



 **Metrobank**

Banking on  
the Strength  
of the Nation

2014 ANNUAL REPORT

## VISION MISSION

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.

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## 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.





## STANDING ON SOLID GROUND

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# P1.6 trillion

Total assets  
Highest in Metrobank  
history

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# P20.1 billion

Net income

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# 920 branches

Largest network  
in the industry

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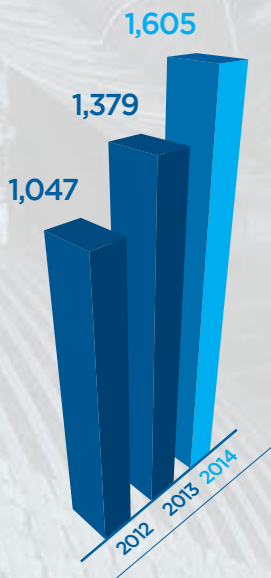
# RIDING THE WAVE OF PHILIPPINE PROGRESS

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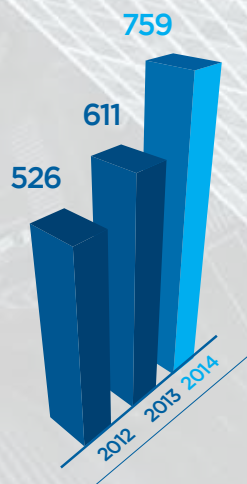
The Philippine economy sustained its growth momentum with GDP above 6% for three consecutive years. Solid macroeconomic fundamentals continue to provide the positive backdrop for expansion plans and the emergence of growth opportunities in new industries and regions. The country continues to stand tall among its ASEAN neighbors as one of the fastest growing economies.

# 2014 GROUP HIGHLIGHTS

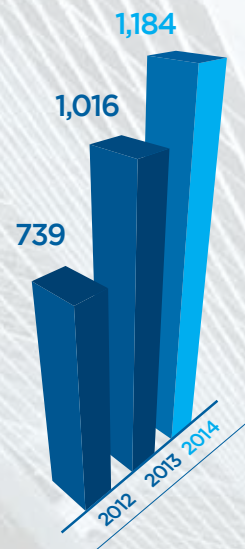
**Total Assets**  
(in PHP Bn)



**Net Loans & Receivables**  
(in PHP Bn)



**Total Deposits**  
(in PHP Bn)



## DOMESTIC NETWORK

920

BRANCHES

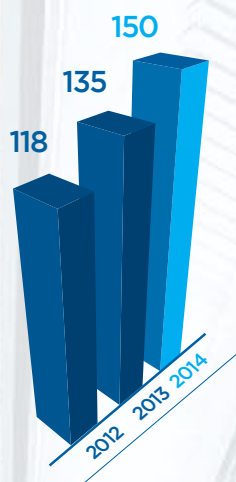


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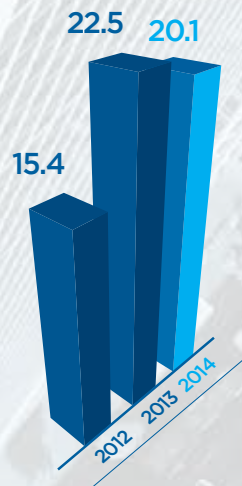
ATMs



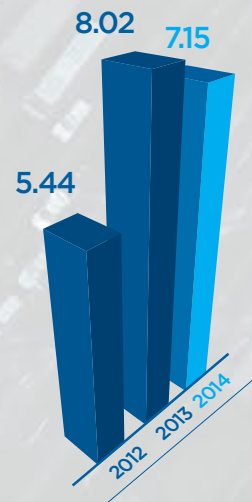
**Total Equity**  
(in PHP Bn)



**Net Income**  
(in PHP Bn)



**Earnings Per Share**  
(in PHP)



## GLOBAL NETWORK

32

BRANCHES,  
SUBSIDIARIES,  
OFFICES

Over  
180

REMITTANCE  
AGENTS

125

REMITTANCE  
TIE-UPS

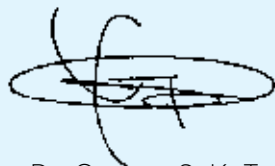
# GROUP CHAIRMAN'S MESSAGE

We measure our success not by numbers but by the success of our customers.

**M**etrobank was founded 52 years ago with the goal of helping small businesses grow. Now that it has become one of the leading financial conglomerates in the country, the Bank remains anchored on its very purpose of ensuring customer success, by fulfilling their needs and by helping them achieve their goals. Our symbiotic relationship with our customers became the strength of Metrobank then and now, and I am proud to have witnessed how they progressed over the years, and transitioned into strong enterprises who now fuel the country's economy.

Metrobank evolves along with our customers and we will continue to press onwards to serve their dynamic needs. Together, we look forward to more opportunities for growth and development.

With the support of our employees, customers, partners, and you, our shareholders, we remain solid and confident. We stay committed to providing superior banking experience and to making greater contributions to the country.



Dr. George S. K. Ty  
*Founder, Metrobank*  
*Chairman, Metrobank Group*





## CHAIRMAN'S MESSAGE

# WE ADVANCE ALONG WITH THE COUNTRY'S STRONG ECONOMIC PERFORMANCE.

Dear Fellow Shareholders,

**T**he Philippine economy has been on a sustained positive growth trend with full-year average GDP above 6% since 2012, the highest registered growth in the ASEAN region. This growth was underpinned by the steady increase in OFW remittances equally boosted by solid performance from the services sector and the growing business process outsourcing industry.

