retail customers.



We employ more than 13,000 employees nationwide.

Metrobank Milestones



6 April 1962
Incorporated in the Philippines

26 February 1981
Listed shares on the Philippine Stock Exchange

21 August 1981
Obtained a universal banking license from the Bangko Sentral ng Pilipinas

Our Core Values

- Passion for Results
- Commitment to Customer Service



- Integrity



- Heart for Community



- Teamwork



Business Segment

Description

Business Segment	Description
Consumer Banking	Providing consumer-type loans and support for effective sourcing and generation of consumer business
Corporate Banking	Handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers
Investment Banking	Arranging structured financing, and providing services related to privatizations, initial public offerings, mergers and acquisitions, and advisory services primarily aimed at wealth creation for individuals and institutions
Treasury	Providing money market, trading and treasury services, as well as the management of the Group's funding operations by investing in treasury bills, government securities, and placements and acceptances with other banks, through treasury and corporate banking
Branch Banking	Handling branch deposits and providing loans and other loan-related businesses for domestic middle-market clients
Other Services	Handling other services including, but not limited to, remittances, leasing, account financing, and other support services

To view the full list of our products and services in our 2021 Annual Report go to our website, www.metrobank.com.ph.

Key Awards and Distinctions in 2021



- Strongest Bank in the Philippines, The Asian Banker
- Best Domestic Bank in the Philippines, Asiamoney
- Best Securities House (Bank Category), PDS Group
- Top Dealing Participant for Corporate Securities, PDS Group
- Top Brokering Participant - Retail Transactions, PDS Group

- Top Fixed Income Dealing Participant, PDS Group
- Top sellside firm in the secondary market, Government bonds, PHP (Rank 1), The Asset Benchmark Research
- Top sellside firm in the secondary market, Corporate bonds, PHP (Rank 1), The Asset Benchmark Research
- Top arranger - Investors' Choice for primary issues, Government bonds, PHP (Rank 1), The Asset Benchmark Research
- Top arranger - Investors' Choice for primary issues, Corporate bonds, PHP (Rank 3), The Asset Benchmark Research
- Best Local Currency Bond Individuals #1 in Trading, The Asset
- Best Local Currency Bond Individuals #2 & #3 in Sales, The Asset
- Best Local Currency Bond Individuals #4 in Research, The Asset
- Top GSED-Market Maker, The Bureau of Treasury
- Best Fixed Income Trader (Local), Fund Managers Association of the Philippines
- Best Fixed Income Trader (Foreign) (Rank 2), Fund Managers Association of the Philippines
- Best Fixed Income Sales (Rank 2), Fund Managers Association of the Philippines
- Best Fixed Income Strategist (Rank 3) Fund Managers Association of the Philippines
- Best New Product Launch of the Year for Payments, 2021 Global Retail Banking Innovation Awards
- Best Talent Acquisition Team (above 1000 employees) Finalist, LinkedIn Talent Awards
- 8th Best Workplace to Grow Your Career - Philippines, LinkedIn
- Bronze Stevie® Award in the Corporate & Community-Customer Engagement Event category, 18th Annual International Business Awards
- Outstanding Personal Information Controllers, Privacy Awareness Week Awards of the National Privacy Commission (NPC)
- Outstanding CSR Collaboration Project, CSR Guild Awards

VISION MISSION STATEMENT

To be the country's premiere financial conglomerate, empowering our individual and business clients to realize their goals and reach their full potential. By creating and customizing financial solutions in response to our stakeholders' needs, continuously expanding our scope of reach, and leading in community service, we live up to our "You're in Good Hands" promise that embodies who we are and what we do. We are Metrobank.*

WE COMMIT TO BE

THE TRUSTED FINANCIAL PARTNER

Our business relies on the principles of trust, honesty and integrity as we serve our customers and help them attain their financial goals.

THE EMPLOYER OF CHOICE

We strengthen the organization by continuously developing and enhancing the abilities of our people. We nurture them into professional individuals with integrity and passion for service and excellence. We ensure their future by providing them with fulfilling careers.

A RESPONSIBLE BANK

We adhere to the highest standards of corporate governance, exercising accountability, fairness, and transparency across all our business operations. We exercise good management to provide our shareholders with sustainable returns on their investments.

AN INSTITUTION WITH A HEART

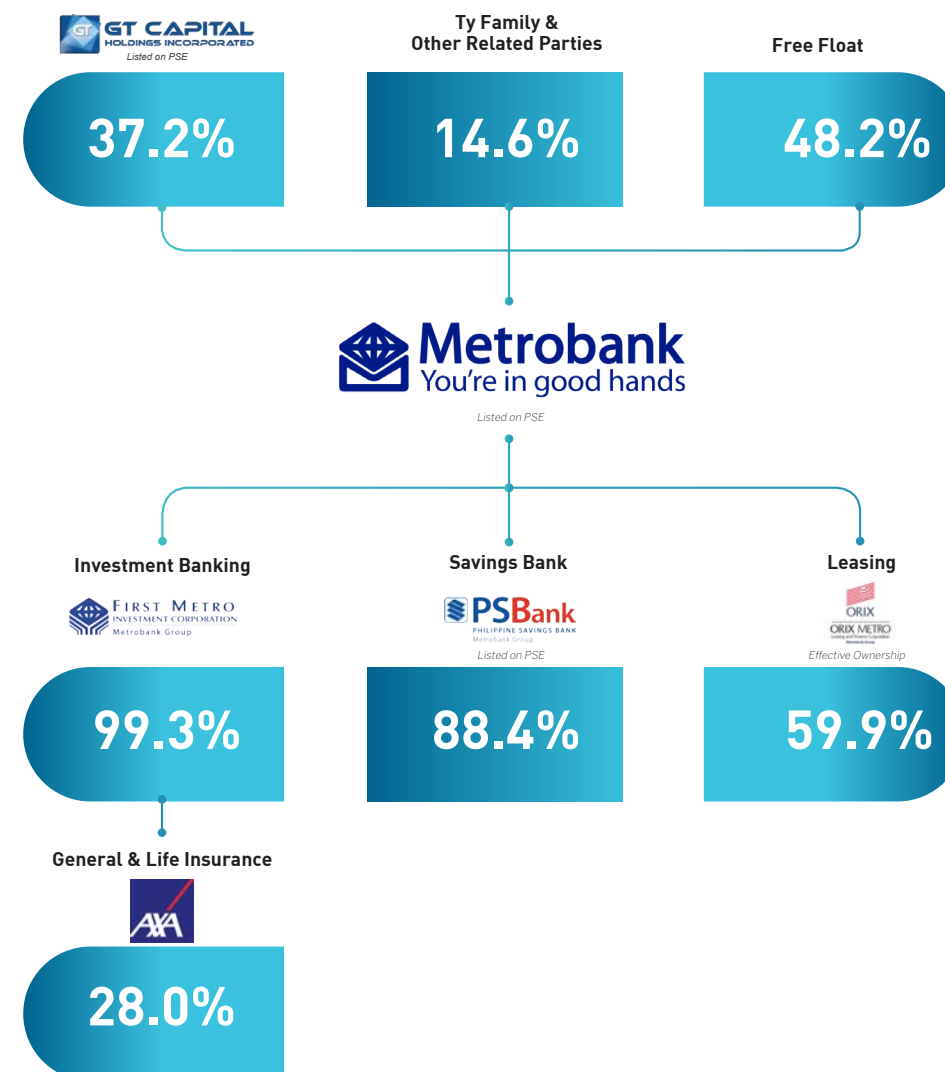
We give back to the communities we serve, committed to making meaningful contributions to the economic and social development of our nation.

*The Vision Mission Statement (VMS) was approved by the Board in January 2020

Conglomerate Map and Shareholding Structure

Metrobank has been listed on the Philippine Stock Exchange since 1981 and uses the stock symbol MBT. As of end-December 2021, 48.2% of the Bank is publicly owned while 37.2% belongs to GT Capital Holdings, Inc. and 14.6% to the Ty family and other related parties.

There are no shareholder agreements, voting trust agreement, confidentiality agreements or any such other agreements that may impact the control, ownership, and strategic direction of the Bank.



To see a detailed discussion on our conglomerate structure in the 2021 Audited Financial Statements and Definitive Information Statements go to our website, www.metrobank.com.ph.

FINANCIAL HIGHLIGHTS

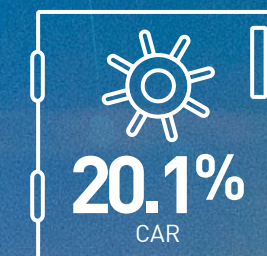
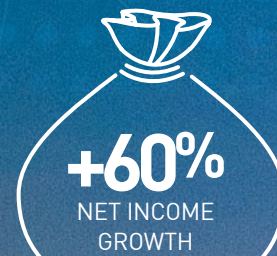
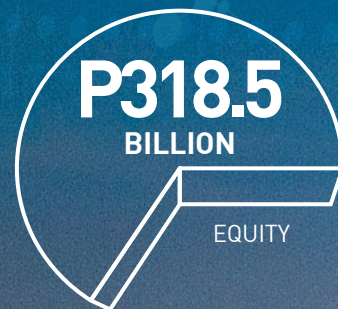


P2.5
TRILLION
TOTAL ASSETS

P1.2
TRILLION



LOANS AND
RECEIVABLES, NET



Market shares¹



12%
TOTAL ASSETS
DEPOSITS
NET LOANS
AND RECEIVABLES

¹Derived from BSP with
the Philippine banking system
numbers as denominator.

AT A GLANCE: SUSTAINABILITY AT METROBANK

P87B

Economic value generated of which P83B was distributed to key stakeholders

10 MILLION

Estimated no. of families benefitting from our payroll and OFW remittance services, serving 2.4 million combined accounts monthly

13,565

Total employee headcount

91%

Permanent rank-and-file employees covered by CBA

P195B

Commercial loans to stimulate trade activities and other industry business operations

US\$7.9B

Remittance value facilitated from 1.9 million unique remitters

P193B

Commercial loans to develop roads, highways, commercial properties, as well as IT and telecommunications

88%

Financial transactions that go through our e-channels

951

Branches nationwide

2,316

ATMs

30+

Foreign branches, subsidiaries, and representative offices

8.9%

Share of total portfolio linked to SME Financing



P13M

Total employee donations raised for Purple Hearts Club's programs and thrusts

276,000

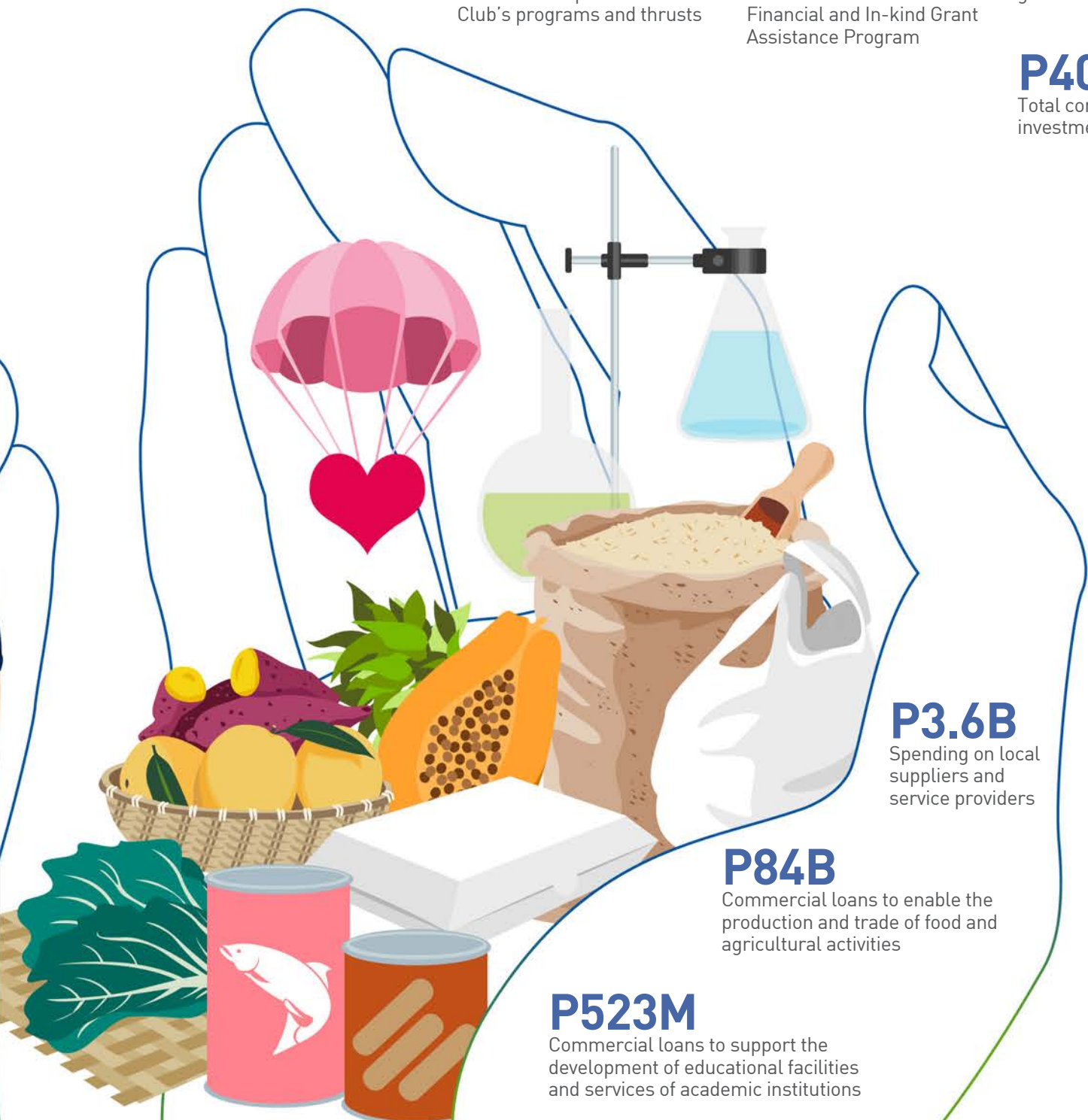
Individuals assisted through Metrobank Foundation's Financial and In-kind Grant Assistance Program

P11B

Total payments to the government

P40M

Total community investments



P3.6B

Spending on local suppliers and service providers

P84B

Commercial loans to enable the production and trade of food and agricultural activities

P523M

Commercial loans to support the development of educational facilities and services of academic institutions

At Metrobank, sustainability is built on our founding mandate to help in nation-building.

We support the national government's AmBisyon Natin 2040, which represents the collective long-term vision and aspirations of the Filipino people to promote inclusive growth and poverty alleviation. This is the anchor of the country's development planning so that all

Filipinos will enjoy a strongly rooted, comfortable, and secure life. We are committed to enable economic opportunities to contribute in addressing the foremost realities and challenges of the Philippines as a developing country. This includes, among others:

- Poverty alleviation
- Access to basic social services such education, food security,

- and healthcare
- Sustained national economic growth through decent livelihoods, empowered micro-, small-, and medium-sized enterprises (MSMEs), and a robust public infrastructure

Operationalizing this commitment, the Board has approved Metrobank's Sustainability Framework which captures our objective of achieving long-term returns for our shareholders and creating shared value for society. The Framework describes our overall approach to managing our impact on sustainable development.

Overview of Metrobank's Sustainability Framework



Sustainability Focus Areas

The Philippines is one of the United Nations member states that is committed to achieving the 17 Sustainable Development Goals (SDGs) by 2030.

As one of the largest financial institutions in the country, Metrobank contributes to the achievement of the 17 SDGs, both directly and indirectly, through our business operations, products and services.



Aligned with this commitment, the Metrobank Board of Directors has chosen five focus areas or SDGs where the Bank can further contribute to fulfill the United Nations 2030 Agenda.





Our key contributions on each focus area include:

- a. Facilitating access to financial resources (e.g. basic banking services, payroll, and remittance business)
- b. Employment generation
- c. Financing for the development of basic infrastructure such as roads and highways
- d. Supporting information technology and communication companies
- e. Increasing access to affordable credit
- f. Community development programs through Metrobank Foundation and Purple Hearts Club

Focus Area	2030 UN established targets	Related sections	Selected initiatives	Performance
	Achieve higher levels of economic productivity, support decent job creation, and expand access to banking, insurance, and financial services	Sustainable Finance	Contribution of commercial loans to the SDGs	<ul style="list-style-type: none">• P195 billion in commercial loans to stimulate trade activities, operations of holding companies and other financial intermediaries, hotels and resorts, and professional and technical services
	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation	Economic Performance	Economic value generated and distributed	<ul style="list-style-type: none">• Generated P87 billion in economic value of which P83 billion was distributed to key stakeholders
		Human Capital Development	Online learning solutions	<ul style="list-style-type: none">• Launched MyLearning, an online learning platform that enables employees to access on-demand training
	Support productive activities, decent job creation, entrepreneurship, creativity and innovation through access to financial services	Financial Inclusion	Facilitating access to financial resources	<ul style="list-style-type: none">• 3.6 million payroll and paycard accounts served• Facilitated \$7.9 billion in remittance value• 1.8 million unique remitters supporting 3.5 million beneficiaries
	Protect labour rights and promote safe and secure working environments	Responsible Labor Practices	Collective Bargaining Agreements	<ul style="list-style-type: none">• 91% of permanent rank-and-file employees are covered by collective bargaining agreements
	Achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value	Workforce Diversity	Employee profile	<ul style="list-style-type: none">• 13,565 total employee headcount of which 65% are women and 36% are below 30 years old• Basic salary of newly hired rank-and-file employee is 10.3% higher than local minimum wage

Focus Area	2030 UN established targets	Related sections	Selected initiatives	Performance
8 DECENT WORK AND ECONOMIC GROWTH 	Promote sustainable tourism that creates jobs and promotes local culture and products	Corporate Citizenship and Philanthropy	Supporting community development	<ul style="list-style-type: none"> 417 local artists and designers awarded through the Metrobank Art and Design Excellence Program since 1984
	Encourage and expand access to banking, insurance and financial services for all	Corporate Profile	Scale of operations	<ul style="list-style-type: none"> 951 branches and 2,316 ATMs nationwide and over 30 foreign branches, subsidiaries, and representative offices
		Financial Inclusion	Countryside banking	<ul style="list-style-type: none"> Presence in 6 out of the 7 poorest provinces in the country
			Remittances	<ul style="list-style-type: none"> 142 remittance partners across 26 countries and territories abroad
			Electronic banking	<ul style="list-style-type: none"> 88% of our clients' total financial transactions go through our e-channels
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Develop quality, reliable, sustainable and resilient infrastructure, increase access of small-scale enterprise to value chains and markets, upgrade infrastructure and retrofit industries, increase access to information and communications technology	Sustainable Finance	Contribution of commercial loans to the SDGs	<ul style="list-style-type: none"> P193 billion in commercial loans to develop public infrastructure projects such as roads and highways and commercial properties, support manufacturing and the operations of transportation, storage, telecommunication activities
	Increase access of small-scale industrial and other enterprises to financial services and integrate them into value chains and markets	Procurement Practices	Spending on local suppliers	<ul style="list-style-type: none"> More than P3.6 billion spending on local suppliers and service providers
		Financial Inclusion	Support for SMEs	<ul style="list-style-type: none"> 8.9% of our total portfolio is linked to SME Financing

Focus Area	2030 UN established targets	Related sections	Selected initiatives	Performance
1 NO POVERTY 	Eradicate extreme poverty for all	Corporate Citizenship and Philanthropy	Supporting community development	<ul style="list-style-type: none"> Assisted more than 276,000 individuals through Metrobank Foundation's Financial and In-kind Grant Assistance Program P13 million total employee donations raised for Purple Hearts Club's programs on community development, health, education, livelihood, and disaster relief Bags of Blessing has reached 33 sites and distributed grocery items to 18,000 families nationwide
	Ensure that all men and women have equal rights to economic resources as well as access to basic services	Economic Performance	Economic value generated and distributed	<ul style="list-style-type: none"> P11 billion in payments to governments P40 million in community investments
	Build the resilience of the poor and those in vulnerable situations and reduce their exposure to climate-related extreme events	Corporate Citizenship and Philanthropy	Supporting community development	<ul style="list-style-type: none"> Assisted over 17,100 families affected by natural calamities through Metrobank Foundation's disaster relief and rehabilitation efforts
2 ZERO HUNGER 	Ensure access to safe, nutritious and sufficient food, double the agricultural productivity and incomes of small-scale food producers, ensure sustainable food production systems and implement resilient agricultural practices	Sustainable Finance	Contribution of Commercial Loans to the SDGs	<ul style="list-style-type: none"> P84 billion in commercial loans to enable the production and trade of food and agricultural activities

Focus Area



2030 UN established targets	Related sections	Selected initiatives	Performance
Ensure equal access to affordable and quality education, build and upgrade education facilities that are inclusive and effective learning environments	Sustainable Finance	Contribution of commercial loans to the SDGs	<ul style="list-style-type: none"> P523 million in commercial loans to support development of educational facilities and services of academic institutions
Ensure that all girls and boys complete primary and secondary education	Corporate Citizenship and Philanthropy	Supporting community development	<ul style="list-style-type: none"> 50 grade school scholar-graduates of Metrobank Foundation's Scholarship Program
Build and upgrade education facilities that are safe, inclusive, and effective learning environments for all	Corporate Citizenship and Philanthropy	Supporting community development	<ul style="list-style-type: none"> Donated over P649,000 to support distance learning through Purple Hearts Club's education program
Expand the number of scholarships including vocational training programs	Corporate Citizenship and Philanthropy	Supporting community development	<ul style="list-style-type: none"> 109 scholar-graduates and 151 current technical-vocational scholars supported by Metrobank Foundation's Scholarship Program

APPROACH TO SUSTAINABILITY

Sustainability at Metrobank means helping accelerate national development by providing financial solutions that empower individuals and businesses in a way that balances short- and long-term interests, and integrates economic, environmental and social considerations into decision-making.

Integrating Sustainability Principles

We recognize that social inclusivity and environmental consciousness in our society is growing. We are thus integrating more economic, environmental, social, and governance (EESG) principles into our operations while striking a balance between our sustainability goals and

the viability of our business. This is our vital consideration when we plan, design, and execute our strategies and operate our business.

Sustainability Framework

We established a Sustainability Framework anchored on achieving

long-term shareholder value and creating shared value for a sustainable future. This Board-approved Framework is complemented by a governance structure and a sustainability roadmap.

Metrobank Sustainability Framework



The Bank continues to **embed sustainable practices to reduce the environmental impact of its business** by promoting operational eco-efficiency while contributing to a thriving, resilient national economy.

The Bank **supports social causes** in education, peace and order, and the arts, and **creates value for clients and society** through financial education initiatives and the development of responsive and innovative products.



Metrobank believes that **banking is a business of trust**. It highly esteems the trust given by customers and shareholders, and **commits to the high standards of governance** by espousing accountability, integrity and transparency.

Sustainability Governance Structure

We have adopted an effective organizational structure to ensure the attainment and continuing relevance of our sustainability objectives.

The accountability for sustainability starts with our Board of Directors. The Board provides the overall direction and oversight of the Bank's sustainability agenda. As stated in the 2021 Metrobank Corporate Governance Manual, its specific duties and responsibilities include:

- Institutionalizing the adoption of sustainability principles;
- Promoting a culture that fosters environmentally and socially responsible business decisions;
- Approving the Bank's Environmental and Social Risk Management System (ESRMS);
- Ensuring that sustainability objectives and policies are clearly communicated across the institution;
- Ensuring that adequate resources are available to attain the Bank's sustainability objectives; and

- Ensuring that the sustainability agenda is integrated in the Bank's performance appraisal system.

The Board, through the Executive Committee (EXCOM), sets the direction and performs oversight on our sustainability framework and strategy, and ensures the adoption of regulatory mandates.

The EXCOM mandates the Metrobank President, who executes the framework and strategy through the Sustainability Department.

The Sustainability Department ensures that sustainable principles are embedded into our business practices and across the organization. In collaboration with our various business units and subject matter experts, the Sustainability Department develops the policies, programs, and goals on sustainability-linked risks and opportunities.

We also have a Sustainability Technical Working Group composed of relevant business units that collaborate and assist senior management in executing our sustainability agenda.

Sustainability Focus Areas

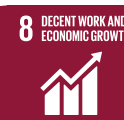
As one of the country's largest banks and allocators of capital, we believe that we have a role to play in contributing to the United Nations Sustainable Development Goals (SDGs).

Through the Bank's core business and the programs of the Metrobank Foundation, we have been able to contribute directly to a number of these sustainability goals. While all the 17 SDGs are equally important, we have defined the five goals on which we can continue to create more value and have the most meaningful impact to society. These are the areas where we will focus our efforts and investments, and to innovate products and solutions that can improve the lives of the communities we serve.

