

Committee Membership	Designation	Appointed Members
Advisers	Vice Chairman Director	FCSebastian VRCuna,Jr.
Chairman	Independent Director	MCFernando,Jr
Regular Member	Director Independent Director	JVLAide PGSoliven
Resource Persons	Head, Financial and Control Sector Head, Financial Markets Sector Head, Credit Group Head, Branch Banking Sector Head, Operations Group Head, Internal Audit Group Head, Controllership Group	JENaing FATansingco CTBilongilot NGSee JAVasco AANovilla RKDeBorja
Secretary	Head, Risk Management Group	CDSanJuan

RISK OVERSIGHT COMMITTEE CHARTER

Committee Name **Risk Oversight Committee**

Short Name **ROC**

Nature Board Committee

Responsibility Statement The Risk Oversight Committee (ROC) is a Board-level committee of Metropolitan Bank and Trust Company (the Bank). As the extension of the Bank’s Board of Directors (the Board), the ROC is primarily responsible for the development and oversight of the risk management framework of the Bank, its affiliates, and subsidiaries (collectively, the Group), and its Trust Banking arm.

Duties and Responsibilities

- The Committee’s scope of authority shall be in accordance with its principal purpose and objective herein set, and guided by the principles contained in BSP Circular 969 (Enhanced Corporate Governance Guidelines for BSP-supervised Financial Institutions) and BSP Circular 971 (Guidelines on Risk Governance), and BSP Circular 1128 (Environmental and Social Risk Management Framework) herein annexed and made an inherent component of this Charter

- Take part in overseeing the execution of the Bank's sustainability agenda and responding to emerging climate and ESG (environment, social, and governance) standards and regulations
- Oversee the Risk Management Framework. The ROC shall oversee the development and implementation of the Group's enterprise risk management framework and ensure that there is periodic review of the effectiveness of the risk management systems and plans. It shall ensure that corrective actions are promptly implemented to address risk management concerns.
- Oversee development and adherence to risk appetite. The ROC shall ensure that the current and emerging risk exposures are consistent with the Group's strategic direction and overall risk appetite. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies, and procedures relating to risk management and control, and performance of management, among others.
- Evaluate the profile, direction, magnitude and distribution of risks across the Group from a consolidated perspective, thereby exercising supervision and review authority over the risk committees of the various Group subsidiaries.
- Review, evaluate, periodically assess for, and report to the Board the Group's Internal Capital Adequacy Assessment Process (ICAAP) and Recovery Plan (RP).
- Consider and periodically review product/s and product program/s directly related to altering the make-up of the risk profile of the Bank.
- Approve and oversee the continuous development of policies and procedures designed to:
 - Define, identify, measure, control, and monitor principal risks faced by the Bank;
 - Establish and communicate risk management controls throughout the Bank;
 - Promote a risk culture that requires the highest standards of ethical behavior by risk taking personnel and risk managers.

- Oversee the risk management function. The ROC shall be responsible for the appointment / selection, remuneration, dismissal, and the overall performance of the Chief Risk Officer (CRO); and assess the adequacy of resources of the risk management function including personnel, systems, and other risk management capabilities necessary for the conduct of sound risk management.
- Oversee the design and operation of the remuneration and other incentives policy. The ROC shall work closely with the Board's Corporate Governance Committee, or its equivalent, in evaluating the incentives created by any remuneration system, ensuring that that the same takes into consideration risk, capital, and the likelihood and timing of earnings.
- Provide a forum for sharing strategic initiatives to ensure that the risk management function is able to address and support changes within the Group in a proactive manner.
- Delegate to Management certain authorities in the interest of instituting an efficient and responsive risk management infrastructure.
- Assume other responsibilities as are required by existing and future regulations, and/or delegated to it by the Board from time to time.

Composition

- Members of the ROC must possess a range of risk management expertise and adequate knowledge of the Group's risk exposures. Membership to the committee shall be a minimum of three (3) incumbent members of the Board, majority of whom must be Independent Directors including the chairperson. The ROC's chairperson shall not be the chairperson of the BOD, or any other board-level committee.
- Each member shall serve for a maximum tenure of 9 years, or until such time any of the following occurs:
 - a. the Board withdraws his/her appointment to the ROC;
 - b. he/she ceases to be an incumbent member of the Board;

- c. he/she voluntarily resigns the committee membership;
or
- d. he/she is disqualified under regulations issued by any of the Bank's supervisory bodies.

- The Committee members, including the chairperson, may be occasionally rotated at the discretion of the BOD
- To enable an optimal functioning of the Committee, the Chair has the authority to invite or appoint resource persons to committee meetings.
- The ROC as a body shall appoint its own Secretary who shall be tasked with keeping written minutes and relevant records of each committee meeting.

Meetings / Quorum / Voting

- The ROC shall hold monthly regular meetings, and at such additional times as may be necessary to discharge its duties and responsibilities.
- Meetings may be held in any designated area whereby a quorum may be physical established, or interactive participation, by whatever means, by committee members is achieved.
- The presence of a majority of members shall constitute a quorum, provided that the Chair or the Vice Chair is among those present.
- Voting on committee matters shall be on a one member-one vote basis. Where a quorum is present, a simple majority vote of all members present shall constitute an official action of the ROC.
- As a general rule, ROC decisions are only valid when such are made during regular meetings. However, on instances when a regular meeting cannot be held, or an ROC action is immediately necessary, a committee decision secured either via routing or email shall be deemed valid upon concurrence of the majority of members, one of whom must be the Chair's or the Vice Chair's. Such decisions must then be presented for confirmation in the immediately following regular meeting.