Your Bank continues to make progress as we ride the country's strong growth momentum. In 2014, total assets reached another new high of P1.6 trillion, up 16% from last year. Our balance sheet continued to expand with loans up 24% to P759.5 billion and deposits increasing by 17% to P1.2 trillion. Overall, we reported a net income of P20.1 billion. The key highlight is that our core business which accounts for 61% of overall revenues expanded by 20%.

In anticipation of this coming economic boom, we focused the last few years on building capabilities to better service our clients. We opened 135 branches since 2012 to maintain the largest consolidated network of 920 branches. We aligned our business segments so that we are positioned to provide tailor-fit solutions that add more value to our clients. In keeping with the times, we rolled out alternative channels and touch points including new internet banking portals for consumer and commercial clients, as well as new cash accept machines. Mobile applications have also been enhanced to improve service delivery. We also focused on training and developing talent and maximizing on group synergies to become more efficient. These enhancements have positioned us to capitalize on new opportunities in the emerging consumer space while we maintain our stronghold on the commercial banking and small and medium enterprises (SME) sectors.



The recent initiatives and investments are now bearing fruit with our momentum starting to accelerate. Deposits grew at a compounded 3-year annual growth rate of 20% while loan expansion has picked-up, reaching a high of 24% year-on-year growth in 2014. Our prudent and calculated approach to credit expansion and risk management has ensured that we maintain leading asset quality metrics, with non-performing loan (NPL) ratio at a low of 1.0% last year.

Recent regulatory measures were implemented by the Bangko Sentral ng Pilipinas in order to strengthen the banking sector. We remain confident that through our prudent risk stance, we more than adequately complied with the requirements and consequently, we ensure that we maintain the strength and stability being expected of us.

We prepared prudently for Basel III implementation. Through previous divestments and the completion of a P22.5 billion Peso Tier 2 Program in 2014, we ended the year with a capital adequacy ratio (CAR) of 16%, comfortably ahead of the 10% minimum regulatory requirement.

We also reported notable improvements in corporate governance metrics, ensuring transparency and fairness in all our dealings.

In terms of banking liberalization and ASEAN integration, we increased our coverage footprint and upgraded our product offerings. These moves allow us to compete effectively against potential new players in the industry and position us to capture new opportunities that may arise from this development.

The strides that we have made in recent years demonstrate that we are taking the right path towards delivering sustainable long term growth and success. The Bank's recent upgrades to investment grade status by Moody's and Fitch coupled with accolades such as the Strongest Bank - Philippines by the Asian Banker and Safest Bank - Philippines by Global Finance are further indications that reinforce the underlying strength of your Bank.

Moving forward, we see tremendous growth potential in the country. Our per capita GDP is approaching the US\$3,000 level and we have a young, dynamic and growing population to support the regional progress and development

we have recently experienced. Coupled with a favorable interest rate environment for lending and ample domestic liquidity, we can see that the stars have aligned for sustained economic growth from the Philippines.

The economic progress bodes well for the banking industry as there are pockets of opportunities across the different business segments. We are seeing a range of small start-up businesses being fueled by aspiring entrepreneurs, expansion plans of middle market players and large conglomerates looking to fulfil their global aspirations. Above all, there are countless opportunities in the consumer space given the increased spending capacity and wealth accumulation of the growing population.

We are confident that Metrobank is entering this growth cycle from a position of strength. We have laid down the foundation for continued expansion of our core business even as we are branching out into new and exciting opportunities in consumer. We will continue to leverage on the power of the Metrobank franchise and capitalize on synergies within the Group to provide clients the full range of financial products and services. We will continue to enhance our coverage so that we always remain top of mind to our clients.

