

Title:	RISK OVERSIGHT COMMITTEE CHARTER
Committee Name:	Risk Oversight Committee
Short Name:	ROC
Nature:	<i>BSP- and SEC-required</i> Board-level Committee
Membership & Composition:	<p>The ROC shall be composed of at least three (3) members of the Board, the majority of whom shall be independent directors including the Chairperson. The Chairperson should not be the Chairperson of the Board or of any other committee.</p> <p>The Board may also appoint non-Directors to the ROC as part of the Metrobank Group risk oversight measures. However, only Bank Directors shall be considered as voting members of the ROC. Non-voting members are appointed in an advisory capacity.</p> <p>Members of the ROC shall possess a range of expertise as well as adequate knowledge of risks, risk management and the Bank’s risk exposures to be able to develop appropriate strategies for preventing losses and minimizing the impact of losses when they occur.</p> <p>The ROC members shall be appointed annually by the Board of Directors. Each member shall serve for a maximum tenure of nine (9) years to be reckoned starting 2018. Any extension beyond 9 years shall be duly justified and subject to the approval of the Board of Directors.</p> <p>To enable an optimal functioning of the Committee, the Chair has the authority to invite or appoint resource persons to committee meetings.</p> <p>The Committee members, including the Chairperson, may be occasionally rotated at the discretion of the Board.</p>
Responsibility Statement:	<p>The ROC is constituted by the Board of Directors to be responsible for the development and oversight of the Risk Management Program for the Bank and the risk activities of its Trust Division. It oversees a system of limits to discretionary authority that the Board delegates to management, ensures that the system remains effective, the limits are observed and immediate corrective actions are taken whenever limits are breached. As such, the overall responsibility for the Bank’s Risk Management Framework/Process rests with the ROC.</p>
Risk Management	<p>The Board of Directors has the ultimate overall authority and responsibility for corporate risk management. By virtue of its approval</p>

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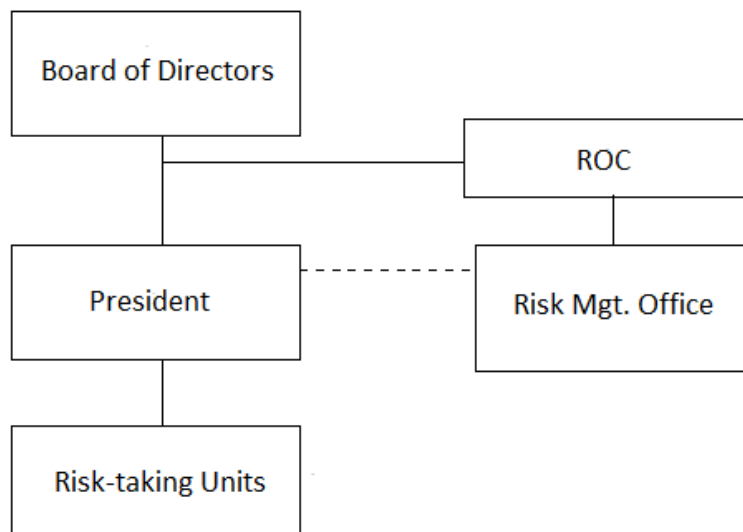
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Structure

of the Bank's strategic plans, the Board of Directors effectively approves the ways and means by which the plans are carried out including the risk stance to be adopted.

Following is the Bank's risk organization.

**Specific Duties & Responsibilities:**

The core responsibilities of the ROC are:

1. Identify and evaluate exposures – The ROC shall assess the probability of each risk becoming reality and estimate its possible effect and cost. Priority areas of concern are those risks that are the most likely to occur and costly when they happen.
2. Develop risk management strategies – The ROC shall develop a written plan defining the risk appetite, risk tolerance limits, and strategies for managing and controlling major risks. It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if risks become real. These plans are embodied in the Risk Management Framework and Plan, Policies and other directives as indicated in the ROC minutes of meetings and related documents.
3. Oversee the implementation of the risk management plan – The ROC shall conduct regular discussions on the Bank's current risk exposure based on regular management reports and evaluate how the concerned units monitored and reduced these risks. It shall communicate the risk management plan and loss control procedures to affected parties.
4. Review and revise the plan as needed – The ROC shall:
 - a. Evaluate the risk management plan, at least annually, to ensure its continued relevance, comprehensiveness, and effectiveness. It shall review strategies, look for emerging or changing exposures, and stay abreast of developments and major events that affect the likelihood of harm or loss;

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and

- b. Report regularly to the Board the Bank's overall risk exposure, actions taken to reduce the risks, and recommend further action or plans as necessary.
5. Ensure that business objectives, risk appetite, the risk management framework, and the respective roles and responsibilities of personnel and officers at all levels in terms of implementing the risk management framework, are properly disseminated, clearly communicated/discussed, and understood by personnel concerned.
6. Oversee the risk management function. The ROC shall recommend to the Board the appointment / selection, remuneration, and dismissal of the Chief Risk Officer (CRO); and ensure 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.
7. Assume other responsibilities as are required by existing and future regulations, and/or delegated to it by the Board from time to time.

**Meetings/
Quorum/
Voting:**

The ROC shall meet on a monthly basis and shall be supported by the Risk Management Office (RMO). In the absence of the ROC Chairperson, another Independent Director shall preside.

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. Where a quorum is present, a simple majority vote of all members present shall constitute an official resolution 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. Such decisions must then be presented for confirmation in the immediately following regular meeting.

**Facilitator &
Secretariat:**

As RMO's designated Board-level committee reporting line, the ROC shall be assisted by RMO in fulfilling its core responsibilities. Thus, RMO shall regularly report to the ROC on all matters relative to identifying and evaluating exposures, developing risk management strategies, overseeing the implementation of the risk management plan and reviewing/revising such plan as needed.

The RMO shall serve as the ROC Secretariat and shall facilitate its

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meetings. As such, the Chief Risk Officer (CRO) and/or his/her designated officers shall prepare the agenda for each meeting, send out notices to the committee members at least two (2) banking days before the scheduled meeting date and prepare and submit the pertinent reports as may be required by the BOD and/or the ROC. They shall likewise draft and distribute the ROC Minutes of Meeting for review/approval of the members as well as maintain on file such records e.g. minutes or summary of matters reviewed and decisions taken that document the ROC's fulfillment of its responsibilities and facilitate the assessment of the effective performance of its functions.

- Performance Review:** The ROC shall evaluate/assess its performance at least annually within the first quarter of the year, preferably during the January Board meeting. The results of which shall be submitted/reported to the Compliance Office for the Corporate Governance Committee's endorsement to the Board for notation during the following month's Board meeting.
- Charter Review:** This ROC Charter is subject to review by RMO at least annually and as soon as necessary to ensure its continuing effectiveness, incorporate best practices and reflect relevant regulatory updates, subject to the ROC's endorsement to the Board of Directors for approval.
- Reporting to the Board** The ROC, on its own or through the Risk Management Office (RMO), 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.
- Interaction with other Committees:** As necessary, the Committee shall interact with other Board / Management Level Committees on risk-related issues.
- Last Reviewed & Updated:** November 2019

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