Metrobank Sustainability Governance Structure



Metrobank Sustainability Focus Areas



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



End poverty in all its forms everywhere



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

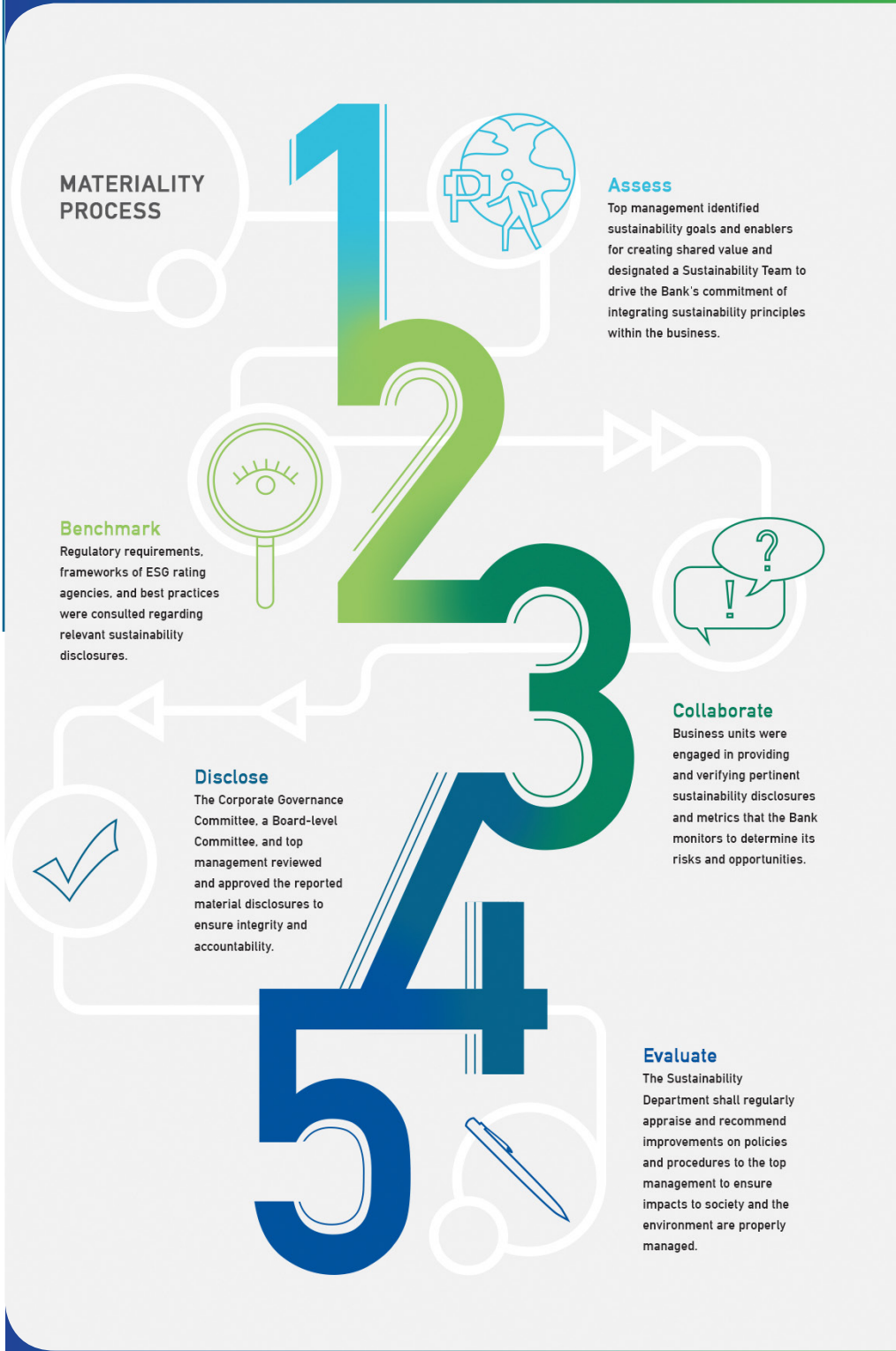


Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Materiality

Metrobank’s material topics describe and communicate the economic, environment and social issues that the Bank and its stakeholders deem most relevant. These are anchored on the four main sustainability drivers and reported according to the GRI Standards and SEC Guidelines on Sustainability Reporting.

Our material topics are subject to change as we incorporate new guidelines from regulators such as the BSP, and anticipate and address the needs of our stakeholders. Hence, our materiality process is iterative, and our sustainability framework is to be reviewed and revised as the need arises.



Materiality Disclosure

In 2021, we adopted the EESG format in our sustainability reporting process and aligned our material topics and its relevance. Accordingly, we re-organized our material topics to align to this format.

Material Topics and Topic Boundary

Theme	Relevance	Aligned Material Topics ²	Topic Boundary ³
Corporate Profile	As a market player, we create shared value with our stakeholders and contribute to the country's resilient financial system through our market footprint and business performance.	<ul style="list-style-type: none">Corporate Profile (includes revenue growth and market share)	Internal
Approach to Sustainability	As a publicly listed company, we embed sustainability principles into our governance framework and risk management process.	<ul style="list-style-type: none">Integrating Sustainability Principles*Materiality*	Internal
Economic Sustainability	As a financial institution, we strive to provide for the financial needs of our customers, whatever their aspirations may be. In addition, we continue to track our direct economic contributions by meeting our financial obligations to our key stakeholders.	<ul style="list-style-type: none">Sustainable Finance (includes thorough underwriting)Financial Inclusion (includes domestic presence, overseas activities, and financial literacy endeavors)Economic Performance (includes community investment)Procurement Practices*Tax Strategy*	Internal and External (customers and suppliers)
Environmental Sustainability	We manage our environmental impact through prudent use of natural resources and compliance with environmental laws and regulations.	<ul style="list-style-type: none">Operational Eco-Efficiency (includes energy and materials efficiency)Environmental Compliance*	Internal

²Topics highlighted in asterisk (*) refer to existing corporate policies and disclosures which were appended to our list of material topics.
³Internal refers to the Bank, its operations, and its people. External involves our relationships with other stakeholders.

Theme	Relevance	Aligned Material Topics ²	Topic Boundary ³
Social Sustainability	<p>As an employer, we believe that we are able to provide exceptional experience because our employees find meaning in their work. For this reason, we invest in the health, professional growth, and personal development of our team members.</p> <p>As a service provider, we address our customers' various needs through our diverse and ever evolving products and services, which are accessible and reliable in numerous platforms.</p> <p>As a partner and corporate citizen, we listen and engage with our stakeholders to foster long-term relationships, protect their interests, and optimize our social impact.</p>	<ul style="list-style-type: none"> • Workforce Diversity* • Talent Attraction and Retention (includes employee retention) • Human Capital Development (includes development and training) • Occupational Health and Safety (includes health and safety) • Responsible Labor Practices* • Consumer Financial Protection (includes customer reach, customer management, and responsible business practices) • Information Security and System Availability (includes network reliability) • Privacy Protection (includes data security and privacy) • Corporate Citizenship and Philanthropy (includes community involvement) 	Internal and External (customers, suppliers, and community beneficiaries)
Governance	As a member of a highly regulated industry, we have built a stable and responsible brand with a credible and trustworthy reputation. Our track record in transparency, dependability, and accountability allows us to build lasting relationships with our stakeholders as well as entice new partners and customers.	<ul style="list-style-type: none"> • Governance Structure (includes good governance and integrity) • Board Matters (includes good governance and integrity) • Corporate Policies and Practices (includes good governance and integrity) • Risk and Crisis Management* 	Internal

²Topics highlighted in asterisk (*) refer to existing corporate policies and disclosures which were appended to our list of material topics.
³Internal refers to the Bank, its operations, and its people. External involves our relationships with other stakeholders.

Stakeholder Engagement

To create a more meaningful impact, we believe in collaborating and engaging with various stakeholders. This enables us to learn new things, share best practices, achieve specific objectives, set future goals, and build

long-term trust with stakeholders touched by our business.

Through these various channels, we are able to understand various stakeholders' concerns and needs and encourage dialogue for resolutions.

Stakeholder Group	Engagement Platform	Concerns and Issues	Management Approach
Customers or clients Our business is to cater to the wide range financial needs of the Filipino people.	<ul style="list-style-type: none"> • Daily customer touchpoints with our frontline employees • Customer satisfaction surveys • Net promoter score studies 	<ul style="list-style-type: none"> • Financial fraud • Service reliability 	<ul style="list-style-type: none"> • Fraud awareness measures • Customer Assistance and Complaints Handling
Employees Meaningful banking is achieved through our dedicated and empowered employees.	<ul style="list-style-type: none"> • Employee engagement survey conducted every other year • Annual performance assessment • Workplace by Facebook • Townhall, sector meetings, and conventions 	<ul style="list-style-type: none"> • Compensation and benefits • Health and safety 	<ul style="list-style-type: none"> • Salary review • Occupational health and safety practices
Suppliers An extension of our business, suppliers allow us to provide innovative, seamless, and secure solutions to the community we serve.	<ul style="list-style-type: none"> • Vendor management process • Annual performance review 	<ul style="list-style-type: none"> • Procurement terms 	<ul style="list-style-type: none"> • Transparency in vendor accreditation process
Investors We uphold the interest of our shareholders.	<ul style="list-style-type: none"> • Annual Stockholders' Meeting • Quarterly Earnings Call • Regular meetings and teleconferences • Investor roadshows • One-on-one meetings • Regular correspondence through letters, memos, and email 	<ul style="list-style-type: none"> • Financial performance • Growth outlook 	<ul style="list-style-type: none"> • Timely disclosure of financial performance and prospects
Regulators The government ensures that businesses are conducted fairly and protects the rights of everyone.	<ul style="list-style-type: none"> • Regular correspondence through letters, memos, and emails 	<ul style="list-style-type: none"> • Regulatory reliefs • Adequacy of risk management of significant business activities • Anti-money laundering / combating the financing of terrorism or proliferation financing • Compliance with the BSP, SEC, Securities Regulations Code, and other relevant references • Corporate governance 	<ul style="list-style-type: none"> • Bank policies and controls in place • Annual Performance Assessments • Effective compliance and internal audit functions • Disciplinary actions
Community Through our business, we aim to contribute to the financial wellness of the community we are in by giving access to financial instruments, and boosting economic activities.	<ul style="list-style-type: none"> • Dialogues, feedback mechanisms, and surveys • Community outreach programs • Virtual events, activities, and webinars 	<ul style="list-style-type: none"> • Stimulation of local economy • Program implementation • Recipients and impacts of corporate social responsibility projects 	<ul style="list-style-type: none"> • Results-based Program Management Approach • Regular engagement • Roll-out of recognition programs and community projects • Financial support to education, arts, and culture

ECONOMIC SUSTAINABILITY

Our impact on the economy extends beyond our fiduciary responsibility. It is felt through the products, services, and initiatives that we provide our clients here and abroad. This underpins our role as a universal bank that offers meaningful financial solutions to the markets we serve.



Sustainable Finance

We recognize that banks and financial institutions have a significant role to play in helping the planet and in promoting financial inclusion through sustainable finance.

Thorough Underwriting

Our sustainability as a business hinges on our ability to sustain a strong balance sheet, good reputation, and zero credit risks. Sudden financial defaults or questionable dealings with clients would adversely impact our reputation and threaten our viability as a business.

We have thorough credit underwriting policies in selecting the right clients. We adopted a solid credit risk management system that covers credit policies, authorizations, risk evaluation, and compliance monitoring.

Credit policies are formulated in consultation with business units on collateral requirements, credit assessment, risk grading, reporting, and compliance with regulatory requirements. There are authorization limits for the approval and renewal of credit facilities.

We also implement prudent concentration limits in granting loans to counterparties and industries, and by issuer, in the case of investment securities.

Credit quality is monitored by analyzing and categorizing the repayment ability of a borrower through the Internal Credit Risk Rating System (ICRRS). The ten-

grade rating system reflects the borrower's risk of default and availability of a collateral or other credit risk mitigation. Compliance with approved exposure limits is also closely monitored.

In line with our credit policies is the proper conduct of enhanced due diligence on certain industries and client categories under our financial crime compliance program. These industries and client categories are as follows:

- Subject to enhanced due diligence and risk-based approach: Non-resident customers, politically exposed persons (PEP) and their close family members (PEP related), close business colleague and personal advisor (PEP close associate), correspondent banks, arms, defense, military, extractive industries, precious metals and stones, regulated charities, non-government organizations, embassies or consulates, and payment service providers
- Subject to enhanced due diligence and restricted risk-

based approach: Non-account customers, non-resident customers, and money or value transfer services or money services business

- Prohibited customers or industries: Shell banks, atomic power, unregulated charities, red light business or adult entertainment, virtual currencies, marijuana, and gambling.

Contribution of Commercial Loans to the UN Sustainable Development Goals

At Metrobank, sustainable finance covers a range of activities — from lending to green projects or investing in companies that contribute to the UN SDGs. We reviewed our commercial loan portfolio and identified those that are aligned with the attainment of the SDGs based on the purpose of the loan and the client's nature of business. The scope of the review covered accounts with an outstanding loan balance of at least P200 million. In 2021, this accounted for 87.25% of our total commercial loan portfolio, amounting to P780.2 billion.



Financial Inclusion

Poverty remains one of the biggest social and economic challenges in our time. The COVID-19 pandemic further exacerbated inequality in our country and in the world as many lost their jobs and livelihood due to the lockdowns.

Financial inclusion serves as a key driver to reducing poverty and a key enabler of the UN SDGs. It is presented as a target in 8 out of the 17 SDGs, aligned with our focus areas. In the case of digital finance, it can stimulate inclusive growth in developing countries such as the Philippines.

At Metrobank, we promote financial inclusion through our network of branches here and abroad. With the pandemic lockdowns, customer acceptance of our mobile app and online banking channels also grew, enabling the unbanked and underserved to access our products and services to meet their needs even without leaving the comfort of their homes.

Reaching Out to the Countryside

Our branches comprised 55% or 385 of our total domestic branch network as of end 2021. Located outside Metro Manila, our branches enable us to reach Filipinos in 86% or 6 out of the 7 poorest provinces in the Philippines. In addition, we are also present in 81% or 13 out of the 16 provinces belonging to the second cluster of the poorest provinces in the country.

6 out of 7
Presence in provinces with the highest level of poverty incidence



13 out of 16
Presence in provinces with a high level of poverty incidence



Reaching Out to Filipinos Abroad

We respond to the financial needs of overseas Filipinos and their families through our presence in 26 countries and territories abroad. Our international network includes:

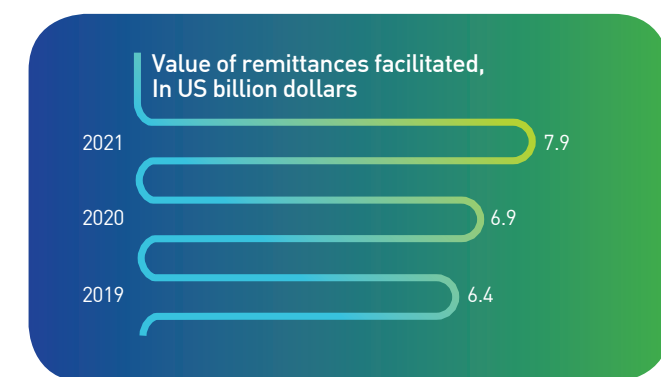
- 5 foreign branches: MB New York, MB Taipei, MB Tokyo, MB Osaka, and MB Seoul
- 6 foreign remittance subsidiaries: MRUK, MR Singapore, MR Japan (Yokohama), MR Hong Kong (6

offices), MR Canada (2 offices), and MB Remittance Center Hawaii (2 offices)

- 142 remittance partners

Through our strong presence abroad, we were able to facilitate US\$7.9 billion in remittance value in 2021 from 1.9 million unique remitters supporting 3.5 million beneficiaries.

In addition to our remittance business, we also offer other financial services to the Philippine-based beneficiaries of overseas Filipinos and conduct financial literary seminars to Filipinos leaving for work abroad.



Reaching Out to Filipinos Everywhere

Adoption of digital financial services accelerated in the wake of the pandemic because of mobility restrictions that drove Filipinos to mobile apps and online banking channels.

We were able to reach out to more Filipinos wherever they are through Metrobank Online, our revamped online banking facility, and through our Metrobank Mobile App. The Cash Pick-Up feature in our mobile app enabled our clients to send up to P30,000 anywhere in the Philippines through our over 10,200 remittance partner outlets that expanded our reach.

In 2021, 88% of our total financial transactions go through our e-channels — an increase from 85% level in 2020. The total transaction value also rose by 50% year-on-year. Our mobile app downloads grew by 65% from 2020 levels.



88%

Financial transactions coursed through our electronic channels



65%

Increase in mobile app downloads from the previous year

International Remittance Network

Region	Country
North America	USA, Canada
Europe	United Kingdom, Italy, Spain, Cyprus, Germany, Netherlands, Greece, France
Asia Pacific	Australia, New Zealand, Singapore, China, Hong Kong, Taiwan, South Korea, Japan, Malaysia
Middle East	Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Bahrain, Oman, Israel

Reaching Out to MSMEs

Micro, small and medium enterprises (MSMEs) comprise 99.5% of the total number of establishments and generate 62.6% of the total employment in our country. They also account for a quarter of our total exports revenue according to the Department of Trade and Industry.

To enable MSMEs to access funds even during the pandemic, our Business Banking Center (BBC) actively onboarded small and medium enterprises to the Metrobank Business Online Solutions (MBOS) platform.

Launched before the pandemic in 2019, MBOS is an innovative online banking system that allows corporate and commercial clients, including SMEs, to transact with Metrobank in the safety of their homes. In 2021, the value of corporate transactions that went through our digital platforms increased by 50% year-on-year. About 27% of this volume now goes through digital channels compared with 25% in 2020. In terms of usage,

39% of our corporate clients have now been onboarded in the MBOS platform. Of this, 61% are active.

To provide more Filipinos access to our digital platforms, we also slashed by half the fee on electronic fund transfers by small to large businesses. We lowered the PESONet fees on Metrobank online and Metrobank mobile app to P50 from P100 per transaction starting November 2, 2021.

PESONet is an online bank transfer solution that can be used by small to large businesses to facilitate secure and convenient payments for salaries, supplier, government goods and services, and other similar transactions. The platform allows clients to send up to P200,000 a day to electronic channels of partner BSP-supervised financial institutions.

Financial Literacy

Through financial education program, we help arm our customers with the knowledge they need to make informed financial decisions.

Our financial education covers fundamental principles and topics on money saving and debt management, to more complex concepts such as investments.

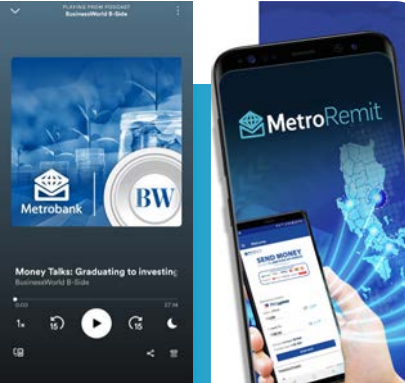
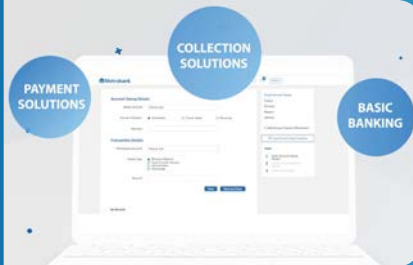
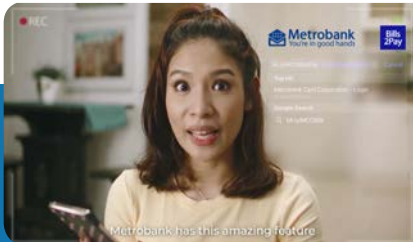
- Money Basics: This educational campaign was launched in 2019 and became a consistent activity of the Bank to provide and impart financial education materials. Relevant articles on money basics, from bite-sized money tips to

long-term investment goals, are regularly posted on Metrobank's website: <https://www.metrobank.com.ph/learn/money-basics>. This is a collection of stories and practical financial tips published to help people learn from the experiences of others, and to pick out lessons on personal finance and sound money habits beyond the pandemic. The same lessons and tips are published on the Bank's Facebook and Instagram

accounts to reach and to engage a wider audience.

- Earnest: This is a financial education and investing platform designed with beginner investors in mind. Users can download the app or go to the website: <https://earnest.ph> to learn financial basics through lesson cards and more in-depth articles and content. Earnest is available on both iOS and Android.

Key Financial Education Campaigns in 2021



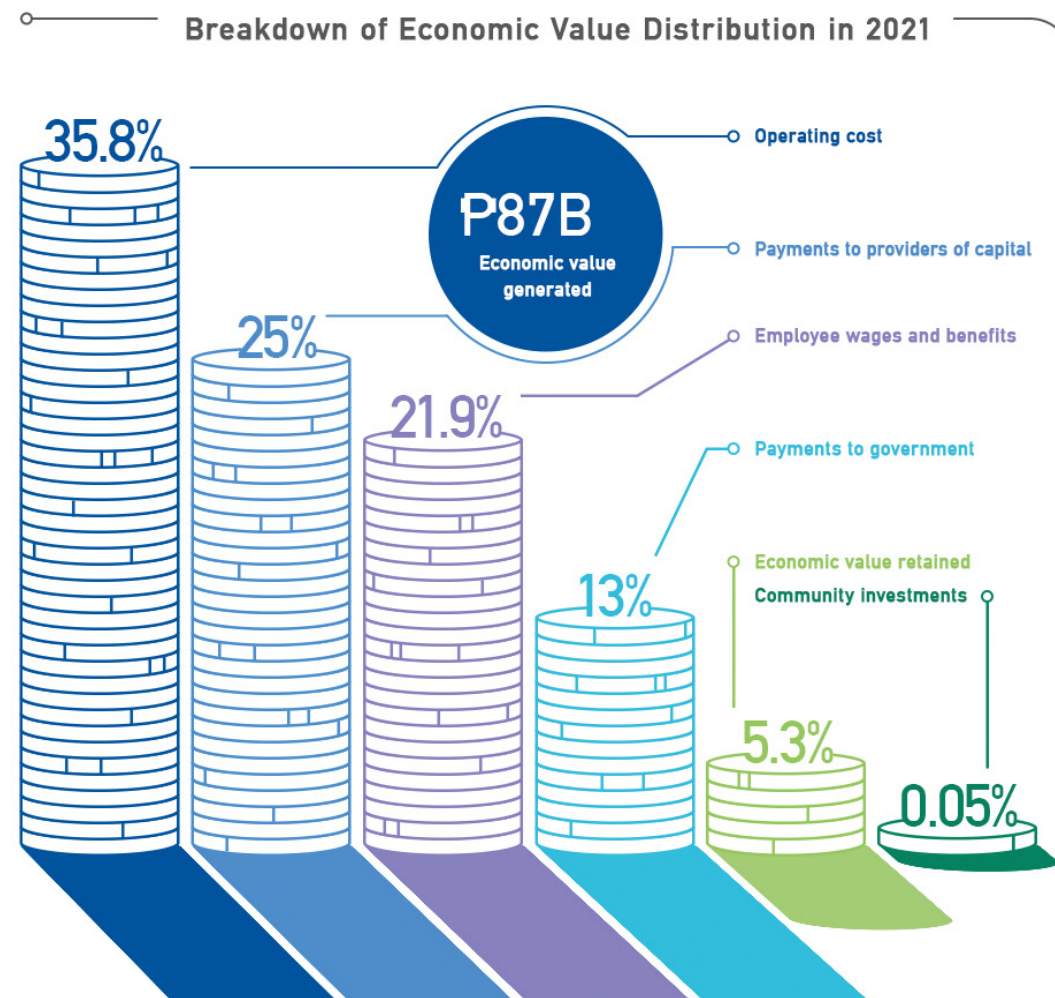
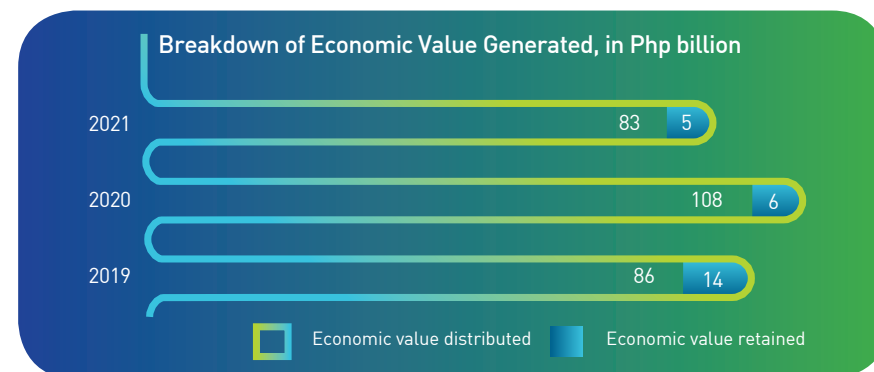
Economic Performance

Our biggest contribution as a bank is through performing our fiduciary responsibility. This means acting in the best interests of our stakeholders by prudently managing their money and providing products and services that meet customers' financial needs. These drive our business growth and help sustain our commercial viability.