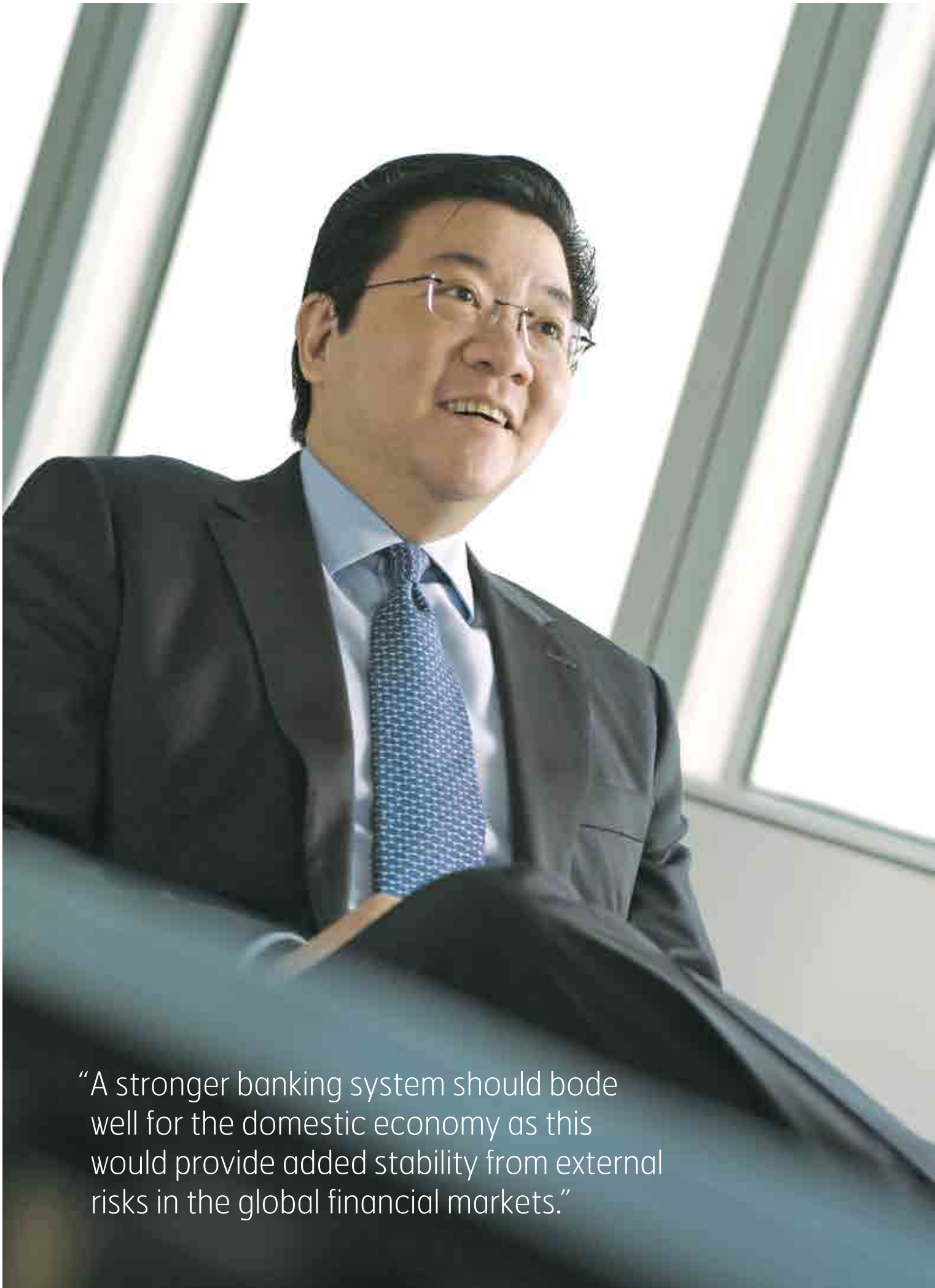
Throughout these exciting times, we continue to stay true to our guiding principles of trust, partnerships and social responsibility. These principals serve as the solid foundations for which this Bank was built on, and experience has taught us that these will continue to be key elements that will take us forward.

In closing, I would like to thank the management team and our employees for the hard work and dedication put forward. I would like to thank our shareholders, customers and partners for their continued support, confidence and loyalty.

We have primed ourselves well to take on the challenge that comes with these new growth prospects. With the stable foundation in place, we will take advantage of this growth cycle as we stay committed to keeping you in good hands.



Arthur Ty  
Chairman



“A stronger banking system should bode well for the domestic economy as this would provide added stability from external risks in the global financial markets.”

## PRESIDENT'S REPORT

# IT IS OUR GOAL TO HARNESS THE OPPORTUNITIES THAT COME WITH PROGRESS.

**2**014 ushered in a new era for Philippine banks with the full implementation of Basel III capital adequacy standards ahead of most other economies. The stricter rules challenged banks to boost capital buffers and balance between growth opportunities, managing risks and preserving capital. This early, the regulators have also signaled that additional capital buffers will be required between 2017 and 2019. Moreover, local banks face a new challenge brought about by the potential entry of more foreign banks. This prompted industry players to heighten expansion plans and to become globally competitive. Lastly, a series of regulations have reminded banks to stay grounded and to ensure that prudent lending and credit practices are in place.

A stronger banking system should bode well for the domestic economy as this would provide added stability from external risks in the global financial markets.

Metrobank prepared prudently for these new regulations and was poised to grow alongside the domestic economy which again posted a stellar growth of 6.1%, still one of the highest in the region.

Consolidated resources peaked at a new high of P1.6 trillion, growing 16% from last year while net income was recorded at P20.1 billion on the back of robust earnings from our core business. We continue to maintain the largest domestic network of 920 consolidated branches. This coverage advantage has served as the backbone for our growth strategy.

Metrobank was an active Issuer in the domestic capital markets, raising P22.5 billion in Basel III Tier 2 Notes and P14.25 billion in Long Term Negotiable Certificates of Deposit (LTNCD). The Tier 2 Notes helped boost the Bank's capital base under the Basel III regime while the LTNCDs provided the Bank another source of stable funding to support our growth.

Meanwhile, affirming the strength of the Bank's fundamentals, Moody's Investors Service and Fitch Ratings further advanced Metrobank's creditworthiness to Baa2 and BBB- respectively, both one notch higher in terms of investment grade ratings. These ratings remain at par with the Republic of the Philippines.

Our 2014 operational results are indicative of the Bank's key focus on our core lending and deposit taking business.

Deposit liabilities totaled P1.2 trillion, or 17% higher than last year. This was supplemented by the Bank's expansion efforts to drive low-cost deposits which increased 16% from previous year, providing the Bank with the funding advantage to fuel our growth.

Our total loan portfolio increased to P759.5 billion, or 24% higher than previous year. Commercial loans arising from lending to corporate, middle-market and SMEs was the biggest contributor of growth, increasing by 28% year-on-year. Meanwhile, consumer loans continued with its double-digit growth of 14% in home mortgage and auto loans and 19% in credit cards.