Performance Assessment

The Committee shall perform an annual self-assessment of the performance of its functions (Exhibit A).

Reporting to the Board

The ROC shall report to the Board on a periodic basis its actions and dispositions for notation, confirmation, and/or approval, including the results of its assessment of performance of its functions.

The self-assessment has to be completed by each ROC member or adviser independently. For each of the statements in the form, please encircle the number that best reflects your view, using the following guide:

Rating scale	Description
1	Critically deficient – critically deficient to meet what is considered necessary given the size, risk profile and complexity of operations of the Bank. The deficiencies/weaknesses pose an imminent threat to the safety and soundness of the Bank
2	Deficient – deficient, in a material way, to meet what is considered necessary given the size, risk profile and complexity of operations of the Bank. Moreover, the ability of the Board to correct the situation in a timely manner is doubtful
3	Less than Satisfactory – does not meet what is considered necessary given the size, risk profile and complexity of operations of the Bank. However, the Board is committed (with ability and willingness) to correct the situation in a timely manner
4	Satisfactory – meets what is considered necessary given the size, risk profile and complexity of operations of the Bank. Deficiencies/weaknesses are considered to be minor and insignificant
5	Strong – exceeds what is considered necessary given the size, risk profile and complexity of operations of the Bank. Deficiencies/weaknesses are considered to be minor and insignificant
Note: n.a. – not applicable; to be used in the instance a criterion cannot yet be accomplished by the ROC for reasons beyond it For item 1, a response of “1” is equivalent to ‘no’; while “5” is a ‘yes.’	

The ROC would then discuss the results of the self-assessment, focusing on those areas which clearly need improvement or where there is wide variation in answers. The results of the self-assessment and any action plans that would arise should be reported to the Board through the Corporate Governance Committee.

ON THE COMMITTEE’S PERFORMANCE	RATING		
1. Please rate the ROC’s overall achievement of its mandate, as defined in its Charter: <i>“The Risk Oversight Committee (ROC) is a Board-level committee of Metropolitan Bank and Trust Company (the Bank). As the extension of the Bank’s Board of Directors (the Board), the ROC is primarily responsible for the development and oversight of the risk management framework of the Bank, its affiliates, and subsidiaries (collectively, the Group), and its Trust Banking arm.”</i>	1 2 3 4 5		
2. Did the Committee oversee the development and implementation of the Group’s enterprise risk management framework and the periodic review of its effectiveness?	1 2 3 4 5		

ON THE COMMITTEE'S PERFORMANCE	RATING		
3. Did the Committee oversee the development and implementation of the Group's risk management framework and the periodic review of its effectiveness?	1 2 3 4 5		
4. Did the Committee ensure that corrective actions were promptly implemented to address risk management concerns?	1 2 3 4 5		
5. Did the Committee oversee the Bank's development and adherence to its risk appetite by assessing the overall quality of compliance to risk limit structures, policies, and procedures?	1 2 3 4 5		
6. Did the ROC evaluate the profile, direction and magnitude of risks across the Group, thereby exercising supervision and review authority over the risk management practice of the various Group subsidiaries?	1 2 3 4 5		
7. Did the ROC perform for the Board appropriate oversight responsibilities on the Bank's ICAAP and Recovery Plan?	1 2 3 4 5		
8. Did the ROC consider and periodically review certain products and/or product programs directly related to altering the risk profile of the Bank?	1 2 3 4 5		
9. Did the ROC approve and oversee the development of policies and procedure designed to: <ul style="list-style-type: none"> a. Define, identify, measure, control and monitor principal risks faced by the Bank? b. Establish and communicate risk management controls throughout the Bank? c. Promote a risk culture that requires the highest standard of ethical behaviour by risk taking personnel and risk managers? 	1 2 3 4 5		
10. Did the ROC oversee the risk management function by: <ul style="list-style-type: none"> a. Taking responsibility for the appointment, remuneration, dismissal and overall performance of the Chief Risk Officer (CRO)? b. Assessing the adequacy of resources provided to the risk management function including personnel, systems, and other risk management capabilities necessary in the conduct of sound risk management? 	1 2 3 4 5		

ON THE COMMITTEE'S PERFORMANCE	RATING		
11. Did the ROC provide a forum for sharing strategic initiatives to ensure that the risk management function is able to support the Group?	1 2 3 4 5		
12. Did the ROC work closely with the Board's Corporate Governance Committee or its equivalent in evaluating the design and operation of the Bank's incentives and remuneration policy?	1 2 3 4 5		

1. What are the strengths of the Committee?	
2. What was the Committee's greatest contribution during the period?	
3. What are the Committee's areas for improvement, if any?	
4. If you could change anything with the Committee, what would you change and why?	
On the Risk Management Group	
5. How would you rate the performance of RSK in its capacity as the primary support and implementing unit of ROC?	1 2 3 4 5
6. What did RSK do well in the past year?	
7. What improvements do you expect from RSK in the current year?	

Other Remarks

ROC Member (Adviser) / Date