In 2021, we continued to demonstrate financial strength and resilience. Despite the lingering effects of the pandemic which continued to dampen consumer and business confidence, we managed to post a relatively strong performance.

This enabled the Bank to make the following economic contributions at the parent level:

- P87.4 billion in direct economic value
- P30.4 billion in operational expenses (mainly payments to local suppliers and service providers)
- P19.2 billion in employee remuneration, rewards and welfare
- P21.9 billion in shareholders and other capital payments
- Ph11.4 billion in taxes, licenses and other fees paid to the government
- P40 million in community investments



Procurement Practices

We conduct our business with our suppliers and partners in a fair and responsible manner. This relationship allows us to have an economic impact and promote inclusion through our local procurement practices.

We carefully select suppliers and contractors through an accreditation/re-accreditation process that is in accordance and compliant with BSP regulations. Our General Services Group (GSG) collaborates with concerned business units for the accreditation, contracting, selection, bidding, and performance review of vendors. We have a policy on canvassing and bidding in the conduct of purchase of products or contracts for services to ensure that we secure the best deal in terms of price, quality of materials or work services, delivery time frame, and related terms and conditions.

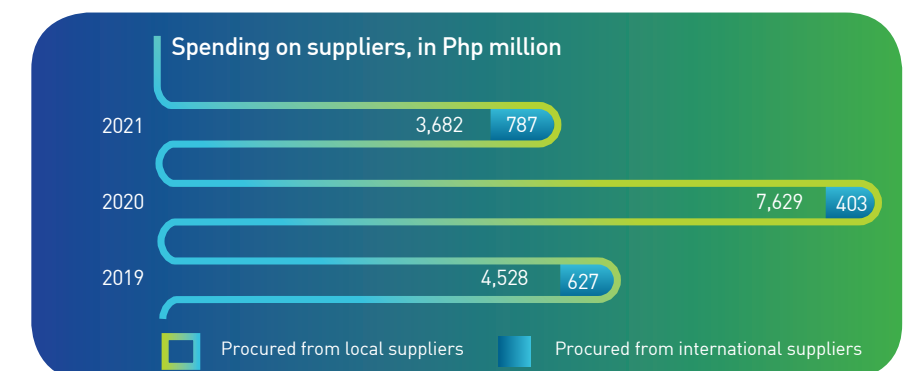
We have an Outsourcing Policy that guides our business units in outsourcing an activity or function. The policy is aligned with the outsourcing regulations of the BSP to ensure our compliance with applicable laws.

Annual performance evaluation is conducted to determine if the contractual agreement with the vendor or supplier will be renewed or terminated. In 2021, we revised our Vendor Performance Review



Template to consider the BSP's recommendation to include our Business Continuity Plan (BCP) testing information in our periodic review of vendors with IT outsourcing contracts for our critical systems/applications.

In 2021, around 82% of our procurement spending was paid to local suppliers and service providers. There was a significant decrease in total spending from 2020 to 2021 attributed to the impact of the COVID-19 pandemic, leading to the implementation of cost-effective measures.



Tax Strategy

Transparency is an integral part of doing business responsibly. Payment of taxes gives the government with an opportunity to generate revenues, support economic growth, fund public services, and enhance social development.

In 2021, Metrobank's provision for income tax decreased to P5.8

billion from P6.9 billion in 2020. This is attributable to the net effect of the decrease in tax rate under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law and movements on temporary tax difference.

Provision for Income Tax <i>Figures in Php million</i>	Parent		
	2019	2020	2021
Current:			
Final tax	2,915	3,627	3,060
Regular corporate income tax*	3,772	6,696	2,317
Minimum corporate income tax	-	-	-
	6,687	10,323	5,377
Deferred*	(78)	(3,413)	421
	P6,609	P6,910	P5,798

*Includes income taxes of foreign subsidiaries

ENVIRONMENTAL SUSTAINABILITY

Our environmental contributions range from our active promotion and participation in conservation initiatives within our organization, in our supply chain, and in local communities where we operate, to commitments to well-recognized domestic and international standards and reporting agreements.

As our primary business is in the Philippines, among the countries most vulnerable to climate change in the world, we live the reality of extreme weather disturbances and natural disasters in our areas of operation. Thus, we are fully supportive of the Paris Agreement’s goal to keep the rise in global average temperature this

century to well below two degrees Celsius (2°C) and to pursue efforts to limit the temperature increase even further to 1.5°C.

However, we recognize that we cannot do it alone and addressing a challenge as big as climate change demands a collaborative, society-wide approach. We believe that smart policies from

government offer solutions that can drive progress.

We are working to reduce our operational footprint on the environment through energy conservation in our offices and branches and taking environmental protection into account when making lending decisions.

Operational Eco-Efficiency

Environmental stewardship starts within our organization. We consistently strive to look for ways to improve our operations through the conservation of energy, water, and resources. We instill this environmental consciousness by optimizing the use of paper, shutting down power in our office equipment to minimize resource usage and to save on electricity costs, using vehicles for carpool, regular maintenance, and servicing vehicles to reduce transportation cost and carbon emissions.

We also continue to improve the reporting of our environmental performance. In this 2021 Sustainability Report, we have expanded the scope of our environmental performance data to include our corporate centers and domestic branches. This was a significant expansion in scope from our previous reporting that only covered selected facilities.

Use of Energy, Water, and Materials

We are keen to manage the environmental footprint of our business operations, balancing our commercial interest with our sustainability ambition. As such, we are continuously looking into ways to optimize our performance in the areas of energy and water consumption as well as materials use.

In 2021, our environmental performance changed significantly due to the work-from-home arrangement and the utilization of online platforms to cope with the lockdown restrictions. In addition, we embarked on these initiatives:

- Assessed our performance on the following areas in our operations: energy billing, operation of equipment, preventive maintenance plans, and energy audits.
- Implemented more energy conservation measures to further reduce our power

consumption. These initiatives include the rewiring of lights, reduction of motor frequency, optimization of air conditioning (A/C) units operation, installation of motion sensors, scheduled light switch on/off on unused areas, continuous replacement of conventional fluorescent bulbs to LED (covered 25% of all our major centers), use of inverter A/C units for renovated branches, installation of metering devices to monitor the improvements in our utility consumption with the implementation of energy conservation projects.

- Encouraged the use of paperless processes across our client base and within our organization.

To build on our environmental contributions, we will continue to develop and implement policies, adapt new technologies, and pursue proposed sustainability projects. We will also analyze the data we gathered to determine the environmental impact of the initiatives we have taken.

Fuel Consumption

We monitor the diesel and gasoline consumption of our service vehicles and stand-by power generation sets from our corporate centers. In 2021, our total fuel consumption was 62,068.3 liters, 59% from the previous year. Approximately 67% of the total was used to operate our car fleet.

We provided free shuttle services to our employees who were affected by the pandemic, particularly during the prolonged period of enhanced community quarantine. This explains the high level of fuel consumption in 2020 as compared to 2021 and 2019.

Power Consumption

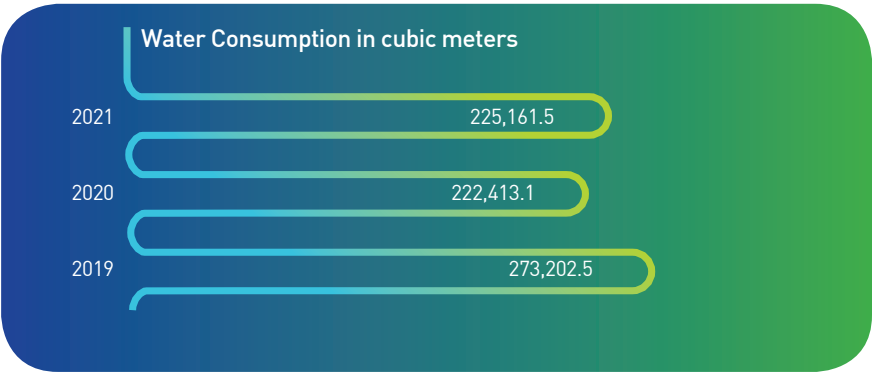
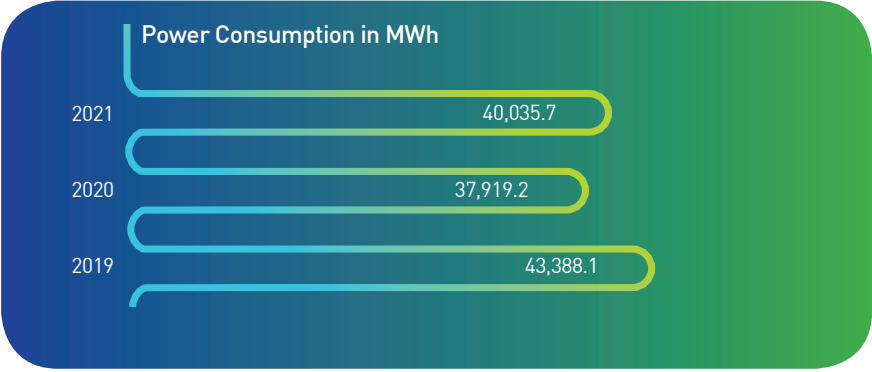
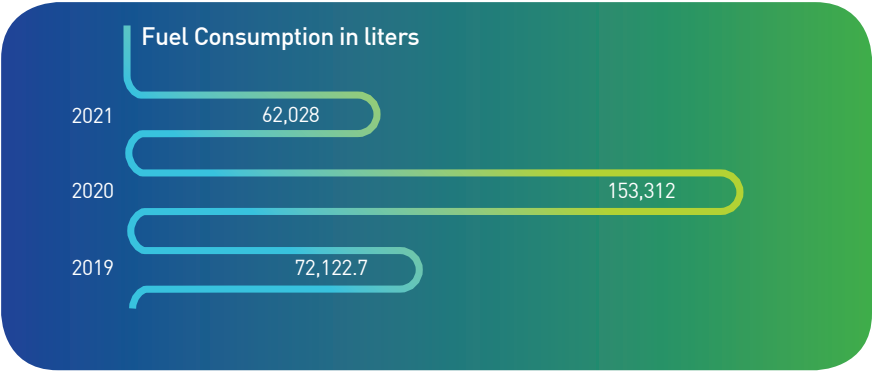
The power consumption data from our corporate centers and domestic branches reveal the pandemic’s impact on our operations. As onsite reporting to our offices resume, consistent with the guidelines with the Inter-Agency Task Force for COVID-19, our power usage rose in 2021. we consumed a total of 40,036 megawatts of electricity, 6% higher than 2020 but lower by 8% from 2019.

Our domestic branches contribute 57% of our total power use in 2021, which in turn is based on the annualized data of 77% of our branch network. We are working to improve the data collection and management to capture the actual power consumptions from all our sites and branches.

Water Consumption

We track our water consumption across our corporate centers and domestic branches to measure our impact on water scarcity. Accordingly, our total water consumption in 2021 was at 225,162 cubic meters, slightly higher than that of 2020, but 19% lower than in 2019.

Meanwhile, around 65% of our total water consumption in 2021 came from the annualized data of 71% of our branch network. We plan to include this metric in the enhancement of our data management system moving forward.



Supplies Used

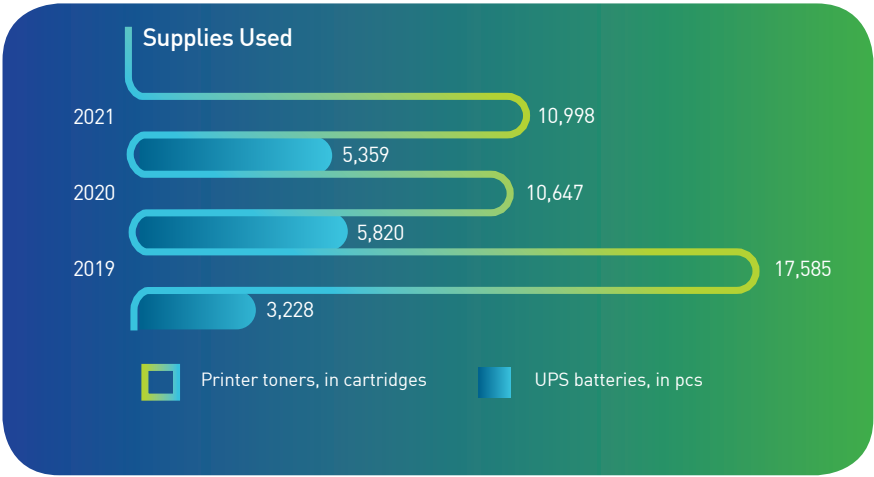
We use printer toners and uninterruptible power supply (UPS) batteries in the workplace. Overall, our consumption of these two key supplies in 2021 was at par with 2020 levels.

We encourage paperless transactions, both internally and externally, in the course of doing business with our customers. We offer our clients the option to enroll in our electronic Statement of Account feature for a convenient and eco-friendly banking experience.

GHG Emissions

We rigorously examine the way we manage our properties as part of our resource management strategy. Our goal is to reduce our greenhouse gas (GHG) emissions that could contribute to environmental degradation.

To this end, we make sure our bank vehicles and generator sets undergo

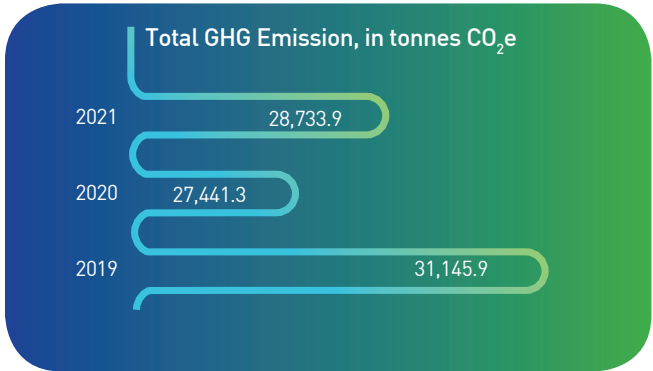
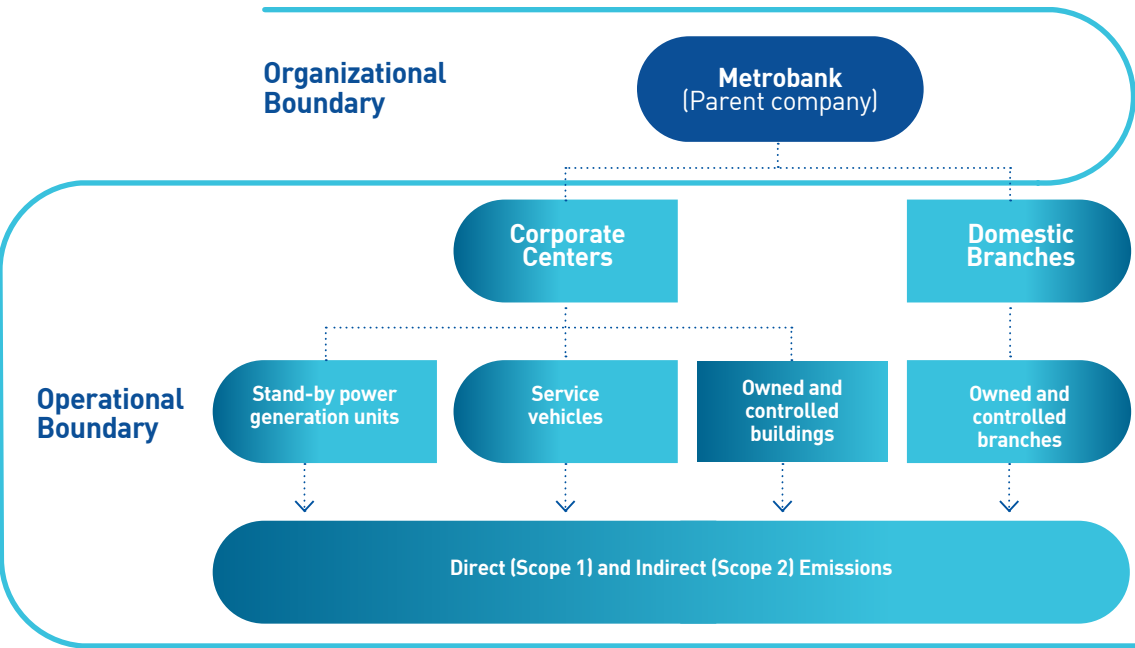


regular maintenance so they remain in good condition and minimize carbon emission. These maintenance checks include change oil for vehicles and emission test of generators.

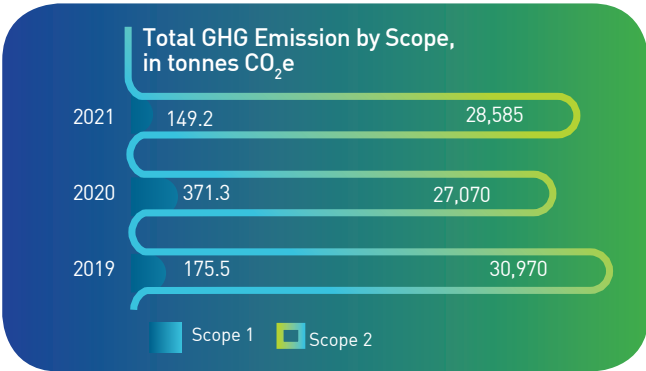
We will continue to develop policies, adapt new technologies, and embark on research and feasibility studies to identify opportunities to further reduce our carbon footprint.

Measuring our Carbon Footprint

We adopted the framework and recommendations of the GHG Protocol to measure the Bank’s carbon footprint. We accounted for our GHG emissions using the financial control approach, wherein it considered 100% of the total emissions from the Bank’s operations.



*For stationary and mobile sources (Scope 1 emissions): World Resources Institute GHG Emission Factors 2017; for location-based power consumption (Scope 2 emissions): Department of Energy’s National Grid Emission Factors 2017



Our data on GHG emissions, derived using relevant global and national emission factors*, are directly linked to the scope of our fuel and power consumption across our operations. In 2021, we emitted 28,734 tonnes of CO₂e, up 5% from 2020 but down 8% from 2019. Our Scope 2 emissions which arose from our power consumption, accounted for 99% of our total emissions.

Moving forward, we will continue to track our fuel and power consumption, as well as implement our energy conservation projects for us to manage our direct impact on climate change. We are working to generate a stable baseline of our resource consumptions from our corporate centers and domestic branches to improve the measurement of our carbon footprint.

Waste Disposal

The proper management of waste is a vital part of our operations and environmental performance. Improper waste disposal can harm to our surrounding community and environment, not to mention violations

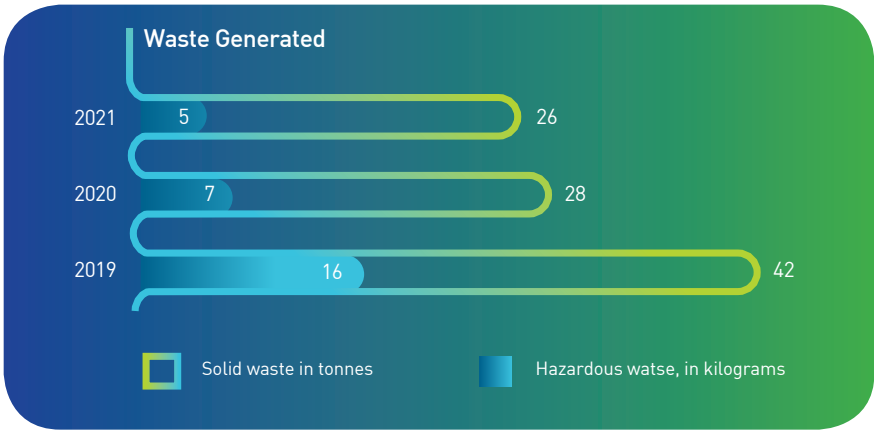
of environmental laws which pose legal and reputational risks to Metrobank. Due to the work-from-home setup, our performance in this area represented a significant improvement from the previous year.

This can be attributed to these initiatives:

- Strict implementation of our Solid Waste Management Program
- Shift to paperless transactions and reuse of paper for printing
- Implementation of a “Boxing Day” program to promote recycling and proper waste disposal

- Existing Policy on Recycling and Waste Reduction Management in the Workplace

We monitor the volume of waste that we generate across our corporate centers. The graph below shows that we generated 26 tonnes of solid wastes and 5 kilograms of fluorescent tubes, a specific type of a hazardous waste. The volume of waste recorded in 2021 was smaller than the previous year.



Community Initiatives

Metrobank gives support to environmental projects across the country. One of our successful initiatives was an environmental stewardship program called “You’re in Green Hands” led by our Purple Hearts Club. The program addresses environmental issues by actively supporting activities such as tree planting and mangrove restoration.

Environmental Compliance

Banking is a business built on earning trust. We safeguard our reputation in the same manner we protect our financial position and stakeholders’ interests.

Among the risks we face is non-compliance with environmental laws that lead to regulatory fines and adversely affect our reputation. Thus, we ensure that we adhere to all applicable environmental laws, including the strict implementation of appointing DENR-Pollution Control Officers on our corporate centers and branches.

In 2021, we did not receive any sanctions for non-compliance with environmental laws and/or regulations, as well as any environmental case for dispute resolution.



SOCIAL SUSTAINABILITY

Founded on the principle that banking is a social business, Metrobank engages our employees, customers, and communities to optimize our social impact. As a testament to our commitment, we continue to invest in our employees, support and create shared value with our clients, and advocate social causes.

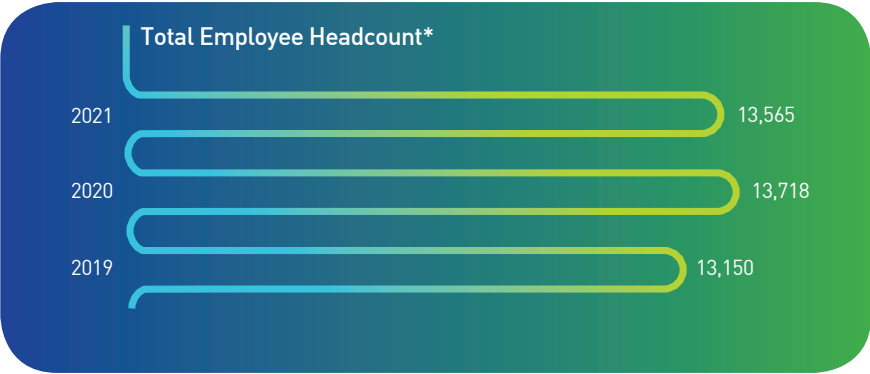
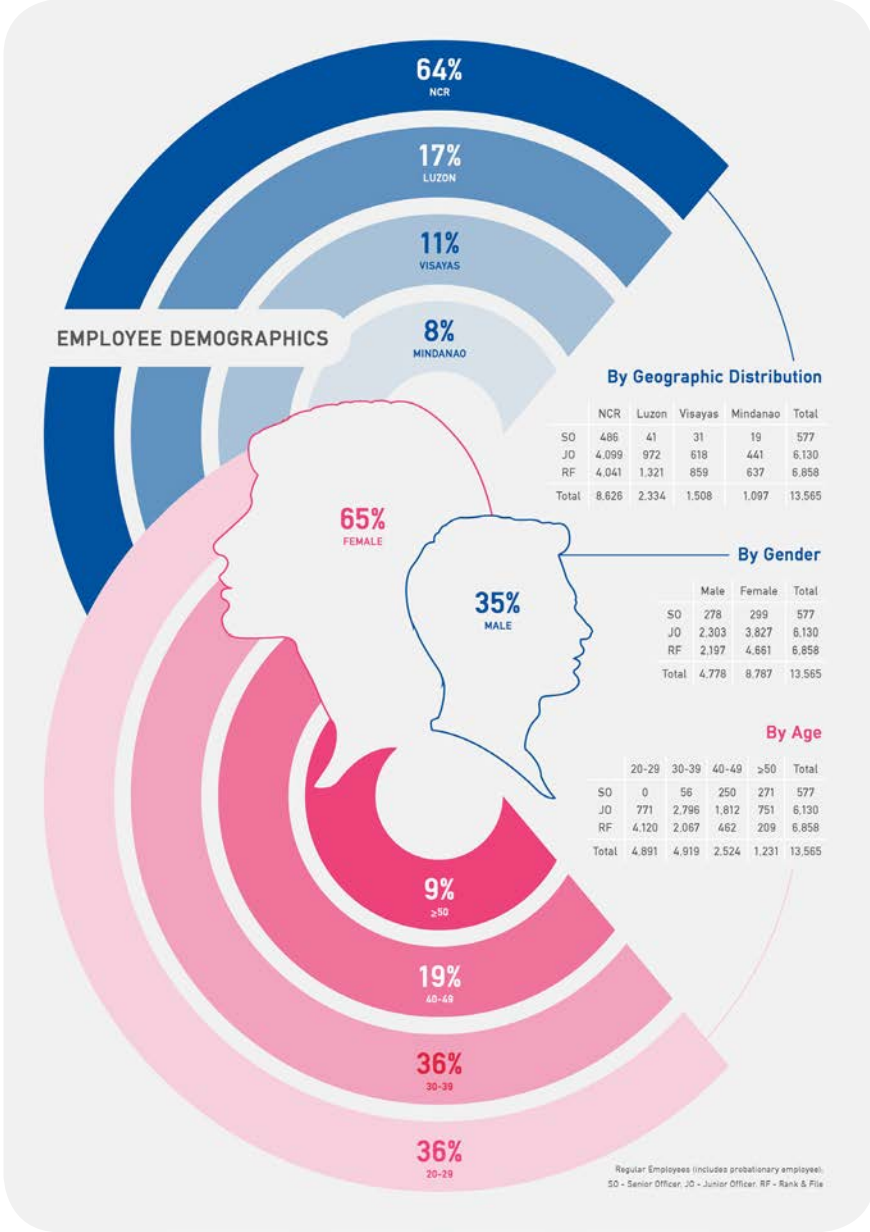


Workforce Diversity

We consider our employees as our partners in delivering meaningful banking to our customers and communities. As the pillar of our strength, they are vital in our success in delivering our strategy and sustaining our business performance over the long term.