Amid much stiffer competition, this robust growth in deposits and loans allowed us to maintain relatively stable margins of 3.7%. This propelled net interest income to a 20% expansion to reach P45.8 billion. More importantly, net interest income contributed 61% of last year's total operating revenue.

Meanwhile, non-interest income was reported at P29.6 billion, consisting of P8.9 billion in service charges and commissions, P3.2 billion from trading and foreign exchange gains, and other income of P17.5 billion. Miscellaneous income included the sale of non-core assets as well as foreclosed properties.

The Bank continues to maintain best-in-class asset quality metrics. Our non-performing loans (NPL) further decreased to P7.8 billion. Consequently, non-performing loans ratio is now at 1.0%, one of the lowest in the industry and lowest among our peer group. NPL coverage increased to 165% and we reported provisions for credit and impairment losses of P4.8 billion.

Customer service will continue to be one of the key focus areas. We increased our coverage network, improved alternative channels and also launched promos directed towards specific client segments.



Last year, the Group opened 64 branches to increase its domestic presence to 920 branches, still the largest in the industry. More than half of the network is located outside Metro Manila, placing us in a position to better service the demands of the regional growth areas. This network advantage is supplemented by 2,100 ATMs nationwide. We also expanded our global reach with new partnerships. Our foreign network boasts of 6 branches, 26 subsidiaries and offices, 125 correspondents and over 185 agents.

Our coverage expansion also included the roll-out of several new electronic channels such as cash accept machines, internet banking portal and mobile apps. We also opened a dedicated 24/7 Contact Center which now gives customers the ability to bank beyond branch operating hours, and extends customer service support for self-service transactions processed via the other direct banking channels.

We launched a series of promotions to increase product awareness of our consumer loans. We also offered convenient interactive online services to help educate our clients as they prepared for their transactions. These initiatives contributed significantly to the improvements in our car and home loan portfolios. For our commercial clients, we continue to get to know them better so that we are best positioned to service their evolving needs. We also stressed cross-sell opportunities from cash management to treasury and wealth management services.

With the Bank's focus on improving efficiency, operating expenses were kept at a reasonable level with recurring cost growth under 6%. We continue to explore avenues to maximize the synergies within the Group. We engaged with key subsidiaries to centralize certain operations to ensure we leverage on their expertise and we streamline internal processes. These moves allow us to scale up our businesses to support the anticipated growth.

We also recognize the importance of the quality of our people as a key element to customer service. We focused on training and development programs geared towards developing technical competencies and improving customer service. These were conducted mainly by our in-house Metrobank Academy.

Our success leverages on the strength of our partners within the Metrobank franchise. The synergy we created among our subsidiaries and affiliates made possible cross-selling and smart-sourcing initiatives, as well as cultivating

relationships from a shared client base. With a common goal for success, our subsidiaries also reported key achievements in 2014.

Our investment banking arm, First Metro Investment Corporation (First Metro) remains to be an undisputed leader in the industry. First Metro participated in 21 capital market deals highlighted by a few landmark transactions in the equity market and project finance space.

Metrobank's consumer business is well anchored on the Bank's partnerships with Philippine Savings Bank (PSBank), the Group's thrift banking arm, and Metrobank Card Corporation (MCC), a joint venture with Australia and New Zealand Bank (ANZ).

PSBank reported net income of P2.3 billion for full year 2014 as core business grew 15% from previous year. For the fourth consecutive year, PSBank was ranked the Strongest Savings Bank in the Philippines by The Asian Banker.

MCC now has the largest card base of 1.5 million cards in force according to the Credit Card Association of the Philippines. The company reported net income growth of 27% to P2.5 billion translating to a higher return on equity (ROE) of 40.11%.

Philippine AXA Life Insurance Company (AXA Philippines) posted healthy revenue growth of 15% translating to P4.0 billion in sales. Their performance was driven by their bancassurance business which contributed 67%, and was boosted by newly launched health products and successful campaigns.

We continue to have a positive view on the domestic economy given the recent sustained levels of GDP and the rising per capita income levels. We expect interest rates to be relatively stable given the benign inflation environment, and the ample level of domestic liquidity should help fund the growth prospects.

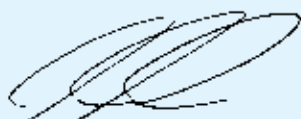
These positive dynamics present countless opportunities for the Metrobank Group particularly for our core target customer base - entrepreneurs, middle market commercial clients and SMEs.

To capitalize on these prospects, the Bank will continue on expanding coverage in terms of branch network and sales force, particularly for our commercial banking, branches and wealth management segments. We aim to increase wallet share of our existing customers and look to acquire new customers. We are also beefing up our consumer capabilities to become more visible to this emerging client segment.

For our customers, we constantly want to improve our service delivery and customer service standards. To this extent we are making the necessary investments to improve our IT infrastructure to streamline internal processes and improve turn-around time commitments. We will continue to improve and develop products and services to suit the evolving needs of the market.

On behalf of the management team of Metrobank, I would like to thank all of our employees for their continued dedication and hard work. We are confident that we have prepared ourselves prudently for this opportunity, and with the prospects that have now arisen, we are poised to achieve even greater success in the future.

In closing, I take this chance to extend my gratitude to our valued customers and shareholders who continue to be the driving force in our pursuit of excellence.