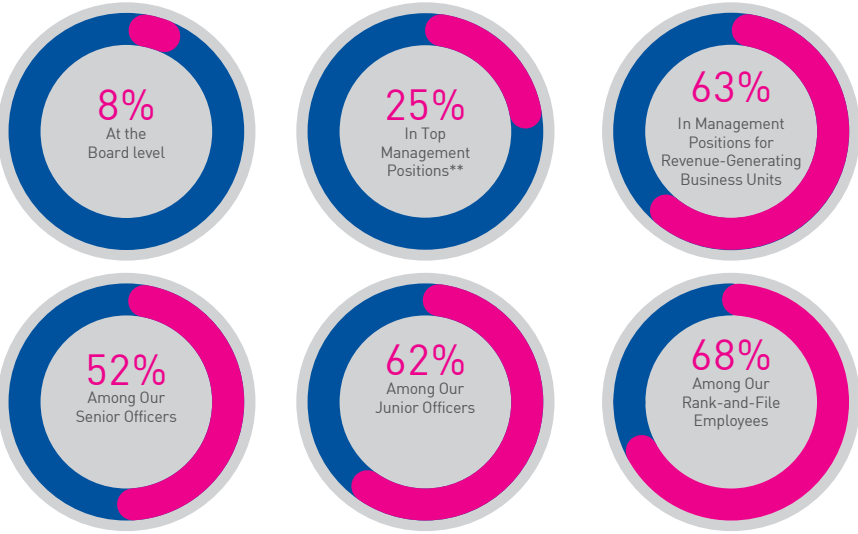
We consistently provide an atmosphere that encourages the overall growth and productivity of Metrobankers even as they work from home. We promote diversity at work, reward them fairly commensurate with their job performance and industry standards, and provide an open learning environment for employees to improve their abilities. We consistently look out for their safety and well-being, particularly in the light of the COVID-19 pandemic.

Embedding the principles of diversity and inclusion in our organization gives us a better understanding of the needs of our people, partners, suppliers, and customers. We believe that a diverse workforce, and an inclusive and caring environment that respects and nurtures diversity, contributes to the long-term success of our business.

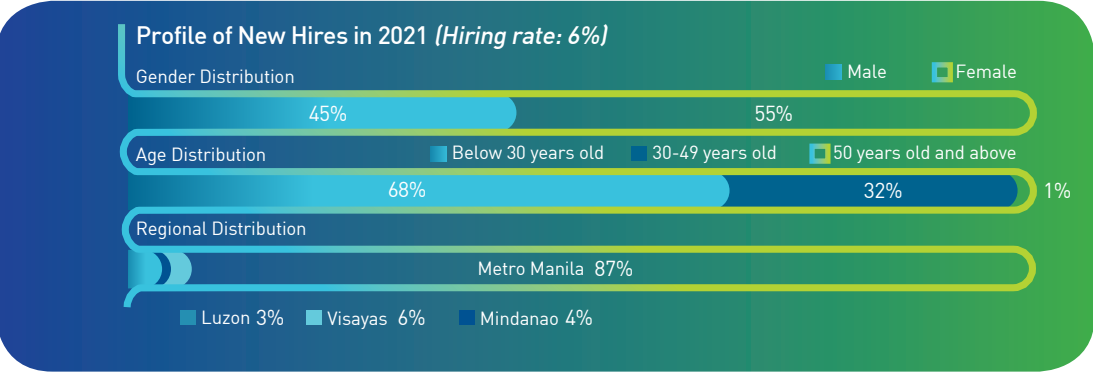
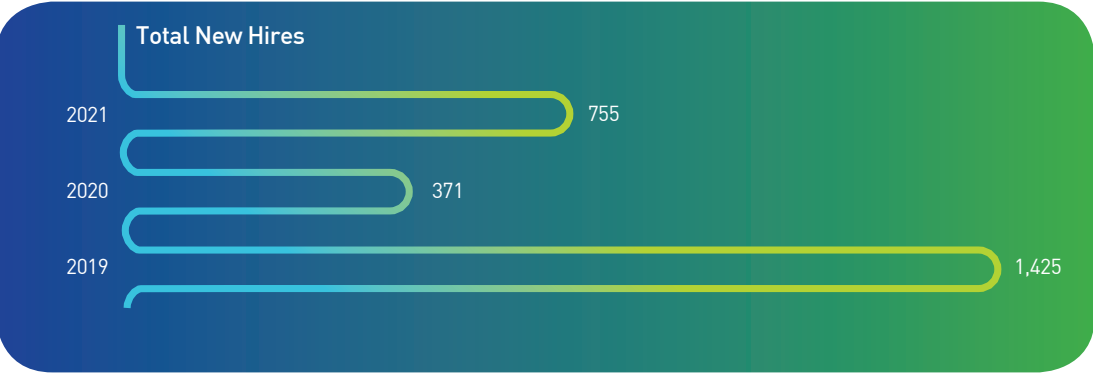


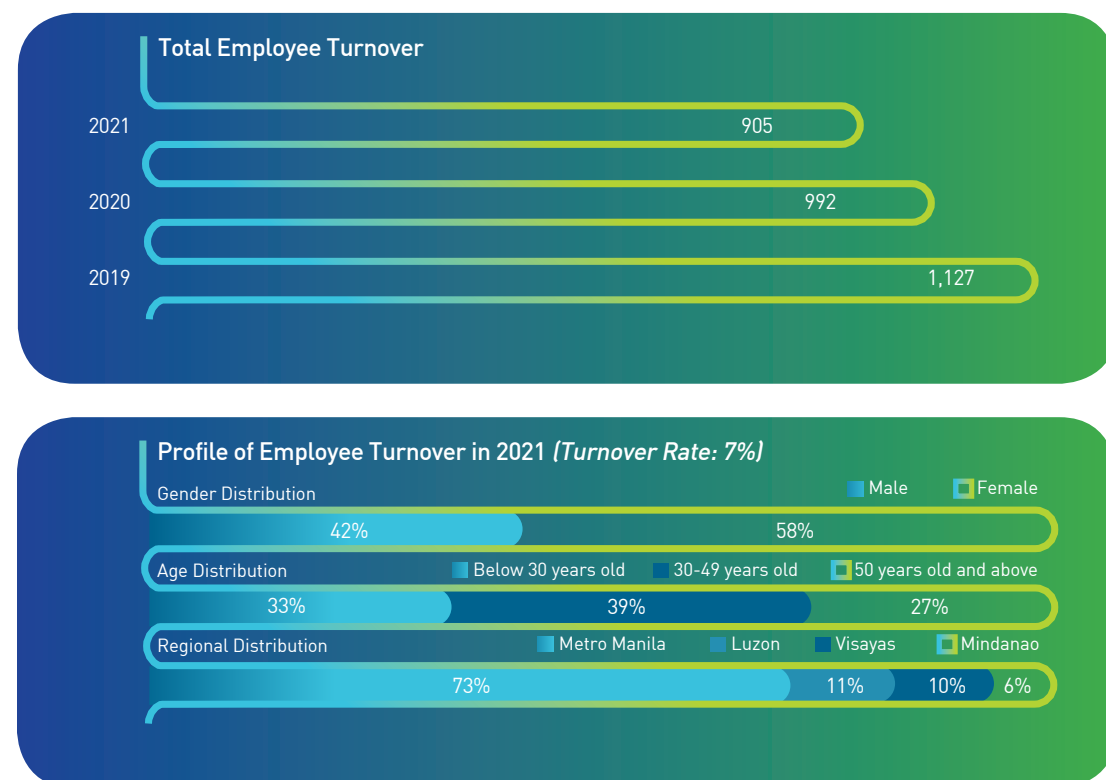
*Limited to our domestic operations

Women in the Workplace (2021 Highlights)



**Refers to Senior Executive and Executive Vice Presidents





Talent Attraction and Retention

Having a distinctive brand promise that focuses on care (*malasakit*) and a reputation as the strongest bank in the Philippines for 2021 (*The Asian Banker*) helps us attract talented people to our organization.

More than a slogan, “You’re in Good Hands” also embodies our commitment and this is what sets us apart as an employer. People who share our values, our purpose, and our passion to be a force for good find working for us most rewarding.

To address the challenges of mobility restrictions during the pandemic, we harnessed technology and transformed our recruitment process to continue attracting talent in our bank. We shifted to conducting online interviews using video conferencing applications

and to paperless processes. Endorsements and approvals of new hires were communicated via email and were made up to the level of the Management and Nominations Committee, including the Board of Directors, as appropriate.

Beyond the recruitment process, we also changed our foundational Human Resources (HR) goals, recruitment skills, and other related HR policies and processes. We standardized the application interviews across all levels, reviewed recruitment tools and policies to adapt to the industry’s best practices, and re-evaluated sourcing talent from within.

We reorganized our Talent Acquisition (TA) team to streamline accountability and maintain operational excellence. The end-to-

end processing from sourcing to offer acceptance replaced the sourcing and recruitment operations section. TA replaced Employee Records and Plantilla Management Department (ERPMD) in managing the onboarding processes to consolidate all application processes in one department.

HR leaders aligned their recruitment strategy with the Talent Acquisition Department after undergoing a recruitment skills training. The interview process became a training program and was given to select officers and heads of our Organizational Effectiveness and Learning Division and Human Resources Business Partner.

Compensation and Benefits

We provide compensation packages that are at par with those in our industry. Our employees receive benefits that exceed the minimum standards set by our local labor laws.

During the pandemic, we provided additional support to our employees working onsite to enable them to provide excellent and meaningful service to our clients. These include:

1. Enhanced Community Quarantine (ECQ) meal and transportation allowance
2. Overtime pay for shortened work hours in ECQ and Modified Enhanced Community Quarantine (MECQ) areas
3. Payment grace period on employee loans
4. Provident Fund car loan special package for junior officers as well as rank and file
5. Bank-sponsored shuttle service
6. Free face mask and face shield for each employee
7. Use of emergency leave for COVID-related absences

To address challenges due to mobility restrictions, we extended the Drive Car Loan benefit to our employees. This benefit is a separate and one-time special car loan program for employees who report for work onsite. The program enables employees to have new vehicles to solve their transportation concerns. It also encourages them to assist their co-employees by implementing a carpooling system which ultimately builds relationships and even helps the environment through less carbon emissions.



Broad List of Employee Benefits

- Government-mandated benefits (SSS, PhilHealth, Pag-IBIG)
- Leaves (Parental, vacation, and sick leaves)
- Medical benefits
- Housing assistance
- Retirement fund (aside from government-mandated benefit)
- Education support
- Flexible working hours



Availment of Employee Scholarship Program

	2021 Availers		
	Female	Male	Total
Metrobank Educational Assistance for Dependents of Employees (MEADE) - College	164	59	223
Metrobank Educational Assistance for Dependents of Employees (MEADE) - High School	91	33	124
Metrobank Employees Graduate Assistance (MEGA) Program	6	3	9
Educational Subsidy - MBA	23	10	33
Total Availers*	284	105	389

*Offered only to regular employees and their direct dependents who are eligible to apply for the benefit

Human Capital Development

Organizations claim that its people are its greatest asset. This holds true for Metrobank. We recognize that our employees are the primary stakeholders that sustain our business. Their key talents are our lifeblood; their intellectual and human capital provides the operational efficiency and strategic direction to dutifully face both normal and challenging times for the institution. In this time of the pandemic, Metrobank's sustainable business meant creating more value for the people that provided meaningful banking. We enabled and empowered our employees, equipped them with the right competencies to upscale their performance, and safeguarded their health, well-being, and rights. During periods of uncertainty and volatility, investing in people is the best move to uplift communities.

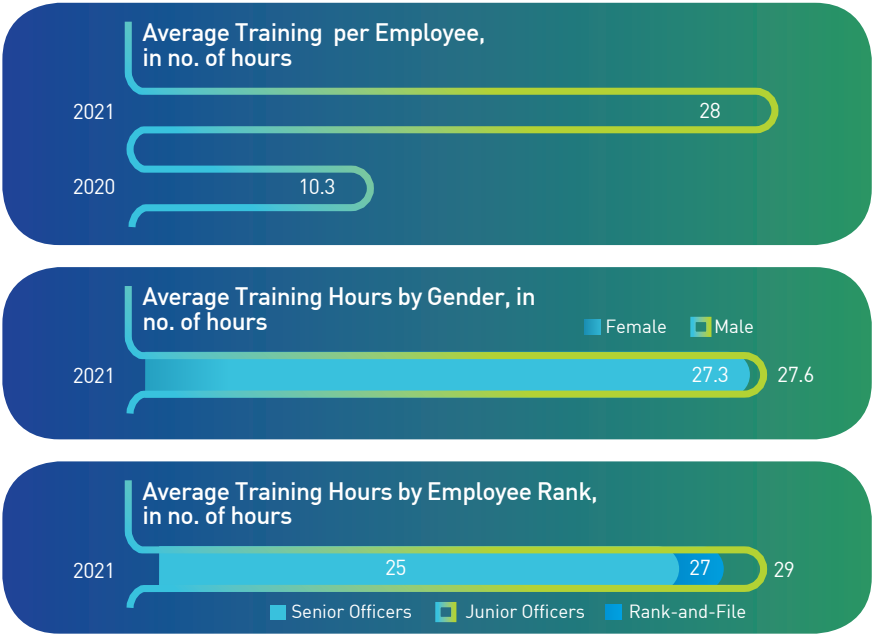
We consider our employees as partners in building meaningful banking in communities and consistently look out for their well-being. We always prioritize employee safety, excellent performance, and sense of belongingness, and provide opportunities for their career development.

As one of Asia's best employers and companies to work for in 2019, Metrobank fosters a culture of caring, sharing the values of excellence, integrity, and professionalism with our employees who have now taken these to heart. Belonging to the Metrobank family is part of an inclusive work environment where harmony is nurtured in diversity.

Employee Engagement

Listening to our employees is crucial to keep them engaged and motivated. To stay attuned to their evolving needs and concerns, we provide various platforms for conversations. This includes regular check-ins with supervisors through meetings and email correspondences, discussions with assigned HR Business Partners, HR Helpdesk page in Facebook Workplace, annual performance review, townhalls, sector meetings and conventions, and through the Purple Hearts Club, our employee volunteerism arm.

Through these engagement platforms, we are able to empower our employees to perform at their best and take part in their professional growth and development.



Training and Development

We are investing to develop the skills and capability of our people to drive performance and growth. Developing our organizational capability is critical to ensuring the sustainability of our business and responding to the needs of our customers and other stakeholders.

To this end, we established the Metrobank Academy in 2015 to empower and build our workforce capability. The Academy adopts a "70-20-10" learning approach: 70% represents learning from experience, 20% is learning through others via coaching and mentoring circles, and 10% through formal learning.

With new technologies changing how we live, work and learn, the COVID-19 crisis has accelerated our digital

transformation. Our employees demonstrated agility during this unprecedented time by shifting to remote work. To support their continued development, we created and launched an online learning platform, MyLearning. Developed with a leading digital learning agency, this platform enables every employee to access on-demand training using their desktop computer or mobile phone whenever and wherever convenient.

We also ensure that our Metrobankers are equipped with the right knowledge and skills to guide our customers and to embody what they teach. One of the education materials we developed is the series of financial education webinars on our Facebook Workplace platform. In 2021, we also launched an internal podcast series, BenefitED, which informs employees on the various benefits the Bank provides and raises awareness on how they can best manage their finances.

Career Development

We believe that investing in our people is vital to our sustainability as a business. Their competence, work ethic, commitment, and dedication fuel our ambition to achieve our goals.

In 2021, we revisited our performance management framework and processes to better monitor productivity and optimize employee performance in the light of the pandemic which posed challenges on our ability to engage with our employees. We launched an

enhanced performance management program based on the principles of meritocracy, differentiation, and fairness. This allowed our managers to recognize the top performers among our employees and support their career progression.

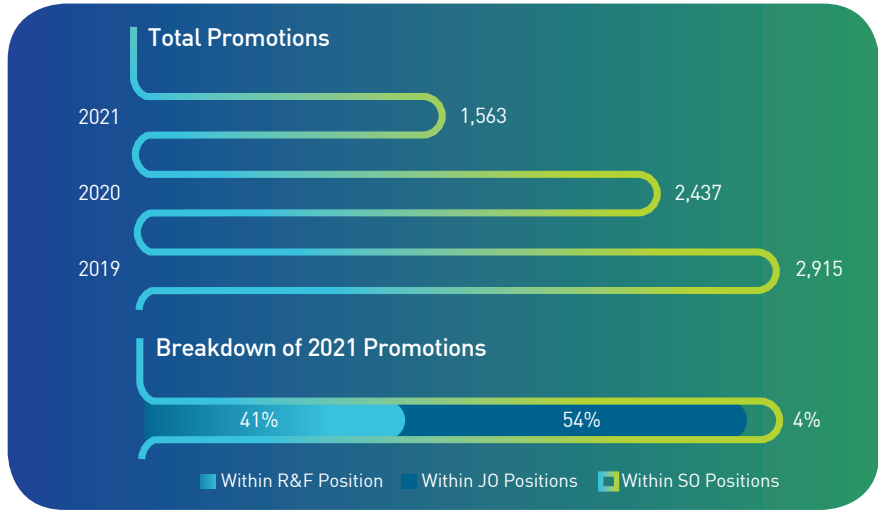
Performance assessments are done annually and provide a venue for senior officers to provide feedback to their team members' performance. This also serves as a basis for career advancement as qualified internal employees are considered priority candidates for promotion. In 2021, approximately 96% of our total employees received a formal performance appraisal and career development review from their respective managers. This figure does not cover probationary and separated employees, as well as



those who were hired after the third quarter of the reporting period.

Through our Leadership Potential Assessment, we were able to identify and evaluate the leadership traits of a Metrobank leader. These are: intellectual capacity, interpersonal skills, and intensity, regardless of age, ethnic background, or gender. These leadership markers are the parameters we use to hire, appoint, promote, and develop Metrobank leaders charged to challenge the status quo and bring the Bank to the next level of performance.

We continue to identify and develop high-performing and high-potential talent through Talent Reviews. Through a succession program, we track the career trajectory of these talents to ensure they will unleash their full potential and make meaningful contributions to our sustainable business.



Occupational Health and Safety

We aim to provide a work environment that ensures the health and safety of our employees. However, despite the controls we have put in place, our Metrobankers may still be affected by events not within our control which could lead to illness or fatalities.

With the emergence of new COVID-19 variants in 2021, we continued to remain vigilant in safeguarding the health and safety of our employees. Below are the initiatives we have undertaken:

- We provided safety advisories, webinars, and health reminders to our employees to curb the spread of COVID-19. Employees and service partners were regularly kept abreast of the latest health and safety protocols of the Department of Health (DOH) and the Inter-Agency Task Force (IATF).
- All Metrobankers completed our e-learning course on COVID-19 Safety Protocols at Home in 2021.
- We launched our own COVID Vaccination Program dubbed #VaxForMetrobankers in support of the government's goal to achieve herd immunity. In 2021, it achieved a 98% vaccination rate among Metrobankers.
- We continued to partner with third-party agency ActiveOne in managing and monitoring all employees affected by COVID-19 (probable, suspect, confirmed or close contact cases) through its Telemed Services.

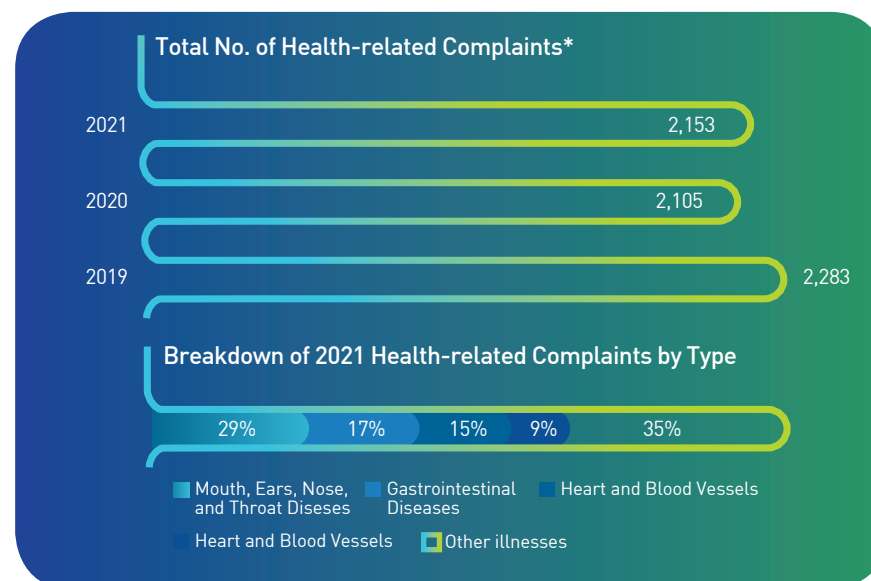


100%
Employees over total headcount who completed the Bank's e-learning course on COVID-19 Safety Protocols at Home

- We continued to use our internal social media platform, Facebook Workplace, and launched MetrobankCARES, a mental health and wellness program to sustain workforce productivity to counter the adverse health effects of prolonged lockdowns. An advocacy campaign on self-care and self-awareness is at the core of the program.
- To keep everyone safe even during meal breaks, our General Services Group and COVID-19

Care Team adopted spatial strategies to create safer dining areas for all employees in Metrobank Plaza, Metropark, Metrobank Center, and Metrobank Card Center. These areas provide a safer option for employees when taking meal breaks outdoors and in spaces with good ventilation.

In addition to our COVID-19 response, we also assisted Metrobankers in communities adversely affected by Super Typhoon Odette (internationally known as Rai) in Visayas and North Mindanao. We immediately mobilized our network and resources to bring much-needed relief goods, bottled water, and funds to respond to the needs of the typhoon victims.



*Does not include COVID-19 infections

Responsible Labor Practices

Labor practices affect employee hiring and promotion, remuneration, disciplinary action, complaint resolution, occupational safety and health, and working conditions. Protecting the basic rights of workers and looking after their welfare is important for both companies and society.

Collective Bargaining

We recognize employees' right to freedom of association and collective bargaining. As of date, our employee union has 6,249 members, representing 91% of our regular rank-and-file employees covered by the Collective Bargaining Agreement (CBA). In 2021, we concluded the CBA for Year 2022-2024.

The Bank fosters the harmonious relations between Management and labor. Human Resources Management Group regularly conducts Labor-Management Committee (LMC) meetings with the Union, MBTC Employees Union – Associated Labor Unions – Trade Union Congress of the Philippines, to discuss topics relating to labor standards and the implementation of the Collective Bargaining Agreement (CBA). These regular collaborations allowed both parties to immediately bring clarity and agree on resolutions to various concerns.

Human Rights and Non-Discrimination

We are committed to doing business with respect for people's fundamental dignity and their human rights. We



91%
Regular rank-and-file employees covered by collective bargaining agreements

also believe that everyone should be treated equally regardless of race, sex, gender identification, sexual orientation, religion, age, disability, marital status, citizenship, or any other characteristic protected by law.

We recognize that gender-based violence is a form of a human rights violation. Cognizant of our responsibility to protect the safety and interests of our female employees and their children against domestic abuse, we strongly enforce our HR policy on Anti-Violence Against Women and their Children (VAWC) implemented since 2014. This is in accordance with the provisions of Republic Act No. 9262, otherwise known as the Anti-Violence against Women and their Children Act of 2004, and its Implementing Rules and Regulations. We prohibit discrimination in any form — from pre-employment to post-employment — on employees who are or were victims of VAWC. In addition, we do not prejudice an employee who, in any form, assists a co-employee who is a victim of VAWC. We also grant paid leave benefits of up to ten days a year to a female employee who becomes a victim of VAWC. This benefit shall be used to cover the days when the affected employee needs to attend

to medical and/or legal concerns related to the violence inflicted upon her or her child.

We also acknowledge our responsibility in maintaining a workplace free of sexual harassment that may dampen employee morale and productivity and pose legal risks. Since 2009, we have been implementing an Anti-Sexual Harassment Policy that defines sexual harassment and outline unacceptable behavior and its consequences. The policy also lays down the process of filing a complaint, investigating, and handling sexual harassment cases in the Bank.

In addition to these policies on VAWC and anti-sexual harassment, we also established a formal policy on HIV and AIDS Prevention and Control, a Mental Health Program, and a Hepatitis B Workplace Control Standards and Program.

Consumer Financial Protection

Our customers are the driving force of our business. As such, upholding their rights and safeguarding their data and privacy are central to our goal of becoming a sustainable business. Consumer rights contribute to a fairer, safer and healthier society, and a more equitable and efficient economy.

Customer Protection

Ensuring consumer protection and exceptional customer experience is a collective and shared responsibility of every Metrobanker. We follow an organized structure that maintains and oversees the execution of our overall customer experience strategy. We are guided by the consumer protection standards of the Bangko Sentral ng Pilipinas (BSP) and our Consumer Protection Policy Manual (CPPM).

In 2021, we instituted health and safety protocols for customers who prefer to bank in our branches. We also expanded our online platforms to enable customers to access more products and services right in the comfort and safety of their homes while ensuring the security and privacy of their personal and account data.

Our Consumer Protection Standards helps set our customer-centric culture, and is to be followed at all times. These standards ensure that:

- Our customers have a reasonable and holistic understanding of all products and services they may choose to avail. We provide full disclosure and transparency in empowering our customers to make informed financial
- We have a strong and reliable IT system, with well-defined protocols, secure database, and constantly re-validated procedures that safeguard the confidentiality, security, accuracy, and integrity of the customer's personal and account information. Customers are assured that their financial transactions, and any relevant personal information disclosed in every transaction, are kept confidential.
- Through our Fraud Management Division, we use several tools that prevent and mitigate fraud.
- We demonstrate at all times the principle of fair treatment towards our customers. In



decisions. Customers are given ready access to information that accurately represent the nature and structure of the product or service, its terms and conditions, as well as risks and fundamental benefits.

safeguarding their best interests, we establish the necessary resources, procedures, internal monitoring and control mechanisms. These include general rules, such as those addressing ethical staff behavior, acceptable selling practices associated with the appropriateness of regulated products.

In 2021, a total of 13,366 employees, equivalent to 99% of our total employee headcount, completed the e-learning on our customer protection policy.

Organizational Structure

While we consider the collective and shared responsibility of every Metrobanker to follow consumer protection standards and ensure exceptional customer experience (CX), we have an organized structure in place that maintains and oversees our over-all customer experience strategy.

The Board of Directors (BOD), through the Executive Committee (EXCOM), proactively oversees our Financial Customer Protection program and implementation based on the BSP's Circular on Consumer Protection.

The Senior Management through the Customer Experience Committee (CXCom) ensures that the Bank's developed Consumer Protection Policy Manual (CPPM) is diligently followed and has become fully integrated in the overall framework of its product and service lifecycle.

The Customer Engagement Group (CEG) and Service Quality Department (SQD) are responsible for enhancing our customer-centric culture, with focus on customer experience, continuous improvement, efficiency, and data-driven policies for customers to fully experience true meaningful banking. These two business units are responsible for:

- Promoting the effective implementation of the CPPM and address gaps that may arise in collaboration with the responsible units through initiatives, such as but not limited to, process improvement, people competency development or policy recommendations;
- Overseeing the effectiveness of the complaints management system where it identifies complaints, monitors the efficacy of service recovery, works with the different business units of the Bank for preventive and corrective measures and regularly report to Senior Management complaints management performance of the Bank; and
- Leading our Voice of the Customer (VOC) program, generating valuable insights in improving customer experience.

Product Enhancements

We continue to expand and enhance our online banking platform, Metrobank Online (MBO), which offers a safer, easier, and more convenient way of banking. Usage of the platform rose as the extended pandemic has made customers more comfortable with transacting and banking online.

In addition, many users have been successfully migrated to MBO since the decommissioning of our old platform, assuring more customers that they can bank from home or anywhere 24/7.

We continue to listen to our customers and provide them with more convenience. We launched the electronic Statement of Account (e-SOA) that gives customers the option to go paperless with their Statements of Account (SOA) and to access it conveniently online. Credit card customers, meanwhile, are able to access their statements of account via Mobile SOA and MSOA. Metrobank also launched the Payroll Cash Advance, which allows payroll accountholders the convenience of withdrawing funds in advance of their pay days, giving them more financial reassurance.

Committed to safeguarding the accounts of our credit card customers, we provide the two-way SMS for transaction verification enabling customers to immediately identify the legitimacy of a credit card transaction billed to their account.

We also introduced Mia of Metrobank Card in Facebook Messenger as a self-service channel to assist customers with their credit card transaction needs such as balance inquiry, recent transactions, checking of rewards points, redemption of rewards and credit card application. Recognizing the need of customers to conveniently transfer funds or send money to online sellers or relatives, we launched PayNow in Mia of Metrobank Card. This credit card feature provides electronic

fund transfer and payment solution services from an active credit card to select or nominated individual bank accounts real time.

Customer Experience at Touchpoints

The challenges as a result of the on-going pandemic motivated us to assist our customers in a worry-free environment so that they could focus more on their safety and the welfare of their loved ones.

Depending on localized alert levels, most branches remained open from Monday to Friday, some with reduced banking hours, to respond to the needs and concerns of customers. Health and safety protocols were observed where branches are open to safeguard both customers and bank personnel, in compliance with national and local health guidelines.

Our Contact Center remained open from Monday to Sunday to attend to all queries, concerns, and requests of customers. Additional personnel for voice operations were deployed to manage the increased volume of calls. We made sure that all pertinent information that will assist our customers during the pandemic was available and within reach through our website and social media channels.

Necessary information that would be helpful and relevant to customers is available on our website and in social media. These keep our customers informed and connected without having to visit branch or call the Contact Center, which is a convenience during this pandemic.

Our Analytics, Brand, Communications and Marketing Technology Group also ensures dissemination of pertinent bank information and marketing efforts through press releases, paid advertisements and inside the branches and offices of the Bank through banners and posters.

Teams that safeguard our reputation and engage customers work closely with Management so that all issues and concerns are managed quickly and effectively. They are guided by the Risk Management and Crisis Communication plan to ensure that any operational or reputational risk that may affect the brand can be addressed immediately.

On social media, our Community Managers address customer inquiries, feedback, and concerns in real-time.

In addition, we invested in a media intelligence platform and social listening tool to help in monitoring daily news and mentions about the Bank, enabling us to assess customer sentiment in real-time and to our relationship to the general public.

Our financial products and services are disclosed in all appropriate channels as mandated by our regulators. This includes the publication of service advisories, product information, mandatory disclosures and other marketing content on various print and digital channels.

Engagement platforms for customers, stakeholders, and the

general public managed by the Digital Marketing and Omnichannels Division:

- Official website: www.metrobank.com.ph
- Social Media sites: Facebook (facebook.com/metrobank/); Twitter (twitter.com/Metrobank); Instagram (instagram.com/metrobank)
- EDMs and SMS blasts to inform clients on bank advisories, new products, and other marketing content

Policies and terms and conditions for each platform are adhered to accordingly.

Customer Relationship Management

We regard customer feedback as an opportunity to improve our relationship with our customers. To promptly respond to their demands and needs, we assure our customers that their sentiments are heard, pain points are addressed, and their overall experience with the Bank is improved. While the pandemic has scaled back the regularity of our Voice of the Customer initiatives, we continued with other avenues of customer feedback, and expanded ways of collecting responses:

- Net Promoter Score (NPS) via online survey
- Metrobank Online Customer Satisfaction (CSAT) via online survey
- Sentiment analysis via social media

Customer Assistance and Complaints Handling

Metrobank provides ready access to affordable, independent, fair, accountable, timely, and efficient ways to resolve customer complaints about their banking transactions.

Customers can lodge their complaints through a personal visit to a Metrobank branch, via sending a letter or an e-mail, calling the Metrobank hotline numbers, visiting the Bank's website or its social media channels. These complaints are received by the frontline units: Branches (local and foreign), Contact Center, Relationship Managers or Account Officers, or Social Media Community Managers.

Customers may also refer concerns or comments to the BSP's Consumer Protection and Market Conduct Office (CPMCO) through the following:

- Email consumeraffairs@bsp.gov.ph
- Message BSP Online Buddy (BOB) through BSP Webchat by visiting BSP's official website, <https://www.bsp.gov.ph/>, and click the webchat feature
- Talk-to-BSP SMS by sending details of the concern to 21582277 (data and SMS fees apply)
- BSP Facebook by sending a message to <https://www.facebook.com/BangkoSentralngPilipinas>
- BSP Telephone Number (02) 8811-1BSP (8811-1277)

Customer Complaints

In 2021, the number of complaints the Bank recorded, which now includes credit cards, declined by 8.71% to 211,200 despite the 20% growth in transaction volume. This is because complaints are promptly investigated, assessed, and resolved.

Fraud Prevention

Our Fraud Management Division utilizes several tools for fraud analysis, prevention and mitigation. In 2021, we continued to ramp up our #FightFraud education drive to keep our customers and the public informed of the latest and frequent fraud schemes they should watch out for. We also directly engaged clients through webinars and SMS and email alerts on fraud awareness and prevention.

Digital Channels

- Posting always-on fraud awareness content on Metrobank's Facebook and Instagram accounts
- Regular uploading of fraud articles on Metrobank's website (<https://www.metrobank.com.ph/learn/fight-fraud>)
- Partnering with industry experts like those from the media to create fraud awareness content that will reach more audiences (press releases, advertorials, video content)
- Frequent fraud advisory reminders sent to clients via SMS and email

Mainstream Media

- Frequent publishing of fraud advisory ad materials on major



broadsheets

- Promoting anti-fraud reminders and Scam Proof during television interview accessible via <https://www.youtube.com/watch?v=bPa2M6--ak0&t=459s>

Email Security Zone

- Launched the Email Security Zone feature in our EDM marketing communications.

Scam Proof Platform

To create a safer online environment for all Filipinos, Metrobank, subsidiary PSBank, other banks and companies across industries, launched Scam Proof to educate Filipinos about the dangers of financial fraud and how to prevent it. In 2021, we conducted six fraud webinars for our clients and stakeholders as part of our Fraud Awareness and Education Program.

We also equip our employees with the right knowledge to raise fraud awareness among our clients and

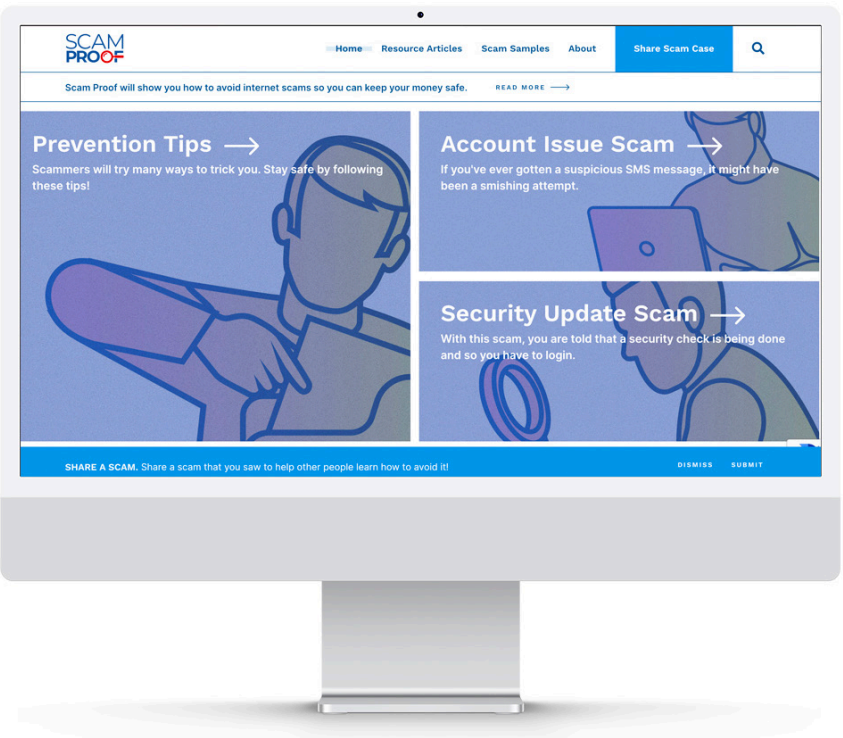
their loved ones. We regularly post fraud awareness tips, advisories and webinar materials on our Facebook Workplace and conduct quarterly implementation of e-Learning courses for all employees.

Marketing and Labeling

Part of our commitment to customer protection is ensuring that the financial products and services we offer follows the applicable rules and regulations of the BSP, the Philippine Deposit Insurance Corporation (PDIC), the Securities and Exchange Commission (SEC), the Department of Trade and Industry (DTI), BancNet, and other relevant agencies. Promotional materials, branding and mandatory information and statements and/or disclaimers are presented in a clear, concise and complete manner so our customers are fully informed of the nature of the product or service we offer.

To this end, we make sure our advertising and marketing communication materials do not make false, misleading, or deceptive statements that may materially and/or adversely affect the buying decision of the customer. These materials must also be easily readable and understandable to our customers and the general public. All our marketing communications across all channels (print and digital) adhere to the regulations of the BSP, the Ad Standards Council (ASC), the PDIC, SEC, Intellectual Property Office (IPO), DTI, and other relevant agencies.

In 2021, there were no incidents of non-compliance concerning product and service information and labeling, including marketing communications, that resulted in a fine, penalty, or warning.



Information Security and System Availability

We ensure the protection of our information and information systems from unauthorized access, use, disclosure, modification, recording, disruption, and destruction across our operations. We have an established a governance framework, policies, standards, and guidelines related to the overall management of our information assets.

Role of the Board and Senior Management

Our information technology (IT) governance framework defines the roles and responsibilities of individuals and groups involved with IT governance to ensure effective input and decision-making pertaining

to IT strategy and performance, policies, standards, guidelines, processes, and procedures. It has been implemented in compliance with the rules and regulations on IT risk management of the Bangko Sentral ng Pilipinas and the Control Objectives for Information and Related Technology standards.

On behalf of the Board, a Board-level IT Steering Committee 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. Complemented by the IT Governance Committee, a management-level committee, it

reviews and approves the IT Strategic and Security Plans of the Bank. It also supervises the IT Risk Management Program of the Bank and the development of policies, controls, and specific accountabilities. It regularly provides adequate information to the Board regarding the overall IT performance, status of major projects, and other significant issues related to IT risks.

Information security plans, programs, and performance metrics are regularly reported to the IT Steering Committee, IT Governance Committee, and Senior Management Committee while information security risks are reported to the Risk Oversight Committee.

Information Security Governance and Measures

The Information Security Governance defines the roles critical to the successful attainment of information security strategies and objectives, proper risk-managed environment, and efficient resource utilization.

Our Information Security Division is responsible for overseeing all information security activities of the Bank, and for establishing policies, standards, and guidelines in safeguarding its information assets to ensure protection against loss or misuse of information. It is also responsible for information security governance activities which includes, but may not be limited to, information security awareness trainings, policy and standard recommendation, formulation, or revision to address control gaps, information-based risk management, system vulnerability assessments, management of user access roles, and information security incidents.

We have a risk management framework to effectively navigate the management of its information and IT security risks. The framework provides assurance to our management and stakeholders that information security risks are being identified proactively and managed appropriately in the various risk areas of infrastructure, systems/ applications, information asset, and even engagement with third parties.

As a responsible information custodian, we protect our customers, partners, and employees by

complying with all regulatory requirements, honoring our contractual obligations, and promoting greater awareness on information security threats such as phishing, malware, unauthorized physical access, and hacking.

Our Information Security Division of the Bank has adopted and implemented various checkpoints and gates to capture and immediately mitigate any risks in these areas through change requests, participation in system projects, and periodic reviews. The Unit likewise uses various review methodologies such as vulnerability assessment, penetration testing, process and control reviews, as well as third-party and contract reviews to identify information security risks in the Bank. Annually, penetration testing is conducted by an independent third party as required by regulations. In 2021, the outcome of the independent penetration testing showed no significant vulnerabilities in the Bank's external network and systems.

New or changes to the IT environment (applications and infrastructure), products and services, and internal and third-party engagements pass through the Information Security Division for review prior to implementation, engagement, or release. These reviews are then periodically revisited and control effectiveness checked through cyclical assessments that span between 12 to 24 months between each cycle.

In 2021, we fully operationalized a third-party security management framework to identify all applicable

third parties, the risks they bring into the Bank, and immediately mitigate any high or medium risks. We conducted an assessment on almost 1,000 third-party service providers. Risks arising from the work-from-home set up and the new normal have been further evaluated and mitigated in 2021. Validation of compliance to system security controls was also conducted.

We have a formal Information Security Policy internally available to all employees. We put in place a comprehensive information security and cybersecurity awareness training which covers both our employees and third-party service providers, including contractual workers we engaged.

Over the past three years, we have not experienced a breach of information security or other cybersecurity incidents, including those which has affected our IT infrastructure.



Proportion of employees over total headcount who completed the e-Learning courses on the Bank's information security and cybersecurity practices

Privacy Protection

We strive to safeguard personal data, pursuant to the Data Privacy Act of 2012 (DPA). We put in place a robust Privacy Policy that governs customer privacy and security. This demonstrates our compliance with data privacy and protection standards over the personal data entrusted by our stakeholders.

We are committed to obtain personal data through lawful and transparent means. We obtain an explicit consent from the data subject when required, collecting and processing personal data limited to the stated purpose. We notify data subjects in a timely manner in case of policy changes, data breach or privacy protection issues, and require third parties with whom the data is shared to comply with our Privacy Policy.

Our Privacy Policy details how we protect personal data, the types of customer data that we collect, the uses of the data, the rights of each stakeholder under the DPA, and how long we keep the data. The Policy also contains information on how customers and partners could protect their personal data and how they can contact us for concerns on data privacy. The full policy can be accessed through the corporate website (<https://www.metrobank.com.ph/articles/privacy-policy>).

Our Data Protection Unit (DPU) is responsible for handling privacy issues that may come from various internal and external stakeholders, via email, official complaint and other form of communications.



Customer Privacy

As part of the regular course of doing business, we collect personal data from our customers to validate, verify, and update information in our database and apply them to documents required for carrying out certain transactions with the Bank.

We have comprehensive mechanisms to ensure the effective implementation of the Privacy Policy. Metrobank has a strong IT system in place, with well-defined protocols, a secured database, and periodically re-validated procedures to protect the confidentiality, security, accuracy, and integrity of personal data. Customers are assured that their financial transactions, as well as relevant personal data disclosed in the course of the transaction, are securely kept confidential.

In 2021, we received three complaints from regulatory bodies regarding alleged breach of customer privacy. Two of these have been completely resolved and the remaining case is pending resolution with the National Privacy Commission. Metrobank did not receive any substantiated complaints from outside parties in 2021.

Data Security

Customers are assured that their financial transactions, as well as relevant personal information disclosed in the course of the transaction with the Bank, are kept confidential. Every information, regardless of the nature and kind, concerning or pertaining to a client or a potential client, his/her account, transaction and/or dealings with the Bank is declared to be confidential.

We adopt an end-to-end process that covers, among others, the array of information that will be pre-identified and collected, the purpose of gathering information, how these will be sourced from the customer, the IT security infrastructure of the Bank, and the protocols for disclosure, both within the Bank and especially to third parties, if needed.

We regularly evaluate and adjust our Information Security Program, as necessary, to address the rapidly evolving nature of banking and technology and to stay aligned with applicable laws and regulations on information security and data privacy. There was no data breach, including leaks, thefts, and losses of data in 2021.



98%

Proportion of employees over total headcount who completed the e-Learning courses on the Bank's data privacy and security practices



Awardee

One of 2021's Outstanding Personal Information Controllers, National Privacy Commission

Corporate Citizenship and Philanthropy

In the words of our late Group Chair, Dr. George S.K.Ty, Metrobank is there to do good, to help other people, and to help the country. We demonstrate our role in society by supporting social causes in education, peace and order, and the arts.

As an institution with a heart, Metrobank gives back to the communities we serve and commits to make meaningful contributions to the economic and social development of the nation. We measure our performance, not only through financial returns, but also based on the attainment of our social objectives.

Corporate Citizenship Strategy

We have comprehensive community and social responsibility programs conducted by the Metrobank Foundation, our corporate social responsibility arm, and employee volunteers through the Purple Hearts Club (PHC).

Metrobank Foundation aims to be the country's premier corporate philanthropic foundation by contributing significantly on social



development. As a development organization, its aim is to uplift individuals and the sectors they represent. By creating and propagating a culture of excellence and providing solutions to stakeholder's needs, we continuously expand our scope of reach and be at the forefront in serving communities. "Excel. Engage. Empower" (3Es) is our roadmap.

We work with various stakeholder groups and establish partnerships that expand and sustain the impact of our CSR programs. By engaging our network of partners, we provide others – individuals or organizations – with links to communities and sectors that can benefit from social responsibility.

The Foundation is working to formally align its program outcomes to the

relevant goals and targets of the UN Sustainable Development Goals.

For its part, PHC focused its efforts on supporting communities in the transition to the "new normal." Employees participate in a variety of corporate social responsibility (CSR) programs that focused on education, environmental stewardship, and health. PHC also collaborated with partners across industries to introduce employees to new opportunities for volunteerism that benefit and support other marginalized sectors of society.

A full discussion of our social development programs is available in the applicable section of our 2021 Annual Report.