Fabian S. Dee  
*President*





## HIGHLIGHTS OF 2014

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# WE STAND EVEN STRONGER FOR YOU.

Since 1962, Metrobank has been committed to delivering the best possible service to our clients. We have taken the time to understand their needs and objectives and offered them the appropriate value added solutions to help them achieve their goals. This approach allowed us to create and provide the best possible value to our stakeholders.

Fifty two years later, our mission remains unchanged. As the country enters a new growth phase, we make it our goal to help you take advantage of the many opportunities that will come your way.

# Empowering businesses— the movers of our economy

The Philippine economy sustained its growth momentum with GDP above 6% for three consecutive years. Solid macroeconomic fundamentals are expected to provide the backdrop for sustained business expansion.

Top corporates who have long dominated the market continued to perform well in 2014. Meanwhile, we have seen the emergence of the entrepreneurial and SME players and they are now becoming catalysts for further economic development. We recognize the need to support the expansion of this segment and nurture our clients as they evolve to become bigger corporates and eventual market leaders.

Our coverage model and diverse product offerings allow us to service the entire spectrum of commercial and corporate clients. Our tailor fit solutions and the sound advice that we give will support their growth plans and strategies.

As our clients expand their operations, they will drive business activities, create more jobs and contribute to nation building.

24%

Loan Growth



29

SME Business  
Banking Centers



+25%

Cash Management  
Total Transaction Value







Metrobank has taken an institutional approach to lending by aligning internal segments to suit our client needs. Our customer segments specifically cover the SME, middle market and top corporate clients. Through our institutional approach, we nurture our clients as they embark on their initial business ventures and assist them as they expand to become top corporations that help promote economic development. This approach has yielded strong results in 2014, with our total loan portfolio up by 24% to reach P760 billion. On our commercial clients were key contributors to this growth.

The foundation for our success has been in the relationships that we have been able to foster with our clients. Last year, we onboarded over 70 new customers, with a high conversion rate from our target market. A number of these deals were won through our integrated approach with our investment bank subsidiary First Metro Investment Corp., as the team was able to provide the full range of financing solutions to client.

At the same time, we are guided by the principle of delivering value-added bespoke services to match our client needs. A key example would be our dedicated Japan Desk which, for years, has allowed us





to service Japanese SME locators in the Philippines. We built on this successful model and recently expanded our targets to more growth opportunities in North Asia. As the country prepares for ASEAN integration, we are committed to develop new products and services that would make our clients more competitive with regional peers.

This early, with the strength of the domestic economy and the evolution of our client base, we see that customer needs are becoming more complex and sophisticated. Metrobank is best positioned to meet these requirements as we are able to provide our clients with direct access to a full spectrum of premium financial solutions of the Metrobank Group. This includes treasury and trust products, cash management and trade

finance services, consumer product offerings and even bancassurance and leasing opportunities. Investment advisory services that we offer include supporting our clients' expansion plans, potential M&A strategies and even overseas ventures.

We have become more dynamic in understanding the evolving needs of our clients. We use client feedback and compare ourselves with market benchmarks to improve our product suite. Our cash management team for example focused on building a sustainable partnership rather than being just a service provider. This resulted in a growth of managed transaction value by 25%. We were subsequently named the Best Philippine Bank Provider of Cash Management services by CFO Innovation in 2014.

Internally, we also focused on more collaboration and stressed the importance of improving our clients' customer experience. To be sustainable partners, we train our people to be able to offer client solutions through program-based product training so that our frontliners can effectively suggest practical solutions. We also focused on improving internal efficiency to shorten turnaround time, in turn, contributing to the improvement of our clients' operations.

# Evolving to serve progressive and dynamic customers

Consumer confidence in the Philippines remains high, ably supported by the steady inflow of OFW remittances and the robust expansion of the business process outsourcing (BPO) industry. Combined, these have contributed more than US\$40 billion last year to support the economy.

The rising middle class now boasts of higher spending capacity which has translated into demand for consumer and durable goods, technology, and real estate.

This increase in disposable income serves as a strong and stable foundation for banking and financial services as consumers now have the capacity to invest in financial products and increase their savings.

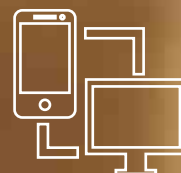
+64%  
MetrobankDirect -  
Retail Enrollment



+27%  
Online Bill Payment  
Transactions



+58%  
Online Fund Transfer  
Transactions







In recent years, Metrobank has expanded its product suite from a traditional commercial bank to now having the capacity to service this growing consumer segment. Our approach to the Filipino consumer base is built on a sales culture which includes an expanded branch network supported by alternative banking channels, a retail banking group and an international group to service the thriving OFW market.

Together, the units are able to service basic deposit taking functions as well as promote housing and car loans, card-based products, and cross-selling of credit cards and insurance. Recent efforts of these sectors have focused on deepening relationship with existing customers and acquiring new customers.

2014 results surpassed initial expectations with a 17% growth in total deposits and 16% increase in CASA. OFW remittances also reached an all-time record high of over six million transactions equivalent to US\$4.2 billion for a 17% market share. Consumer loans which were a natural beneficiary of the increased economic activity likewise increased by 14%, with equal contributions from home and auto loans of 14% and credit cards which increased by 19%.