Metrobank Foundation's Key Program Highlights

Program	Year Started	Beneficiaries or Output		
		Description	2021	To Date
Outstanding Filipinos We recognize exemplary teachers, soldiers, and police officers for rendering service above and beyond their call of duties, inspiring and influencing their peers in their respective professions, and leaving a lasting positive impact on people and to the country.	1985	Total awardees	10	685
		Teachers awarded	4	372
		Soldiers awarded	3	163
		Police officers awarded	3	150
Professorial Chair Lectures We aim to strengthen key professions in the areas of law, health, public service, and governance. Distinguished officials become professional chairholder in the domains of public service and governance, law, liberty, and prosperity.	1981	Professional chairholders	1	90
		Lectures held	1	134
Metrobank Art & Design Excellence (MADE) We hail Filipino artistry and creativity through the annual competitions in painting and sculpture. The Metrobank Art & Design Excellence (MADE) is the visual arts and design program of the Metrobank Foundation which has been recognizing talent and hard work of young Filipino artists and has continuously promoting the Philippine art culture.	1984	Artists and professional designers awarded	8	417
Culture & Heritage Education Program (CHEP) We aim to educate the public and create awareness of culture and heritage through exhibitions, lectures, and workshops. The lectures were recently are now held through online platforms.	2017	Lectures conducted	7	25
		Participants reached	626	5,000

Metrobank Foundation's Key Program Highlights

Program	Year Started	Beneficiaries or Output		
		Description	2021	To Date
Metrobank Scholarship Program We provide financial assistance to underprivileged but academically-deserving students, while instilling among scholars the value of 'paying-it-forward' for the gift of education they have received.	1995	Current scholars		
		Elementary (primary level)	50	
		High School (secondary level)	150	
		Technical-Vocational	131	
		College (tertiary level)	120	
		Scholar-graduates		
		Elementary (primary level)	50	50
		High School (secondary level)	50	50
		Technical-Vocational	222	222
		College (tertiary level)	1,068	1,068
		Scholar-graduates, by region		
		Metro Manila	450	451
		Luzon	281	281
		Visayas	178	178
National Teachers' Month We encourage the different sectors of the society to pay tribute to the teaching profession in line with Presidential Proclamation No. 242 declaring September 5 to October 5 as National Teachers' Month.	2008	National Teachers' Month		
		Organizations engaged	72	
		Number of Initiatives	172	
		National Teachers' Day		
		Teacher participants	539,978	
Disaster Response We extend aid to survivors of natural calamities through relief and rehabilitation efforts.		Families assisted	17,166	
Financial and In-kind Grant Assistance We extend financial assistance to socio-civic and non-government organizations as well as local and national government agencies whose projects/ programs are aligned with the thrusts of the Foundation in health, education, and livelihood aligned with the attainment of select Sustainable Development Goals (SDGs).		Individuals assisted	276,549	
		No. of individual beneficiaries by thrust		
		Health	142,830	
		Education	46,592	
		Livelihood	1,297	
		Calamity assistance	85,830	

Purple Hearts Club’s 2021 Highlights

Program	Beneficiaries or Output	
	Description	2021
Overview	No. of PHC Chapters	79
	No. of volunteers	8,293
	Volunteers who served during CSR activities	
	Bank-wide	446
	PHC Chapters	401
	Donation Drive: Volunteers who donated	
	Bank-wide	10,468
	PHC Chapters	7,719
	Total amount of donations raised, in Php thousands	13.1
	Volunteer participation rate through service and donation efforts	
	Bank-wide	77.2%
	PHC Chapters	93.1%
Thrusts	Key Activities Conducted	
Disaster and Relief Efforts	One MB Relief: Typhoon Odette	
	Localized/Chapter-initiated Relief Operations	
	Volunteerism and donation efforts from PHC Chapters	
	Donation amount raised, in Php thousands	3,653
Education	National Teachers’ Month: iTeach 2021	
	Volunteerism and donation efforts-Brigada E-skwela: Assistance for Distance Learning	
	Donation amount raised, in Php thousands	649
Health	Metro Blood Bank	
	Chapter-initiated Health Programs	
	Volunteerism and donation efforts: For cleft lip and palate patients	
	Donation amount raised, in Php thousands	637
Community Assistance	Shoebox Project	
	Chapter-initiated Community Programs	
	Volunteerism and donation efforts: Community Pantry Assistance	
	Community Pantry Assistance	
	Donation amount raised, in Php thousands	7,008
Partnership with Metrobank Foundation	Partnerships with Metrobank Foundation	
	Online Gift Giving through e-cards	
	Bags of Blessing	
	Meaningful Anniversary Turnover Activities	
Livelihood Programs	Volunteerism and donation efforts	
	Donation amount raised, in Php thousands	291
	Metro Good Wheels	
	Volunteerism and donation efforts: Metrobank Online Christmas Bazaar	
	Revenue generated through online bazaar, in Php thousands	89



Governance Structure

Integrity, accountability, fairness and transparency are the four pillars upon which our governance policies rest. Our corporate governance framework, as embodied in the Corporate Governance Manual (CGM) of the Bank, defines the roles and responsibilities, as well as the practices and procedures, to ensure that the organization is governed with the highest standards of good governance. These principles and values continue to be observed in all its operations and dealings, even during these challenging and unprecedented times.

A full discussion on our corporate governance can be found in the applicable sections of our 2021 Annual Report which is available in our website.

Board Matters

An active and competent Board of Directors (Board) is responsible for the governance of the Bank. It has collective responsibilities for leadership and control of the Bank's affairs, ensuring its long-term sustainability and success. The Board sets the corporate governance tone in the Bank by collectively directing the affairs of the Bank while meeting the appropriate interests of all stakeholders. It leads the process of developing and reviewing the Bank's strategies annually. It oversees the development, review, and approval of the Bank's vision and mission statements, a sound corporate governance framework, strategic and

business plans, risk management, internal control system, financial performance and the adoption of sustainability principles, including those covering environmental and social risk areas in the Bank. The detailed responsibilities of the Board are disclosed in the CGM posted on the Corporate Governance section on the company's website.

To adequately fulfill its responsibilities, the Board has separate and independent access to the corporate secretary who manages the flow of information to the Board prior to meetings.

Board Composition

The Board is comprised of a diverse group of proficient people who combine insight and good judgment in implementing good governance. To ensure diversity in the Board, the Bank keeps a balanced representation in terms of gender, expertise, policy-making experience, ethnicity, and independence. Board members possess integrity, probity, physical and mental fitness, competence, education, financial literacy, training, diligence, knowledge and experience relevant to the banking industry.

The Bank consistently maintained a Board composition of 12 directors. Ten are non-executive directors (NEDs), of which five are independent, including one female independent director (ID). This is a deliberate stance to promote objectivity and strong element of independence in the Board. Independent directors constitute 42% of the Board, bringing focus, clear perspective, and the

ability to lead objective board discussions and better decision-making.

Board members are elected annually. In accordance with the Bank's By-Laws, any stockholder may submit nominations for directorial positions to represent their interest in promoting long-term value creation.

The profiles and composition of our Board are available in our 2021 Annual Report.

Board-level Committees

The Board delegates the Bank's specific concerns to various committees that prepare and report on issues that require Board decision and approval. Specific tasks are assigned to the committees, which perform a diverse range of responsibilities.

There are ten board-level committees that assist the Board to carry out its responsibilities. Seven of the committees (Anti-Money Laundering Committee, Audit Committee, Corporate Governance and Compensation Committee, Nominations Committee, Related Party Transaction Committee, Risk Oversight Committee and Trust Committee) are chaired by independent directors. Their respective charters, which state the comprehensive details of Committee's duties and responsibilities, purposes, compositions, reporting process and other relevant information, are fully disclosed in the Bank's CGM and posted on the Bank's website.

The Anti-Money Laundering Committee helps the Board in fulfilling its oversight responsibility over the Bank's Anti-Money Laundering Compliance Management to make sure that the Bank complies with the provisions of the Anti-Money Laundering Act (AMLA), as amended, its Revised Implementing Rules and Regulations, and other related regulations. The Committee is composed entirely of four non-executive directors, three of whom are independent directors including the chairperson. It meets every other month and as necessary.

The Audit Committee assists 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, the code of conduct, and adequate and effective internal controls. Among the committee's main responsibilities is the selection, appointment, or re-appointment and dismissal of the internal auditor, as well as the independent external auditor, based on fair and transparent criteria. The Committee is composed entirely of non-executive directors, three of whom are independent directors, including the chairperson. The committee meets monthly and as needed.

The Corporate Governance and Compensation Committee (CGCCOM) supports the Board in fulfilling its corporate governance responsibilities and in providing oversight on the implementation of the Bank's

Compliance System. Among the committee's responsibilities is to establish a formal and transparent procedure in determining the remuneration of directors and officers consistent with the Bank's culture, strategy, business environment and industry practice. The Committee is fully composed of independent directors, including the committee chairperson.

The Executive Committee is primarily tasked to review and approve credit proposals and policies within its authority and limitations, and provide recommendations or conditions on lending. The Committee may also act on other matters as delegated by the stockholders and the Board within its competence and in accordance with the By-Laws of the Bank.

The Information Technology Steering Committee provides governance and oversight in managing the Bank's information technology (IT) resources. Its main role is to ensure that IT strategies are consistent with the overall business objectives. It is in-charge of the oversight of 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.

As delegated by the Board, it shall also approve IT-related requests and other IT-related services/arrangements, including outsourcing/insourcing activities. It is expected to also render periodic reports to the Board regarding the overall IT performance, status of major projects and other significant issues related to IT risks. The Committee is composed

of directors, the Head of Financial Control Sector and Information Technology Group.

The Nominations Committee reviews and evaluates the qualifications of all persons nominated to the Board. It also reviews the qualifications of those nominated to other positions that require Board approval. The Committee is composed entirely of independent directors, including the chairperson.

The Overseas Banking Committee assists the Board in its oversight functions over the operations and financial performance of the overseas branches and subsidiaries. It also oversees Metrobank expatriates assigned in countries without a foreign office but with remittance tie-up arrangements. The Committee likewise monitors compliance with the rules and regulations of their respective host countries and their adherence to the Parent Bank's business and corporate governance policies.

The Related Party Transactions Committee helps the Board in ensuring that transactions with related parties are reviewed to assess risks and that appropriate restrictions are in place. This is to assure that related party transactions are conducted within arm's-length and that the Bank's resources are not misappropriated. The Committee consists of three independent directors. It meets monthly and is supported by the Compliance Officer.

The Risk Oversight Committee, as an extension of the Board, is primarily responsible for the development and

oversight of the risk management framework of the Bank, its affiliates, subsidiaries, and its Trust Banking arm. The Committee is composed of non-executive directors, majority of which are independent directors, including the chairperson. The members possess a range of risk management expertise and adequate knowledge of the Group’s risk exposures.

The Trust Committee is responsible for the oversight of all Trust activities. Its mandate is within the authority provided by the pertinent rules and regulations in the exercise of fiduciary powers under the BSP Manual of Regulations for Banks and BSP Circular No. 766 - Guidelines in Strengthening Corporate Governance and Risk Management Practices on Trust, Other Fiduciary Business, and Investment Management Activities.

The Committee is composed of independent directors, including the President, and the Bank’s Trust Officer.

The Chairman of the Board and the President

The Chairman of the Board and the President, though independent of each other, work together for the good of the Bank. This separation balances power, responsibility, and accountability, and preserves the independence and decision-making of the Board. Each has clearly defined responsibilities in the Bank’s By-Laws and CGM.

The Chairman of the Board provides leadership, makes sure the Board functions well, and initiates and maintains a relationship of trust among its members. In addition, the

Chairman encourages and promotes critical discussions, and assures that dissenting views can be expressed and discussed as part of a sound decision-making process.

The President exercises direct and active management of the business and operations of the Bank based on the orders, resolutions, and instructions of the Board, and according to his own discretion whenever the same is not expressly limited by such orders, resolutions, and instructions. He communicates and implements the Bank’s vision, mission, values, and long-term strategy and carries out any organizational change related to these matters. He manages and directs the officers and the employees of the Bank and sees to it that they perform their respective duties well.

2021 Board Meeting Attendance

Board	Name	Board Meetings	Executive Committee	Anti-Money Laundering Committee	Risk Oversight Committee	Trust Committee	Audit Committee
Group Chairman (NED)	Arthur Ty	12/12	(CC) 50/51	6/6			
Vice Chairman (NED)	Francisco C. Sebastian	12/12	(VC) 47/51		10/12		
President/ Director (ED)	Fabian S. Dee	12/12	47/51			12/12	
Director (NED)	Alfred V. Ty	12/12					
Director (NED)	Edmund A. Go [3]	9/9			8/8	(VC) 8/8	
Director (ED)	Vicente R. Cuna, Jr	12/12	46/51		9/12		
Independent	Jesli A. Lapus [1]	3/3			4/4		
Independent	Francisco F. Del Rosario, Jr.	12/12			(CC) 12/12		(VC) 12/12
Independent	Edgar O. Chua	12/12		6/6			(CC) 12/12
Director (NED)	Solomon S. Cua	12/12					12/12
Independent	Angelica H. Lavares	12/12		(CC) 6/6			12/12
Independent	Philip G. Soliven	12/12		4/6	4/4	(CC) 12/12	
Independent	Marcelo C. Fernando, Jr. [2]	9/9			8/8	8/8	

Board	Name	Corporate Governance and Compensation Committee	Related Party Transactions Committee	Overseas Banking Committee	Nominations Committee	IT Steering Committee
Group Chairman (NED)	Arthur Ty	(A) 3/4				(A) 5/5
Vice Chairman (NED)	Francisco C. Sebastian			(CC) 6/6		
President/ Director (ED)	Fabian S. Dee					4/5
Director (NED)	Alfred V. Ty			6/6		
Director (NED)	Edmund A. Go [3]					2/2
Director (ED)	Vicente R. Cuna, Jr					(CC) 5/5
Independent	Jesli A. Lapus [1]	1/1			4/4	
Independent	Francisco F. Del Rosario, Jr.	4/4		6/6		
Independent	Edgar O. Chua		14/14		12/12	
Director (NED)	Solomon S. Cua			6/6		
Independent	Angelica H. Lavares	(CC) 4/4	14/14			
Independent	Philip G. Soliven		(CC) 14/14		12/12	
Independent	Marcelo C. Fernando, Jr. [2]	3/3			(CC) 8/8	

Notes: (ED) Executive Director, (NED) Non-Executive Director, (CC) Committee Chairman, (VC) Committee Vice Chairman, (A) Adviser
(1) Retired in April 2021, (2) New member as of April 2021, (3) Passed away in October 2021

Board Meetings

Directors have a continuing duty to carry out their responsibilities no matter what the situation is. The pandemic forced corporate boards to change how they work. As the risk to COVID-19 exposure still exists, face-to-face meetings have not yet resumed. As such, the Bank continues to hold Board and the committee meetings virtually with the use of a videoconferencing tool. The Corporate Secretary and committee secretaries ensure that the directors attending the meeting through remote communication are able to hear and see the other participants clearly during the meeting and are actively participating in the deliberations on matters taken up. Meeting materials are provided to the directors five days ahead of the

meeting and can be downloaded from our intranet to enable the directors to prepare for the meetings. Board meetings are held to keep directors up-to-date on the Bank’s performance, as well as to approve strategies, appointments, and other decisions requiring their attention. Regular Board meetings are held every second Wednesday of each month. Special meetings may be called at any time by the Chairman, or, in his absence, by the Vice Chairman, or pursuant to the written request of any of the four directors. An organizational meeting is held immediately after the Annual Stockholders’ Meeting (ASM) and the Board-level committees are reconstituted during this meeting.

The Bank’s Non-Executive Directors (NEDs), together with the Bank’s

External Auditors, Risk Officer, Compliance Officer and Chief Audit Executive, conducted their virtual meeting on 17 November 2021 without the presence of any executive directors.

The NED meeting, led by the newly appointed Lead Independent Director, Mr. Philip G. Soliven, discussed investors’ perceptions and expectations, sustainable finance, and environmental, social, and governance matters. It also updated the NEDs on the compliance, risk, and internal audit areas of the Bank.

The Annual Stockholders’ Meeting was held virtually on 28 April 2021 without requiring the physical presence of the Board members and shareholders. All Board members were present in the meeting.

Performance Evaluation and Self-assessment

Performance assessment of the Board, Chairman of the Board, President, Board Committees and each of the individual directors using Board-approved rating sheets through the Corporate Governance and Compensation Committee is conducted annually.

Metrobank has adopted an internal self-rating system and procedures to determine and measure compliance vis-à-vis good corporate governance principles and practices as prescribed in the Code of Corporate Governance. It uses a four-point rating scale in which: (i) each Director self-rates and collectively rates the Board, the Chairman of the Board, and the President; and (ii) the Corporate Governance, Audit, Risk Oversight and other Board committees conduct self-rating. The performance rating forms are circulated on paper or online using questionnaires that are tailor-made to the Bank's needs and objectives. This evaluation process allows the Board to consider the accomplishments of individuals and the group of individuals within the Board. This serves as an avenue to revisit existing process or areas in need of improvement within the Board.

In line with the SEC rules and best practices for Publicly-Listed Companies, the annual performance evaluation covering Year 2020 was assessed by an external facilitator, Reyes Tacandong & Co. (R&T), in February to May 2021. The principal objective of the review was to

provide an independent assessment of the effectiveness of the Board, Board Committees and Chairman of the Board, and the efficiency of the execution of the roles and responsibilities of the Board in conformance with the requirements of the SEC related to the Code of Corporate Governance for Publicly Listed Companies and requirements of the BSP for Board of Directors based on the Manual of Regulations for Banks.

As reported by the external facilitator, the Bank's overall corporate governance is effective and substantially compliant with all the regulatory requirements being met by the Board of Directors, Board Committees, and Chairman of the Board.

The results of the self-assessment were presented to the Board in its May 2021 meeting and various recommendations had been addressed in the same year. As part of the improvement of the self-assessment forms and based on the recommendations of R&T, CGCCOM endorsed to the Board in its November meeting the revised self-assessment forms which will be used in the 2021 performance evaluation. The new assessment forms will use an enhanced five-point rating system.

Remuneration

The Board of Directors receive a fixed remuneration package based on market practice, experience, professional background, level of responsibilities and attendance in Board and committee meetings.

Corporate Policies and Practices

Our core values of honesty, integrity and respect for people underpin our work with our customers, employees, suppliers, and other stakeholders. We strive to live our core values, our responsibilities, and the principles and behaviors by which we do business contained in our Code of Conduct.

Code of Conduct and Ethics for Bank Directors

We have an unwavering commitment to conduct our business in the highest ethical standard of fairness, accountability and transparency, taking into account the interest of all stakeholders. These values are the guiding principles of good corporate governance adopted by the Bank in its Code of Conduct and Ethics for Directors.

The Code articulates the standards of conduct for ensuring the proper discharge of duties and responsibilities befitting their position. It imposes guidelines which meet the requirements of the organization and regulators that remind directors not to use their position to make profit, or acquire a benefit or prioritize self-interests, and avoid situations that may compromise their impartiality. It reiterates the need to maintain professional integrity, enhancement of skills and knowledge and understanding of bank-related activities.

The Code is incorporated in the Bank's Corporate Governance Manual and should be read in conjunction with our Articles of Incorporation, By-laws and applicable internal policies and procedures. The Code can be accessed by both internal and external stakeholders from our intranet and website through the Corporate Governance page.

Code of Business Conduct for Employees

The Code of Conduct for Employees emphasizes the performance of duties and responsibilities, avoidance of conflict of interest between the Bank's business and personal activities, preservation of confidential information, and the prohibition of accepting any form of gift or gratuity from any person which may influence the employees' judgement or action in performing their responsibilities.

The Human Resources Management Group (HRMG) has disseminated the Bank's Code of Conduct to all employees, including the new hires. HRMG also regularly circulates advisories to remind employees of the values the Bank wishes to foster. Both internal and external stakeholders can access our Code of Conduct for Employees posted on our intranet and website through the Corporate Governance page.

Breaches or cases against the Code include both operational (e.g., non-declaration of cash discrepancy, password sharing, forged withdrawals) and behavioral (e.g., tardiness, past due, unauthorized absences) cases.

Such cases are monitored through strict reporting measures made by the Internal Audit Group (IAG) and business units (BUs) and by the efficient database management of all administrative cases (both operational and behavioral, arising from these reports) by HRMG-Employee and Industrial Relations Division. Effectively, there was no substantiated cases of breaches against the Code of Conduct in 2021.

In addition, we ran an e-Learning course on the Code of Conduct for all employee levels, including senior management. In 2021, 11,481 employees, equivalent to 85% of our total employee headcount, completed the e-learning and provided their digital acknowledgment on the Bank's Code of Conduct.

Bribery and Anti-corruption

Our Anti-Bribery and Corruption policy is contained in our Code of Conduct. The standard of conduct on the avoidance of conflict of interest states that Metrobank directors, officers and employees "adopt an anti-corruption way of life" and that "bribery, fraud, extortion, collusion, conflict of interest, and money laundering, and other corrupt practices have no role in the way the Bank conducts its affairs." Participation in corrupt practices and the acceptance or solicitation of favors, gifts or bribes from customers, vendors or business partners, constitute direct violations against our Code of Conduct.

To ensure that our employees behave in accordance with these principles,

we strictly implement an Anti-Bribery and Anti-Corruption policy, which outlines the principles for conducting business in accordance with the highest possible standards of ethics, honesty, accountability and good governance. It also aims to mitigate reputational and legal risks that may arise from criminal or regulator investigations.

We monitor compliance internally and detect incidents of corruption through strict reporting measures the efficient database management of all administrative cases. Training programs on the prevention of bribery and corruption are included in the Bank's e-learning and acknowledgement on the Code of Conduct.

Conflicts of Interest

The members of the Board conduct fair business transactions with the Bank and ensure that personal interest does not result in biased decisions. All directors are expected to always act ethically, notify promptly of any material facts or potential conflict of interest, and take appropriate corrective action. Employees are expected to effectively manage their personal affairs and avoid any situation or business endeavors arising from associations, interest or relationships that may lead to conflict or potential conflict between their personal interest and of the Bank.

It is also part of the Bank's corporate governance framework that all related parties are properly identified, and related

party transactions are vetted and approved either by the Related Party Transactions Management Committee (RPTMC), a management-level committee composed of senior officers; or the Related Party Transactions Committee (RPTC), a Board-level committee composed of independent directors, depending on the materiality threshold set by the Bank. Directors and officers with personal interest in the transaction abstain from the discussion, approval, and management of the transaction. No director or officer can participate in the RPTC or RPTMC or Board discussion of a related party transaction for which he, she, or any member of his or her close family or related interest is involved, including transactions of subordinates, except to provide material information on the related party transaction.

The material related party transactions that reach 10% or higher of the Bank's total consolidated assets are required to be evaluated by an appointed external independent party to ensure the fairness of the terms. All acts of the Board, including related party transactions, are confirmed by the majority vote of the Bank's stockholders during the Annual Stockholders' Meeting.

The applicable policies guiding the related party transactions are periodically updated to keep relevant and aligned with the recent regulatory issuances.

Related party transactions are discussed in the Audited Financial Statements, particularly under Notes

to the Financial Statements No. 32 on Related Party Transactions.

Insider Trading

As a publicly listed company, Metrobank is regulated by measures and policies under the SEC. It dutifully complies with its Insider Trading Policy to uphold applicable laws and ensure the protection of its shareholders from individuals who may take advantage of information not readily available in the market. The policy calls for the disclosure of material, non-public information about any of the companies within the Metrobank Group or any partner on a need-to-know basis, based on a legitimate business agenda.

The policy prohibits trading during blackout periods by specific individuals which include all directors and specific employees within the Metrobank Group and their immediate family members residing in the same household; and corporations, other entities, and funds subject to their influence or control. It compels the reporting insiders to disclose their respective beneficial ownership of listed shares of stock in their various companies, if any, and report any changes on the next trading day following the date of the change, as per SEC and the PSE requirements.

The Insider Trading Policy is incorporated in the Bank's CGM and publicly disclosed on the Bank's website.

Anti-Crime

Our Anti-Money Laundering (AML) compliance program is designed to identify and mitigate business and regulatory risks based on established risk management practices. It conforms with applicable rules and regulations on the prevention of money laundering, terrorist financing, and proliferation financing.

Our sound risk management practices are well established to ensure adequate and active board and senior management oversight, acceptable policies and procedures embodied in a money laundering and terrorist financing prevention compliance program, appropriate monitoring, and management information systems, as well as comprehensive internal controls and audits. These practices, together with effective communication and training, and risk-based compliance testing, promote a robust, dynamically responsive, and appropriate compliance system along with a culture of compliance towards a sound and stable financial franchise.

Our robust and sound risk management practices, strong commitment to good corporate governance practices, and adherence to the principles of safe and sound banking practices means regulatory, money laundering, terrorist financing and proliferation financing risks are effectively managed.

The Bank's AML/CFT training program comprises various focuses based on the personnel's function

and position and covers compliance oversight, risk management, customer identification process, record keeping requirements and covered and suspicious transactions reporting, preventive measures, compliance with freeze, bank inquiry and asset preservation orders, and all directives of the Anti-Money Laundering Council (AMLC), cooperation with AMLC and BSP, international standards and best practices.

For 2021, AMLD conducted the following AML/CFT online training via Webex:

- 9 sessions of AML/CFT Training for New Hire CSR-Tellers
- 7 Sessions of AML/CFT Training for CSR-New Accounts Clerks
- 1 session of AMLCFT Training for ODP-Branch Operations Officers
- 1 session of AML/CFT Training for Branch Heads
- 1 session of AML Training for ODP - Head Office Units

We conducted the 2021 annual AML/CFT e-learning course for all level of employees including senior management last October 29, 2021 to December 31, 2021. A total of 13,038 employees, equivalent to 96% of our total employee headcount, completed the Bank's e-learning on the Anti-Money Laundering Act.

Stockholders' Rights and Protection of Minority Stockholders' Interest

We treat all our shareholders fairly and equitably. We also recognize,

protect, and facilitate the exercise of their rights. The Board respects the rights of the stockholders as provided for in the Revised Corporation Code. It promotes transparency and fairness in conducting annual and special stockholders' meeting. All material information about the Bank is disclosed in a timely manner to the SEC and PSE. We encourage active shareholders to participate in the meeting by sending Notice of Annual and Special Shareholders' meeting with sufficient relevant information.

Every stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock in his or her name. Minority stockholders have right to vote on all matters that require their consent or approval, including, but not limited to, the approval of shareholders on sale of corporate assets. Cumulative voting is allowed, provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his or her 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. All shareholders have the opportunity to obtain effective redress for violation of their rights.

Majority vote is required for the following: (a) approval of the minutes of the annual meeting of the stockholders; (b) ratification of corporate acts; (c) election of external auditors. On the election of directors,

nominees receiving the highest number of votes shall be declared elected following the provisions of the Revised Corporation Code.

The notice for the Bank's 2021 Annual Stockholders Meeting was published and distributed to all stockholders as of record date of 12 March 2021, pursuant to the SEC rules of sending notices of at least 21 days before the meeting. Those who cannot attend were 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. Due to the COVID-19 pandemic, the meeting was held virtually on 28 April 2021. The results of the votes taken were disclosed the following working day. The Minutes of the Annual Stockholders' Meeting was made publicly available on 3 May 2021 and posted on the Bank's website. The proxies, attendance and votes cast at the 2021 Bank's Annual Stockholders' Meeting were tabulated by the Bank's Stock Transfer Agent (the Metrobank-Trust Banking Group), and validated by SGV & Co. in its capacity as third-party validator.

External Auditor

The Audit Committee is primarily responsible for the appointment/selection, re-appointment and dismissal of the independent external auditor based on fair and transparent criteria. Sycip Gorres Velayo & Co. (SGV) has been the external

Nature of Services Rendered		Aggregate Fees (in Php millions)		
		2019	2020	2021
Audit and Audit-related Fees	Annual and interim audit of the Consolidated, Parent Company and FCDU Financial Statements in connection with statutory and regulatory filings; annual audit of the Combined Financial Statements of Trust and Managed Funds Operated by the Trust Banking Group with Supplementary Combined Information; limited review of financial statements and offering circulars based on agreed-upon procedures and issuance of comfort letters relative to the issuances of debt securities (MTN, bonds).	41.77	24.50	20.27
Tax Fees		-	-	-
All other Fees	Seminar fees and others	4.61	0.89	0.53
Total Fees		46.38	25.39	20.80

auditors of the registrant since 1962. In compliance with the revised SRC Rule 68 (3) (b) (ix), the signing partners are rotated after every five years reckoned from the year 2002 (increased to seven years effective August 2019 per Professional Regulatory Board of Accountancy Resolution No. 53, Series of 2019).

The Bank intends to retain SGV as its external auditors for the year 2021. The external auditors are appointed annually by the registrant’s Board of Directors in its organizational meeting held immediately after the Annual Stockholders’ Meeting.

Whistleblowing

Whistleblowing is vitally important in protecting, not only the Bank, but also our stakeholders, in any acts of fraud, malpractice, conflict of interest or violation of internal/regulatory policies, procedures and control.

Our Whistleblowing Policy encourages our employees and other stakeholders to participate in an atmosphere of openness and trust in communicating their concerns about illegal or unethical practices, without the fear of retaliation. The guidelines ensure that the concerns of reporting employees and other stakeholders are addressed and the identity of the reporting entity is secured and protected from any undue retaliation. The Chief Audit Executive/ Head of the Internal Audit Group is the designated recipient of complaints from reporting employees and other stakeholders. For exceptional cases, complaints may be filed directly to the Chairman of the Board.

Our employees have continuously shown proactive stance in keeping the Bank’s integrity. For 2021, we received reports on varying issues, from health and safety protocol issues, to alleged violations on Code of Conduct, among others. All other reports have been

handled by the concerned business units and thoroughly reviewed and investigated, including four reports that were not substantiated.

Complaints or concerns may be filed through the Bank’s website or sent via email (whistleblowing@metrobank.com.ph) or text hotline (+639427471359).

The Whistleblowing Policy is incorporated in the Bank’s CGM and publicly disclosed on the Bank’s website.

Compliance

We have a dynamic and responsive Compliance Risk Management System (CRMS) designed to specifically identify and mitigate risks that may erode the franchise value of the Bank such as risks of legal or regulatory sanctions, material financial loss, or loss to reputation that the Bank may suffer

as a result of its failure to comply with laws, rules, related self-regulatory organization standards, and codes of conduct applicable to its activities.

Our Compliance Division implements an enterprise-wide Compliance Policy Manual developed to formalize and document the Bank’s CRMS, and forms an integral part of its risk governance framework. It provides reasonable assurance that the Bank and its directors, officers and employees comply with all banking and corporate laws, regulations, rules, and standards. It also establishes a

culture of compliance, anticipates, reinforces and strengthens the Bank’s compliance with existing laws, rules and regulations in contributing to the maintenance of a sound and stable bank.

The Compliance Division is responsible for regulatory issuances, the interpretation of rules and regulations, and provides oversight and guidance for a stronger compliance culture. It works closely with business and support units to identify, assess, monitor, and manage possible regulatory

compliance risks which may impact the Bank’s operations and franchise value. It is also expected to promote effective implementation of the compliance system and address breaches that may arise. It ensures that possible compliance issues and key compliance risks are proactively identified, measured, and assessed and that sound advice and support in managing regulatory and compliance risks are given to Management. The division also regularly conducts compliance awareness trainings for all employees and issues advisories whenever needed.

The Compliance Officer (CO) who heads the Compliance Division is the lead operating officer on compliance. He oversees the identification and management of the Bank’s compliance risk and supervises the compliance function staff. He exercises functional supervision over the designated Compliance Coordinators of the Head Office units and domestic branches relative to the compliance functions being performed/handled by them, as well as the Compliance Officers of the foreign branches. He also provides essential compliance oversight function on the Compliance Officers of the financial subsidiaries and affiliates. The CO reports to the Board of Directors through the Corporate Governance and Compensation Committee.



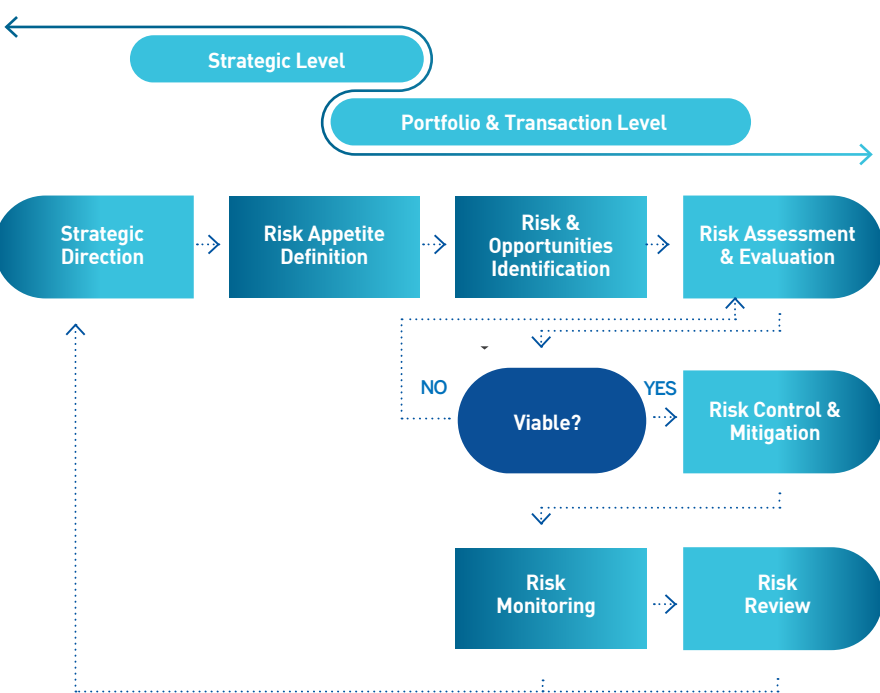
Risk and Crisis Management

Building a strong bank takes exceptional commitment in managing risks. Metrobank has been in the banking business for the past 59 years, and the success of its enterprise reflects how it responsibly safeguards the financial resources stakeholders entrust in the Bank. It only takes on risks that it understands, can manage, mitigate, or accept. It conducts its business based on a risk management framework suited to its scope and complexity, consistent with international regulatory standards.

Risk Management Principles

Balancing risk and reward translates to the following risk management principles:

1. As risk is organic to the banking business, the Bank manages risks that correspond to its goals and objectives as an ongoing business.
2. As the business landscape evolves, the Bank's risk management practices must continue to be relevant and practicable, but always aligned with standards set by its regulators.
3. The Bank must ensure that it has the right risk governance structure to mitigate risks and avoid losses while maximizing gains that may accrue from business opportunities.
4. Risk management is everyone's concern – from the Board who sets the overall tone, to the officers and staff who execute the Bank's Risk Management strategy.



Risk Management Process

A strong risk management process focuses on the interplay among business, concomitant risks, and required capital, with the goal of sustaining the franchise through the rise and ebb of the business cycle. Metrobank's robust risk management process entails the determination of its strategic goals, material risks, and appetite for such risks. By identifying, measuring, managing, and monitoring risks, financial resources are properly allocated, and capital adequacy is continuously assured.

Metrics and risk assessment tools, both adopted from regulation and best practice and internal to the Bank, are used to measure identified risks. The use of these tools enables the Bank to prevent risks from turning into serious issues, as well as recognize ahead instances that capital may be called to absorb losses.

Risk Governance

The Board of Directors, through the Risk Oversight Committee (ROC), composed primarily of independent members of the Board, plays an active role in setting the Bank's risk culture and overseeing the risk infrastructure, operating policies, and exposures to ensure a good balance between risk appetite and prudence.

The Risk Management Group (RSK) supports and reports directly to the

ROC. RSK is an independent unit of the Bank that identifies, analyzes, measures, and monitors identified material risks in close coordination with other business units. It exercises oversight on the risk management units of various subsidiaries and affiliates. It convenes the Risk Management Coordinating Council quarterly to ensure compliance with relevant regulations, and implements a consistent risk management framework across the Metrobank Group.

Functionally, RSK is structured such that separate divisions are set up for a dedicated management of the Bank's largest financial risks: credit, market and liquidity, and operations. An Enterprise Risk and Strategic Support Division is likewise an integral part of RSK's infrastructure tasked to execute RSK's risk supervision mandate, manage the Bank's Internal Capital Adequacy Assessment Process (ICAAP), and provide the quantitative support in the building of models and other risk metrics.

Risk Area	Management Oversight
Credit and Credit Concentration Risks	Senior Credit Committee, Credit Committee, Non-Performing Assets Committee, Assets and Liabilities Committee, Executive Committee
Market, Interest Rate, and Liquidity Risks	Assets and Liabilities Committee
Operational risk, including legal risk	Policy Committee, IT Governance Committee, Special Action Committee, Emergency Management Committee, Manpower Committee, Security Committee
Compliance risk (including money laundering and terrorist financing)	Anti-Money Laundering Compliance Committee
Technology risk	IT Governance Committee, Emergency Management Committee
Reputational risk	Assets and Liabilities Committee*, Emergency Management Committee, Customer Experience Committee
Strategic risk	Budget Committee, Assets and Liabilities Committee, IT Governance Committee, Customer Experience Committee, Manpower Committee

*As it relates to impact on liquidity

Material Risks

As a Domestic Systemically Important Bank (DSIB), Metrobank faces a broad range of risks reflecting its status. These risks include those resulting from its lending activity, treasury operations, and extensive client-facing network, including its branches.

The Bank recognizes that it is not possible or necessarily desirable to eliminate some of the risks inherent in its activities. Acceptance of some risk, therefore, is often necessary to foster growth and efficiency within business practices. At all times, however, the Bank ensures that any risk-taking activity is aligned with its corporate objectives and capabilities, and that an effective risk management process is in place.

The following are some of the material risks the Bank faces and the strategies for managing these.

Credit Risk

This is the risk that the borrower, issuer, or counterparty in a transaction may default and cause potential loss to the Bank. It arises from lending, trade finance, treasury, derivatives, and other similar activities. The Bank’s appetite for this risk is low to moderate, reflective of its core business and the social responsibility that comes with being one of the financial system’s largest lenders.

As a matter of general strategy, the Bank manages this risk through a system of policies, metrics, and authorities that govern the processes and practices of all credit-originating and relationship management units,

as well as other units involved in the credit cycle.

To ensure that financial undertakings are balanced with prudential control in the transactional and portfolio levels, the Bank is guided by a credit process. This begins with the Bank’s defined strategies and risk appetite, driving the ensuing steps of origination, evaluation, approval, availment, and monitoring. To some extent, the Bank relies on third-party credit assessments, specifically on the ratings provided by Standard & Poor’s, Moody’s, Fitch, and PhilRatings on exposures to Sovereigns, Multilateral Development Banks, Foreign Banks, Local Government Units, and Government Corporations and Corporates when applicable.

To address the impact of asset quality deterioration, the Bank sets up provisions for expected credit loss (ECL) arising from its credit risk exposures following accounting standards and relevant BSP regulations. During the COVID-19 pandemic, the Bank significantly increased its ECL provisions owing to the sharp decline in economic activity.

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and are updated regularly following internal and regulatory guidelines. Generally, collateral is not held over loans and advances to other banks, except when securities are held as part of reverse repurchase and securities borrowing activities. Collateral usually is not held against investment securities.

The Bank also holds collateral against loans and receivables in the form of hold-out on deposits, real estate mortgage, standby letters of credit or bank guaranty, government guaranty, chattel mortgage, assignment of receivables, pledge of shares, personal and corporate guaranty, and other forms of security.

The standards of acceptability, valuation, enforceability, and monitoring/reporting of sufficiency of risk mitigants are covered by Board-approved policies and procedures.

To ensure that the portfolio remains within the defined strategy and risk appetite, constant monitoring is implemented by both front and middle offices. Lending units, in coordination with the Credit Group, evaluate the performance of their accounts, and make regular presentations on watchlisted/classified accounts to the Non-Performing Assets Committee (NPAC) which provides direction on the next steps for the concerned problem accounts.

Independently, RSK-Credit Risk Division monitors the Bank’s credit portfolio against set limits, and reviews sample accounts of the various business groups – focusing on credit quality and policy compliance – to provide assurance and control over the effectiveness of the credit risk management process throughout the Bank. The results of these activities are regularly reported to the ROC.

Credit Concentration Risk

This is the current and prospective negative impact to earnings and capital arising from over-exposure to specific industries and/or borrowers/

counterparties. The Bank has a moderate appetite for this risk, recognizing that specific growth areas may need credit support more than others, and that lending to highly integrated customers often leads to pockets of concentration. The Bank manages this risk via adherence to processes relating to industry and counterparty assessments, observance of regulatory ceilings, and setting of internal limits.

Market Risk

This is the risk resulting from adverse movements in the general level or volatility of market rates or prices or commodity/equity prices possibly affecting the Bank’s financial condition. Senior Management, through the Asset and Liabilities Committee (ALCO), sets a general business model for its trading portfolio based on macroeconomic conditions, financial markets trends, possible events/regulations, and the risk appetite set by the Board. This is implemented by the Financial Markets Sector which originates transactions and/or crafts new products needed by clients, while keeping itself updated on the financial environment and working within set limits and policies.

The Bank’s appetite for this risk is low, and manages this risk via a process of identifying, analyzing, measuring and controlling relevant market risk factors, and establishing appropriate limits for the various products and exposures. Quantitative expressions of this appetite include: Value-at-Risk limit, rolling 21-day P/L trigger, rolling 21-day stop loss limit, YTD trigger/limit, product cap, sensitivity limits, tenor limits, and qualitative limits. These limits are always set against the expected returns to ensure that the risk

taken is commensurate to the benefit that the Bank will reap from such trading activity. To remain relevant, these are reviewed at least annually, with possible changes within the year as dictated by the emergence of new regulations, developments in the market risk management landscape, complexity of the products being traded, and other major movements in the business environment.

The Bank maintains Limits Monitoring and Reporting Guidelines which detail how the risk measures are compared against the approved limits. Included in the guidelines are the set of standard procedures in handling excesses or breaches in limits and loss trigger hits. Daily, the RSK-Market and Liquidity Risk Division provides the limits compliance reports to key officers of the business units and RSK. The results of the limits monitoring process are also reported to ALCO on a weekly basis and to the ROC and BOD monthly.

Interest Rate Risk in the Banking Book (IRRBB)

The Interest Rate Risk in the Banking Book (IRRBB) is the current and prospective negative impact to earnings and capital arising from movements or shifts in interest rates. The risk becomes inherent in the current and prospective interest gapping of the Bank’s balance sheet, as the Bank’s core business involves intermediation activities such as deposit-taking and lending that inadvertently creates both maturity and rate mismatches. This translates to possible negative impact to the Net Interest Income (NII) and economic value, as interest rate movements affect interest earned/paid as well as the value of assets, liabilities, and off-balance sheet items.

Thus, before embarking on any new asset and liability management (ALM) strategy, both Financial Markets Sector and RSK perform separate assessments on profitability and risks, considering the impact of movements in rates. This ensures that the strategy will not result in a risk level higher than what is deemed to be the appetite of the Bank.

The appetite for this risk is low; as such, the Bank follows a set of policies on managing its assets and liabilities to ensure that exposure to interest rate fluctuations are kept within acceptable limits. This appetite is translated into a set of limits, a major tool in monitoring and controlling the degree of interest rate risk that the banking book is exposed to at any given point in time. Limits include Earnings-at-Risk (NII-at-Risk) limit and management action trigger (MAT), Delta Economic Value of Equity (ΔEVE) limit, FVOCI MtM loss trigger, position limits, and tenor limits.

The limits are proposed by RSK, in coordination with Strategic Planning Division and Treasury Group, against the expected income and capital. This is to ensure that risk taken is commensurate to the returns the Bank will generate from its banking book positions. Also considered are the actual NII, strategies, economic forecasts, and results of stress testing.

The limits are reviewed annually or on an interim basis to ensure that these reflect the business environment, changes in strategies, and regulations.

The Bank maintains Limits Monitoring and Reporting Guidelines which detail how the related risk measures are compared against the approved limits.

Included in the guidelines are the set of standard procedures in handling excesses or breaches in limits and loss trigger hits.

The RSK-Market and Liquidity Risk Division submits the IRRBB limits compliance reports every day to key officers of the business units and RSK. ALCO receives the limits monitoring process report weekly while the ROC and BOD are provided copies on a monthly basis.

Liquidity Risk

This is the risk to earnings or capital arising from the Bank’s inability to meet its obligations when they become due. The Bank considers liquidity risk as the most important considering that liquidity is the lifeline of any bank. As such, the appetite for liquidity risk is low.

The Bank’s strategy for managing this risk is generally via limiting the maturity mismatch between assets and liabilities, improving the stickiness of its deposit and liabilities profile, and by holding sufficient liquid assets of appropriate quality and marketability.

The Bank’s liquidity management practice is guided by a Funding Strategy Framework that serves as a blueprint for the utilization of the Bank’s funding sources under both BAU and stress scenarios, while taking into consideration various internal and regulatory limits. The Bank’s Macro Funding Strategy is to reduce liquidity risk by increasing the Bank’s base for long-term funding, which is put into motion with the Bank’s Term Funding Plan over the next three years. In terms of short-term funding, the Bank monitors various indicators of liquidity,

including the Bank’s usage of its BAU Funding Capacity and Intraday Liquidity. It also maintains a Contingency Funding Plan to ensure preparedness to withstand stress scenarios. The Bank recognizes that liquidity risk is one of its most important risks, and that it must be managed promptly and properly; any mistake can lead to a bank run and possible insolvency that could potentially affect the financial industry considering its role as a DSIB. As such, it sets limits or triggers on cashflows over specific periods of time (Maximum Cumulative Outflow limit), available funding sources (Liquidity Coverage Ratio MAT, Net Stable Funding Ratio MAT, Funding Utilization MAT) and funding concentration (Funding Concentration MAT) to ensure that the level of the Bank’s liquidity is adequate to always support funding requirements.

Similar with other risks, the liquidity risk limits and policy guidelines are reviewed annually or on an interim basis, as deemed necessary, to ensure that they remain prudent and relevant.

The Treasury Group-Asset & Liability Management Division (TG-ALMD) is the primary unit responsible for managing the liquidity of the Bank, its foreign branches, and selected subsidiaries. It manages and closely monitors the daily, as well as short- to medium-term liquidity positions of the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU) books. It also ensures that the Bank complies with regulatory liquidity and reserve requirements.

The RSK-Market and Liquidity Risk Division generates liquidity risk reports daily. At a minimum, the

reports provide the exposures and established thresholds to determine compliance with limits and identify emerging concerns on liquidity. The exposures and profiles are provided to TG-ALMD every day and reported to the ALCO every week, and to ROC and the BOD monthly. Any breach in liquidity risk limits is reported to the appropriate level of management for immediate action.

Operational Risk

This is the risk arising from the potential that inadequate information system, operations, or transactional problems (related to service or product delivery), breaches in internal controls, fraud or unforeseen catastrophes will result in unexpected loss.

The Bank’s operational risk management framework seeks to constantly identify, assess, monitor, mitigate, and control key areas where losses would most probably materialize or where losses would be significant. It espouses a mitigation and control culture of risk management being everyone’s responsibility, and is to be performed by three lines of defense:

- a. First Line of Defense – Business Units
- b. Second Line of Defense – RSK’s Head Office Operational Risk Management Division (HOORMD) and Branch Operational Risk Management Division (BORMD)
- c. Third Line of Defense – Internal Audit Group

Operational risk management tools include the following:

- a. Process Risk and Control Self-Assessment (Process RCSA)
- b. Risk Event Database (RED)

- c. Risk Incident Report (RIR)
- d. System Risk and Control Self-Assessment (System RCSA)
- e. Disaster Risk Assessment
- f. Business Impact Analysis (Business Unit Level and Institutional Level)

The Bank’s appetite for operational risk is low and is managed via a framework involving various tools that promote a strong control environment, escalation, monitoring and reporting of risk events, and adequate mitigation of assessed risks. This appetite is manifested in the thresholds it sets for institutional and business unit level key risk indicators (KRIs) and key performance indicators (KPIs). KRIs are used to monitor main drivers of exposures associated with key risks; while KPIs give insight into the status of operational processes which may, in turn, provide an understanding of the operational weaknesses, failures, and potential losses. Both are used with escalation triggers to warn when risk levels approach or exceed acceptable ranges, and prompt mitigation plans.

Mitigation and control of the Bank’s identified operational risks call for the preparation of a Risk Treatment Plan which identifies, assesses, prepares, and implements a range of risk treatment options. Depending on the availability/feasibility of preventive/corrective measures, and the benefits that come from an exposure, the Bank may choose from the following approaches to treat risks: Acceptance, Avoidance, Transfer, and Reduction.

Following the general risk management framework where risks are monitored in both individual and portfolio bases, institutional and

business unit level KRIs and KPIs are regularly monitored and reported to appropriate management committees and to the Board of Directors through the Risk Oversight Committee. As the Bank’s first line of defense, business units are responsible for identifying, measuring, controlling, monitoring, managing, and reporting their operational risks on a day-to-day basis. As risk incidents affecting their area of operation occur, they are mandated to report these within 24 hours through the Risk Incident Report (RIR). The units are further assisted by their Business Risk Managers (BRMs) who are expected to effectively monitor internal controls of activities and established KRIs.

On a bank-wide level, HOORMD and BORMD monitor the operational risk profiles, material exposures, and status of established KRIs and KPIs of Head Office units and of the branches, respectively; and report these to senior management and the BOD through the ROC.

Technology Risk

This is the current and prospective negative impact to earnings arising from failure of the Bank’s IT systems, including information and cybersecurity. The Bank’s appetite for IT risk is low, and its strategy in managing this risk is embodied in comprehensive information technology, Information Security and IT risk management policies.

Reputational Risk

This is the current and prospective negative impact to earnings and capital arising from negative public opinion. As a bank essentially survives on its reputation, the Bank has very

low appetite for reputational risk and always aims to proactively build on its good name. It considers reputational risk as a consequence of other risks. Its management therefore is tied closely to how it manages its other risks. By ensuring effective identification, assessment, control, monitoring, and reporting of the other material risks, reputational risk is likewise effectively managed.

In line with BSP Circular No. 1114 on Reputational Risk, the Bank adopts as part of its enterprise risk management system, a Reputational Risk Management Framework covering the Metrobank Group. The primary objective of this framework is to identify potential reputational risks before they materialize or escalate beyond manageable level. The goal is to have alignment and consistency in the strength and potency of reputational risk management efforts across the Group, recognizing that the Metrobank Group is only as strong as its weakest component.

Compliance and Regulatory Risk

This is the current and prospective negative impact to earnings and capital arising from failure to comply with all applicable laws, regulations, and standards of good governance and practice. The appetite for this risk is low and is managed via the conduct of a defined Compliance program. Specific to Money Laundering & Terrorist Financing (ML/TF) Risk, the Bank has zero tolerance for the same, and is managed separately by the Bank’s Anti-Money Laundering Division (AMLD) reporting directly to the Board’s AML Committee.