In the past year, Metrobank re-engineered its consumer loans processes with the participation of a multi-disciplinary team consisting of sales, marketing, operations, credit, and risk to achieve the goals of faster turnaround time to approval and booking, improved operational efficiency, and coordination among units, while maintaining strict adherence to risk and control guidelines.

The Bank launched promos and campaigns to raise product awareness and boost sales. The “Awesome Deal, Awesome Car” offered free first year insurance and chattel mortgage fees and generated a lot of interest which resulted in increased applications and bookings. Meanwhile, the “Home Loan Tips” campaign supported by the “Chance to Win P1-MM” raffle promo improved customer awareness about Metrobank’s mortgage loan offers. Similarly, the Bank tied-up with MyProperty.ph, the country’s largest online real estate resource to further increase visibility to target clients.

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**+17%**  
Deposit Growth

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**+16%**  
CASA Growth

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## Ensuring a positive customer experience

90%  
Customer  
Satisfaction Rating

Customers were also treated to a more convenient way of inquiring and applying for a consumer loan through the launch of microsites for Online Home and Car Applications. Apart from including an online loan calculator that helps a customer determine how much they can borrow, the programs also gave valuable tips and helped customers enjoy the support of a dedicated Head Office team to accompany them every step of the way.



Market coverage was an important part in the Bank's drive to boost market share. To further expand its presence across the country, the Group opened 64 new branches in 2014, increasing its total consolidated network to 920, still the largest in the industry. The Bank will continue with this expansion strategy and put up more branches in areas where it can capture a sizeable share of the business.

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**+64**  
New Branches  
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By the end of 2014, the Metrobank Automated Teller Machines (ATM) network reached 2,100 ATMs and 50 Cash Accept Machines (CAM), which processed over 140 million transactions for the year. Committed to bringing our services closer to our customers, Metrobank continues to have the widest geographical dispersion and the lowest cardholder-to-ATM ratio among our peer group.

Direct Banking transactions, consisting of self-service transactions done using ATM, CAM, Internet, mobile, and phone banking channels accounted for over 160 million or transactions processed by the bank for the year.

Our new internet banking platform MetrobankDirect-Retail's enrolled customers grew by 60% in 2014. Launched in late 2013, MetrobankDirect's full-online enrollment experience made it easier for customers compared to the branch-assisted enrollment in the past.

The latest addition to the Bank's direct banking channels is the Metrobank Retail Contact Center, which began operations in October 2014. This is a full service facility that allows a customer to perform agent-assisted banking transactions. The Contact Center gives customers' ability to bank beyond branch operating hours and extends customer service support for self-service transactions processed via the other direct banking channels.

Net cards-in-force (CIF) more than doubled in 2014 as a result of the steady issuance of new cards coupled with a drop in card attrition.

Card-based products' POS or point-of-sale transactions grew by 30%, driven by campaigns related to various 'M here discounts and buy-one-take-one offers that were made available to Bank customers, thus allowing them to enjoy deals that used to be available only to credit cards.





+30%  
POS Transactions

160M+  
Self Service  
Transactions



# We strive to reach a diversified customer base.

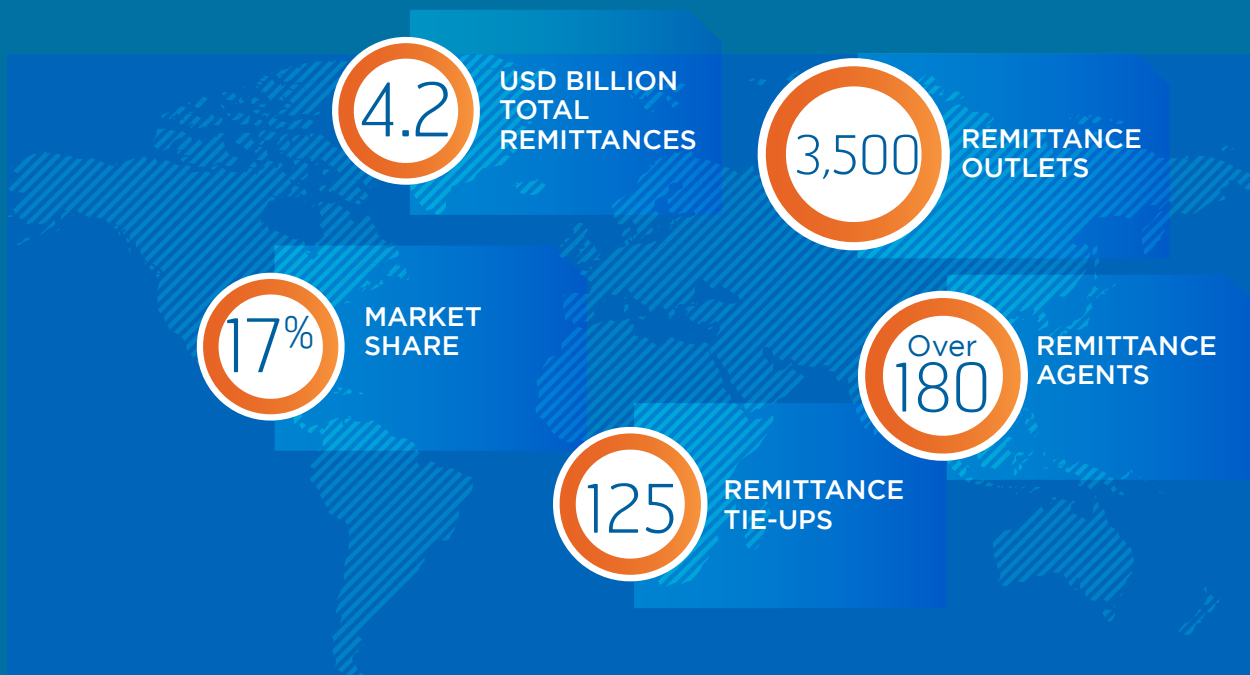
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Through a highly trained team of nationwide specialists that offer Treasury and Trust products and services, Metrobank caters to the growing needs of our high net-worth customers. This segment offers diverse wealth solutions from retail treasury bonds all the way up to sophisticated derivatives according to customer needs and appropriateness.

Metrobank continues to be a dominant player in local financial markets. We received the Cesar Virata Award as the Best Securities House from the Philippine Dealing and Exchange Corporation (PDEX) for the second year in a row. The Bank was also recognized by PDEX as the Top Dealing Participant for Corporate Securities, the Top Retail Brokering Participant, the Top Fixed Income Dealing Participant and was ranked 2nd among Spot Foreign Exchange Dealers. The Bureau of Treasury also recognized the Bank as one of the Top Five Government Securities Eligible Dealers.

Our Trust Banking Group continues to expand product offerings and improve its capabilities. Last year, we launched two new Unit Investment Trust Funds (UITFs), implemented a new front-end system and upgraded back-end operations. We have been consistently recognized as the Top Fund Manager for Retirement Funds by Towers Watson for several years in a row.

The Metrobank Private Bank was formally launched to address the needs of the Ultra High Net Worth customer in recognition of the differentiated requirements of these customers.



#### INTERNATIONAL


On the international front, Metrobank relied on 125 remittance partnerships in the Middle East, Americas, Europe, and Asia-Pacific in 2014. Our foreign branches, offices and subsidiaries also expanded their network by forging arrangements with more agents reaching to a total of over 180 at yearend.

In April 2014, the Bank launched CollectAnywhere, a new domestic remittance product that allows our corporate clients to expand their collection network including Metrobank's domestic remittance partners and foreign offices and still enjoy real-time receipt of funds. By end of 2014, the Bank had signed up three new domestic partners for its CollectAnywhere service increasing its coverage to over 3,500 outlets.

#### INTERNAL and MOVING FORWARD

To prepare our people to create more value to our clients, various training and immersion programs were put in place to ensure that a consistently positive customer experience will be maintained across all the branch stores. To complement this, improvement efforts were initiated for critical branch processes. Branch processes were upgraded, while constantly engaging product providers in a continuous dialogue, to ensure that customer needs and wants are addressed.

Moving forward, the Bank will further build on the gains it has achieved through its sales and service culture. In partnership with Metrobank subsidiaries and other groups within the Bank, it will continue to offer solutions that will add value to the customer segments that it serves, and outmatch its competitors' offerings. The Bank will likewise pursue initiatives that will help in shaping the branch of the future.



We continue to believe that Metrobank's success depends on our people. We shape and reshape our organization continuously into one that attracts, retains, and develops the best talent in the industry.

We put a premium on employee management, recognizing that engaged employees are more motivated to understand customer needs and deliver outstanding service.

We are likewise committed to internal training for professional development and creating learning opportunities that allow employees to reach their full potential.

The Metrobank Academy ensures quality and consistency of all learning and development activities.

Some of the training programs for officers and staff include:

- Officers Development Program: equips first-level officers with the skills necessary for taking on greater responsibility
- LEAP: forms frontline and technical support officers from our pool of new graduates
- MILER: a middle management development program that will bring this talent pool closer to senior positions, succession planning to support the Bank's goals
- Accelerate: specific for branch officers to develop more technical capabilities as well as people management skills and decision making ability

To create a culture of innovation and creativity, the Bank launched The Big Results and Bright Ideas Programs in September 2014. These recognition programs aim to promote positive change and sustain ideal behaviors through integrated motivational strategies.

The Big Results Rewards Program, the first of its kind in Metrobank, aims to showcase implemented projects that have observable and measurable impact to the unit or the Bank's performance. On the other hand, the Bright Ideas Program aims to reward innovative and creative ideas for improving the Bank's performance.

Metrobank has an Applicant Referral Incentive Program (ARIP), that allows Metrobankers help grow the company's talent pipeline via referrals. The ARIP is designed to benefit both the Bank as well as its partner employees with the cost savings on recruitment and hiring, and at the same time, giving incentives on employee efforts. Employees are rewarded for every successful hiring of any rank-and-file, management trainee, officer, or senior officer-level.



# CORPORATE GOVERNANCE

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

## Compliance

Compliance functions as an integral component of the Bank’s internal controls and provides reasonable assurance that the Bank and its directors, officers and employees comply with relevant banking and corporate laws, regulations, rules and standard – all to promote safe and sound banking operations.

Tasked to promote effective implementation of the compliance standard and address breaches that may arise, Compliance Division ensures that emerging compliance issues and key compliance risks are proactively identified, measured, and assessed and that sufficient and representative compliance testing and periodic independent verification are performed to assess awareness on Compliance Policy Manual. Compliance remains dedicated in sustaining the partnership between the Board of Directors, senior management and employees by ensuring that advice and support in managing regulatory and compliance risk are provided. On a regular basis, the Division ensures that the Bank conducts awareness trainings for all employees and that there is an effective upstream and downstream communication within the Bank to address compliance matters. Compliance Division also ensures that matters are reported to appropriate levels of management and to the Board of Directors through the Corporate Governance Committee.