Strategic Risk

This is the current and prospective negative impact to earnings arising from adverse business decisions, improper implementation of decisions, and/or lack of responsiveness to industry changes. The Bank’s strategy in managing this risk is to embed the same in the various business functions as espoused in its strategic and business planning processes.

Contagion Risk

This is the risk that the financial difficulties encountered by a member of the conglomerate could impact the financial stability of the rest of the members or the entire group. To mitigate this risk, the Bank places importance on policies,

limits structures, and monitoring of controls in dealing with RPTs, DOSRIs, and SAAs.

Risk Reporting

To ensure that exposures are within the Board-approved risk appetite, and that management can lead the Bank to the fulfillment of its strategies and targets while within acceptable risk ranges, RSK and specialized Bank units report the following risks outlined below to both management and Board.

Capital Adequacy

The primary objectives of the Bank’s capital management process are two-pronged: to ensure that, on

per entity and consolidated bases, it complies with regulatory capital requirements; and to maintain strong credit ratings and healthy capital ratios to support its business and to maximize shareholders’ value. As with the Parent Bank, the Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of its activities.

The Bank’s capital planning starts with a Strategic Plan, where its strategic themes, goals and objectives are set. Following this is Financial Forecasting where goals and objectives are translated into financial forecasts (i.e., Balance Sheet, Income Statement, Interest Rate, and Regulatory Capital). The third is Risk

Material Risks	Sample Risk Exposure Indicators
1. Credit risk	NPL; PD/ITL; Expected Credit Loss (ECL); Weighted Average Risk Rating (WARR)
2. Market risk	VaR; P&L; Position and sensitivity limits
3. Operational risk	Key Performance Indicators (KPIs); Key Risk Indicators (KRIs); Risk Incident Reports (RIR); Disaster Risk Assessment (DRA); Business Impact Analysis (BIA)
4. Credit concentration risk	Large exposure share; SBL; RE; Industry and country share (HHI)
5. Interest Rate Risk in the Banking Book	Interest rate repricing gap (IRRG); Earnings-at-Risk (EaR); Delta EVE
6. Liquidity risk	Maximum Cumulative Outflow (MCO); Funding utilization; Liquidity Coverage Ratio (LCR)
7. Cybersecurity risk	Various KPIs & KRIs
8. Reputational risk	Social media listening; Customer complaints
9. Compliance risk (including Money Laundering)	Compliance testing. Penalties; BSP ROE; AML reports (e.g., STRs; CTRs; red flag reports); Internal audit reports
10. Strategic risk	Scenario assessment; ICAAP runs
11. Contagion risk	Stock price movements & intragroup exposures, ICAAP runs

Php million	Consolidated		Parent Company	
	2021	2020	2021	2020
Tier 1 capital	315,542	320,958	306,812	312,194
CET 1 Capital	315,542	320,958	306,812	312,194
Less: Required deductions	32,860	33,250	93,001	91,562
Net Tier 1 Capital	282,682	287,708	213,811	220,632
Tier 2 capital	12,463	13,075	10,277	10,691
Total Qualifying Capital	295,145	300,783	224,088	231,323
Credit Risk-Weighted Assets	1,218,442	1,256,895	1,001,293	1,019,586
Market Risk-Weighted Assets	67,394	70,526	53,099	65,607
Operational Risk-Weighted Assets	180,534	165,001	122,373	99,592
Total Risk-Weighted Assets	1,466,370	1,492,422	1,176,765	1,184,785
CET 1 Ratio	19.28%	19.28%	18.17%	18.62%
Tier 1 capital ratio	19.28%	19.28%	18.17%	18.62%
Total capital ratio	20.13%	20.15%	19.04%	19.52%

and Capital Assessment. From the forecast, solutions to issues on capital are explored. These include capital raising and other measures to optimize profitability and capital efficiency.

Capital adequacy is assessed based on the Bank’s risk profile and the available capital on an on-going basis. Actual ratios are generated by Controllershship Group and reported regularly to the ROC. Early warning indicators are in place that may signal capital usage beyond what the Bank can handle.

As prescribed by Section X190.5 and Part VIII of Appendix 63b of the Manual of Regulation for Banks (MORB), the following are the pertinent risk and capital measures for Metrobank, and

its subsidiaries as reported to the BSP as of December 31, 2021 and 2020.

Risk Management in the Time of COVID-19

We have built up our experience in managing emerging and heightened risks amidst the continuing COVID-19 pandemic. Through our Business The Bank has built up its experience in managing emerging and heightened risks amidst the continuing COVID-19 pandemic. The lessons and insights gathered through its Business Continuity Plan (BCP) Operability Assessment on WHAT-WENT-WELL and WHAT-WENT-WRONG during the earlier part of the pandemic in 2020 has served as its cornerstone

in developing more robust business continuity strategies, plans and processes to ensure that the flow of financial activity remains uninterrupted and critical business operations were continued while putting the safety of its employees ahead.

The Bank’s documented plans and strategies for responding to a potential infectious disease scenario were put to the test, including the execution of split-site work arrangements, setting up work-from-home capability, workplace configuration and sanitation, and transportation arrangements, among others – all while continuously adjusting and enhancing its response in order to proactively adapt to evolving risk management needs.

=Metrobank continues to strengthen its risk management processes and remains at the forefront of managing emerging and imminent risks. The use of the Bank’s Risk Assessment Questionnaire (RAQ) has been maximized as the Bank continues to develop new products that cater to customers’ changing financial needs during the pandemic. The RAQ is a tool that provides an understanding of a product’s potential risks and existing or intended controls and is required for all Product Concept Proposals presented to the Product Governance Committee (PGCOM).

Complying with new regulatory requirements and best practices, the Bank continues to design and implement up-to-date risk management frameworks to identify and control emerging risks.

In line with BSP Circular No. 1114, the Bank has adopted as part of its enterprise risk management system a Reputational Risk Management Framework covering the Metrobank Group. The primary objective of this framework is to identify potential reputational risks before they materialize or escalate beyond manageable level.

In addition, the Bank’s Crisis Communication Plan, which provides guidelines on managing communications in response to a crisis situation, has been updated and enhanced. The Bank continues to grow in its consciousness of environmental and social (E&S) risks and their potential impact to bank operations and credit strategies and has been building up its E&S Risk Management (ESRM) Framework.

The pandemic has massively transformed banking behavior and has urged the public to transact digitally and online, inevitably resulting in the proliferation of fraud on a global scale. To strengthen the management of fraud and cybersecurity risks which have intensified over the past two years, the Bank has developed and implemented more proactive controls and mitigants, significantly reducing fraud within the risk tolerance set by the Bank.

For operational risk, the Process Risk Self-Assessment (PRSA) was implemented with the objective of assessing risks arising from changes in core processes that were implemented during the pandemic. The Bank also continues to update its Business Continuity Program to improve its response to threats that may disrupt its critical operations that may impact its stakeholders, profitability, and reputation, among others.

Managing risk is a responsibility that cuts across the entire organization. Thus, the Bank continues to strengthen its risk management function through the Business Risk Managers (BRM) embedded in various business units. The BRMs ensure that existing and emerging risk exposures in their respective areas are managed and are within the Bank’s risk appetite. The BRMs partner with the Risk Management Group in designing and rolling out new risk management frameworks for implementation. They continue to assist business units as they are expected to effectively observe internal controls and monitor established key risk indicators.

While economic recovery is forecasted towards the latter part of 2022, uncertainty due to the threat of new virus variants or strains still looms over the short term, along with the ever-present threat of natural disasters which may occur independently of any pandemic. Thus, the Bank maintains its strong credit risk management stance. Accounts are closely monitored along with the creditworthiness of clients amid lockdowns and community quarantine measures. Expected Credit Losses (ECL) are computed more frequently to assess the adequacy of the Bank’s provisions, and forward-looking models are in place to ensure that the ECL is adequate across varying economic scenarios.

The Risk Management Group (RSK) continues to be a reliable partner to the business units it supports, providing relevant analyses and forecasts which aid in crafting balance sheet and credit strategies. For market and liquidity risk, RSK assists the Treasury Group through extensive risk assessments and market rates forecasts. For credit risk, RSK facilitates the Bank’s processes for setting strategies and budgets by providing asset quality forecasts such as levels of past due loans, NPL, and ECL, among others. Such forward-looking information allows the Bank to strategize and set realistic budget targets, while establishing appropriate plans to improve asset quality, strengthen collections, and meet such targets.

Taking steps to be proactive and prudent in managing risks amidst the pandemic, the Bank has kept a healthy balance sheet with exceptional asset quality and liquidity. It has maintained

Emerging E&S RisksDescription		Impact of identified emerging risks on the business		
		People	Property	Facilities
Natural and Man-Made disasters	Threats and environmental disasters such as typhoon, hailstorm, tornado, habagat or the Southwest monsoon, earthquake, volcanic eruption, fire	<ul style="list-style-type: none">Extended/ longer working hours (Extreme)Insufficient manpower complement (Extreme) (absences/ infected/ hospitalized/ quarantined/ death due to sickness or declaration of community quarantine/ lock down, stranded, displaced, evacuated)Stranded employees inside the workplace (Extreme)	<ul style="list-style-type: none">Furniture, fixtures, and equipment are damaged or are not available for use (Extreme)Loss of property and cash due to robbery, hold-up, and looting (Extreme)Data loss, corruption, leakage (Extreme)Primary office or branch is inaccessible due to declaration of community quarantine/ lock down and/or contamination and/or road closure / travel restriction, damaged property, and flooding, ash-puff or ash-fall (Extreme)Primary and secondary or tertiary sites are inaccessible due to declaration of community quarantine/ lock down and/or contamination and/or road closure / travel restriction, damaged property, flooding, and ash-puff or ash-fall (Extreme)	<ul style="list-style-type: none">Food, water, medicine shortage (Extreme)Power interruption or outage (Extreme)Telecommunication interruption or outage (Extreme)Systems interruption or outage (Extreme)Unavailability of public transportation (Extreme)Major roads are impassable (Extreme)
	Other disaster scenarios that pose threats to the Bank’s resources and operations such as infectious disease (pandemic), cyber threat, 3rd party vendor services disruption, acts of terrorism, sabotage, civil disturbance, labor unrest, work stoppage, and employee rally or strike			

resilient operations and strong capital levels. Metrobank continues to stand its ground, relentless in its pursuit of strong and sustainable growth, even in the midst of uncertainties.

Managing Emerging Environmental and Social (E&S) Risks

Environmental and social (E&S) risks are the potential negative consequences to a business that result from its impacts on the environment or its stakeholders. Failure to effectively manage E&S issues can lead to a range of financial, legal, reputational,

compliance, and regulatory consequences for the Bank.

The table above describes the the types of emerging and existing E&S risks and our internal assessments.

Governance of E&S Risks in Business Continuity Management

The Board of Directors, through the Risk Oversight Committee (ROC), composed primarily of independent members of the Board, plays an active role in setting the Bank’s risk

culture and overseeing the risk infrastructure, operating policies, and exposures to ensure a good balance between risk appetite and prudence.

The Emergency Management Committee (EMCOM) assists the Bank’s Chairman and President in fulfilling its responsibilities of having a comprehensive Business Continuity Management (BCM) framework. The ROC and/or the BOD are appraised through EMCOM on any business continuity related matters.

The Risk Management Group (RSK) supports and reports directly to the ROC. RSK is an independent unit of the Bank that identifies, analyzes, measures, and monitors identified material risks in close coordination with other business units. It exercises oversight on the risk management units of various subsidiaries and affiliates. It convenes the Risk Management Coordinating Council quarterly to ensure compliance with relevant regulations, and implements a consistent risk management framework across the Metrobank Group.

Notwithstanding a defined risk management function, the Bank recognizes that the core banking activity of managing risks is not the

sole responsibility of RSK. Rather, it is a function that cuts across the entire organization, as manifested in the Bank's three lines of defense: risk-taking unit, risk management, and audit functions.

To further the risk management practice in the organization, the Bank has Business Risk Managers (BRM) embedded in its various business units, with full-time BRMs functionally reporting to RSK. Such setup is central to risk management, as it expresses everyone's role in ensuring that risk exposures are managed and are within the Bank's risk appetite.

Integrating E&S Risks in Business Continuity Management

The Business Continuity Plan (BCP) Activity Cycle provides guidelines to all business units in the preparation of their BCPlans to enable them to continue the business process/es that may be affected by an emergency/ business disruption.

Building Awareness on E&S Risks

Business Continuity Awareness (Workshops, Trainings and Advisories)
Business Continuity Awareness through workshops are continuously conducted by RSK-BORMD-BCD to

discuss business continuity activities, roles, responsibilities and deliverables. Participants are composed mainly of business units' BCP Team Leaders, Assistant Team Leaders and their representatives. Such roles and responsibilities are also communicated with the business units within the group.

An e-learning module is also provided for all employees and carried out during New Employees Orientation (NEO), Officers Development Program (ODP), Leap Training/Management Training, RM Training Program (RMTP), etc. In 2021, 13,358 employees, equivalent to 98% of total employee headcount, completed the Bank's e-learning on its business continuity plan.

The awareness program also covers the importance of the BCP initiatives/ activities to be performed, critical areas that should be looked into, exception handling, and sequential activities, if any.

Business Continuity Advisories are also prepared and disseminated within the Bank to create a widespread knowledge of the importance of Business Continuity Planning.

Identifying and Assessing E&S Risks

Disaster Risk Assessment (DRA)
Our DRA tool provides information that is useful in the business continuity planning process. The objective is to determine the potential impact of the threat events on our business operations. This process involves estimation of the likelihood,

assumptions of a potential threat scenario, and rating for its severity impact on people, property, and facilities. The results facilitate strategies as reflected in the separate documentation of BCPlan in responding to the identified potential impact. It is performed or reviewed at least once a year, or as needed, should there be a new type of disaster recognized as additional potential threat to the Bank.

Business Impact Analysis (BIA)

The Bank's BIA tool identifies and measures (quantitatively and qualitatively) the business impact or loss of business processes in the event of a disruption. The quantitative aspect covers the assessment of the potential financial loss due to disruption, while the qualitative aspect pertains largely to the potential reputational impact of the same. From these assessments, a conclusion may be drawn as regards, among others, the following:

- Our most critical objectives, the priority of each, and the timeframe for resumption of these following an unanticipated disruption;
- The dependencies that exist both internally and externally to achieve critical objectives; and
- Information on recovery resource requirements and availability from which an appropriate recovery strategy can be determined/ recommended.

Managing and Mitigating E&S Risks

Business Continuity Plan (BCPlan)

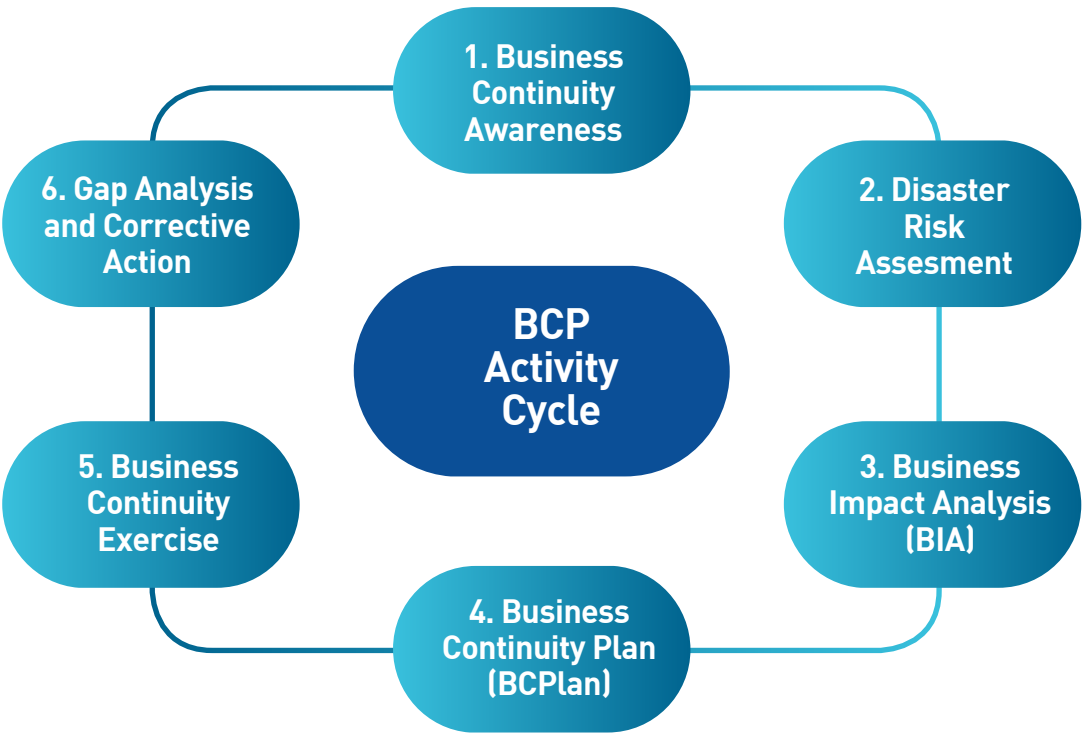
The BCPlan is a documented plan detailing the orderly and expeditious

process of recovery, resumption and restoration of business functions in the event of disruption. It should be able to cover and establish linkages amongst its multiple components, such as communication plan, crisis management plan, contingency funding plan and recovery plans (technical recovery plans, manual procedures, risk mitigation measures, work-around procedures, etc.).

- The business units determine and document their BU level BCPlans prior to an actual incident/business disruption including the manual/ detailed procedures (if applicable) in performing the identified critical processes. These are reviewed and finalized by the BUs at least once a year or as needed, with proper approval/s by their respective Sector Head / Group Head / Deputy Group Head.
- The Institutional BCPlan is a document containing the procedures, strategies, playbook which will be used by the Bank as its disaster recovery for any disaster scenario. It is reviewed and updated as applicable, at least once a year or as needed.

Emergency Procedures Manual and HRMG Emergency Response Plan

Our Emergency Procedures Manual provides operational guidelines on how to respond to various fortuitous events or emergency situations that may occur at Metrobank head offices, satellite offices, and branches. Such situations include fires, earthquakes, inclement weather, volcanic eruptions, armed robberies, and bomb threats. The manual uses a two-pronged approach



to achieve its goal:

- **Preventive Measures:** The manual contains measures that can be used by employees to avoid the occurrence of preventable emergency situations.
- **Emergency Reference:** During an emergency situation, the manual contains important administrative, logistical and procedural information to facilitate accessibility during an emergency when time is critical.

Employees are required to learn procedures outlined in the manual and are expected to adhere to the guidelines therein.

The HRMG Emergency Response

Plan contains HR actions for people accounting, attendance recording, and personnel relocation under various E&S emergency situations such as typhoons, volcanic eruptions, earthquakes, infectious diseases, fires, and acts of terrorism / sabotage / civil disturbance. The plan provides HR actions for different alert levels, special cases, and the post-emergency phase.

Business Continuity Exercises

Business continuity exercises are designed to test the business continuity plans and evaluate the individual and organizational performance against approved standards and objectives. It is performed for the purpose of training and conditioning business units and validating the Business BCPlan.

Gap Analysis and Corrective Action

This analyzes the gaps (i.e., recommendation / requirement / issues / other remarks / concerns) reported in the signed BCP Activity Report. It aims to identify what is necessary to achieve the acceptable results based on the test objectives (e.g. Recovery Time Objective (RTO) and Recovery Point Objective (RPO), etc.).

E&S Risk Exposure Metrics

The Bank maintains a risk matrix that outlines the risks, its likelihood, severity, and impact on the people, property, and facilities. Measures are in place to mitigate the impact of each risk depending on the threat scenarios identified.

Category	Risk	Monitoring of potential threat scenario
Environmental	Habagat	Rainfall warning level
	Typhoon	Tropical Gail Warning
	Earthquake	Magnitude
	Fire	Location of Fire (within or outside premises)
	Tornado	Wind speed
	Hailstorm	Hail size
	Volcanic eruption	Alert level
Societal	Infection diseases	Number of confirmed cases and alert status
	Cyber threat	Threat characterization, ease of containment, scale of impact on customers and IT system and servers
	Acts of terrorism, sabotage, or civil disturbance	Terrorism alert level, incidents of bombing and unavailability of public service utilities
	Labor unrest, work stoppage, employee rally or strike	Hours of work stoppage, media coverage, injuries and fatalities recorded, damage to property

MOVING FORWARD

Sustainability is a journey. As a financial intermediary and a key player in the banking industry, our commitment to sustainable development is to work towards creating more impact and shared value with all our stakeholders.

Photo by: Jonathan Ison
Metrobankers Mobile Photography Contributor

Moving Forward

Sustainability is a journey. As a financial intermediary and a key player in the banking industry, our commitment to sustainable development is to work towards creating more impact and shared value with all our stakeholders.

To achieve this agenda, Metrobank has laid the foundations towards becoming a more sustainable business through various capacity building initiatives. This involved defining our Sustainability Framework and Focus Areas, formalizing our governance structure, reviewing our existing processes and policies and implementing enhancements as necessary, and conducting baselining activities to further improve our disclosures.

As we gear up to further integrate sustainability principles into our business, we are making preparations to create and embed a Sustainable Finance Framework and E&S Risk Management Framework. This will involve identifying and addressing vulnerability in our operations, formulating procedures to assess climate-related risks and opportunities in our portfolio,

adopting relevant policy and process enhancements, and adopting a more robust framework to align with the evolving regulations and best practices. We plan to undertake the following activities in the short and medium-term:

Promote and Build a Sustainability Culture

- Review our Sustainability Framework and materiality process
- Continue engaging with key investors and rating agencies
- Conduct trainings and provide avenues for learning and knowledge transfer
- Launch refreshed communication strategy for internal awareness and call to action

Create and Embed an Environmental and Social Risk Management System (ESRMS)

- Assess and enhance our existing policies to integrate sustainability practices
- Develop a formal E&S Policy
- Create and implement the Environmental and Social Risk Management System and

Sustainable Finance Framework, which involves identifying, assessing, monitoring, and mitigating E&S risks relevant to its operations and credit portfolio

- Conduct stress testing exercises and scenario analysis

Review and Monitor Progress

- Measure, monitor, and report our progress through our disclosures
- Evaluate relevance of E&S policies, the consistency of operations, and the performance of personnel with sustainability objectives
- Improve reporting and disclosure practices
- Adhere to international standards and principles as well as relevant laws and regulations

As we continue on our journey, the Bank is fully committed to communicate our progress, as well as our challenges, with our stakeholders through future reports and disclosures in our corporate website.

MEMBERSHIP IN ASSOCIATIONS

ACI Financial Markets Association Philippines
 Association of Bank Compliance Officers
 Association of Bank Remittance Officers
 Association of Certified Fraud Examiners
 Association of Credit Executives in the Tourism Industry
 Association of Philippine Correspondent Bank Officers
 Bank Marketing Association of the Philippines
 Bank Security Management Association
 Bankers Association of the Philippines
 Bankers Council for Personnel Management
 Bankers Institute of the Philippines
 Clearing Officers Club
 Credit Card Association of the Philippines
 Credit Management Association of the Philippines
 Employers' Confederation of the Philippines
 European Chamber of Commerce of the Philippines
 Federation of Indian Chambers of Commerce Philippines
 Financial Executives Institute of the Philippines
 Fund Managers Association of the Philippines
 GS1 Philippines

Information Security Officers Group
 Information Technology and Business Process Association of the Philippines
 Integrated Bar of the Philippines
 Internet and Mobile Marketing Association of the Philippines
 Legal Management Council of the Philippines
 Makati Business Club
 Management Association of the Philippines
 Money Market Association of the Philippines
 National Association of Securities Broker Salesmen
 People Management Association of the Philippines
 Philippine Association of National Advertisers
 Philippine Association of Stock Transfer and Registry Agencies
 Philippine Chamber of Commerce and Industry
 Philippine Payments Management
 Philippines-Japan Economic Cooperation Committee
 The American Chamber of Commerce of the Philippines
 The Japanese Chamber of Commerce and Industry of the Philippines
 The Philippine Stock Exchange
 Trust Officers Association of the Philippines

GRI CONTENT INDEX

GRI Standard	Disclosure		Page number(s), direct answer and/or URLs
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	102-10	Significant changes to the organization and its supply chain	None to report.
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	102-42	Identifying and selecting stakeholders	26-27
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	102-49	Changes in reporting	2, 25-26
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	102-51	Date of most recent report	April 2021
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	102-53	Contact point for questions regarding the report	2, 93
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	102-55	GRI Content Index	90-92
	102-56	External assurance	We did not seek external assurance for any of our reported disclosures.

GRI Standard	Disclosure		Page number(s), direct answer and/or URLs
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Economic Performance			
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GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	34
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	103-2	The management approach and its components	37-40
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GRI Standard	Disclosure		Page number(s), direct answer and/or URLs
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