Compliance Division will continue to actively seek ways to boost compliance and adopt best practices in corporate governance. It shall also maintain a dynamic interaction with regulators to ensure a balance between having the right compliance culture and a risk-averse environment that will support business growth.

### Executive Committee

<b>Advisers</b>	George S. K. Ty Antonio S. Abacan, Jr. James Go Mary V. Ty
<b>Chairman</b>	Arthur Ty
<b>Vice Chairman</b>	Fabian S. Dee
<b>Regular Members</b>	Corazon B. Nepomuceno Mary Mylene A. Caparas Noel Peter Z. Yuseco*
<b>Rotating Members</b>	Francisco C. Sebastian Robin A. King Vicente R. Cuna, Jr.

\*alternate member

### Corporate Governance Committee

Advisers	Antonio S. Abacan, Jr. Placido L. Mapa, Jr.
Chairman	Rex C. Drilon II
Vice Chairman	Remedios L. Macalincag
Regular Members	Arthur Ty Francisco F. Del Rosario, Jr. Antonio V. Viray
Resource Person	Laarni D. Bernabe
Corporate Governance Officer	Fatima P. Gamboa (OIC - Compliance Division)

\*The Committee also performs the functions of the Remuneration Committee

### Board of Directors

Believing that good corporate governance is crucial in realizing the Bank's vision and mission, the Board leads in establishing the tone of good governance. Primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values, the Board ensures adherence to the highest standards of fairness, accountability and transparency. It conducts and maintains the affairs of the institution within the scope of its authority as prescribed in the Bank's By-Laws and in existing laws, rules and regulations and ensures effective compliance.

### Board Composition

Our 2014 Board is composed of 14 directors of whom the majority are non-executive/independent directors. The Directors are experts in their field and bring with them diversity in age, gender, ethnic background, skills and experience. Board members have independent access to management and the corporate secretary as well as unrestricted access to information and records of the Company in order to fulfill their responsibilities.

Seven or 50% of the members of the Board are independent directors, the highest in the banking industry. The Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC) both require a minimum of 20% representation of independent directors in the Board.

Our independent directors are independent of management and free from any business or other relationship that may hamper their independence. They have not engaged and do not engage in any transaction with the institution or with any of its related companies or with any of its substantial shareholders, whether by themselves or with other persons or through a firm of which they are partners or a company of which they are directors or substantial shareholders, other than transactions which are conducted at arms-length and could not materially interfere with or influence the exercise of their judgment. Thus, they are able to provide independent judgment and insight on matters where views differ.



All members of the Board are selected based on their qualifications such as integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge/experience.

Per Metrobank's By-Laws, directors are elected by the vote of the holders of common stock of the Bank in accordance with Section 24 of the Corporation Code and other pertinent applicable laws. Any stockholder may submit nominations for directorial positions to the Nominations Committee. The Committee screens the qualifications of the nominees, putting in place screening policies and parameters including alignment with the Bank's strategic directions, to enable it to effectively review the qualifications of the nominees and come up with a Final List of Candidates. Only nominees whose names appear in the list are considered for election as director at the annual meeting of the stockholders.

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

### **Board Meetings**

The Board meets at least once a 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 four directors.

Board-level committees are reconstituted during the organizational meeting of the Board held immediately after the Annual Stockholders' Meeting. The Committees aid the Board in the performance of its functions and responsibilities and have their own charters which set out their mandate, scope and working procedures.

In 2014, the Board had 13 meetings with the incumbent directors attending more than 85% of all meetings. Non-executive directors regularly meet without the executive directors during the Board Committee meetings where executive directors are not members (Audit, Risk Oversight, Related Party Transactions Committee).

## Corporate Secretary

The Office of Corporate Secretary plays a significant role in supporting the Board in discharging its responsibilities. It prepares the agenda and sends out notices and materials at least five business days before the meeting date, prepares and distributes the minutes of the previous meeting and keeps full minutes of all Board and stockholder meetings.

## Board Attendance

		Board Meetings	Executive Committee	Anti-Money Laundering Committee	Risk Oversight Committee	Domestic Equity Investment Committee	Trust Committee	Audit Committee	Corporate Governance Committee	Related Party Transactions Committee	Overseas Banking Committee	Nominations Committee	IT Steering Committee
George S.K. Ty	Group Chairman	12/12											
Arthur Ty	Chairman	12/12	40/52 (CC)	12/16 (VC)		4/6			6/7		5/5		4/4 (CC)
Francisco C. Sebastian	Vice Chairman	10/12	11*			4/6	3/4 (A)		2/2 (B)		3/5 (VC)	8/10	
Fabian S. Dee	President / Director	12/12	49/52 (VC)	15/16			11/12				5/5		4/4 (VC)
Renato C. Valencia	Independent Director	10/12			12/13			11/13 (CC)		12/13 (CC)		8/10 (CC)	
Jesli A. Lapus	Independent Director	12/12			12/13	6/6 (VC)	12/12 (CC)						
Robin A. King	Independent Director	12/12	20*	16/16		6/6 (CC)					5/5 (CC)	10/10	
Vicente B. Valdepenas	Independent Director	10/12			13/13			13/13		13/13 (VC)			
Rex C. Dylon II	Independent Director	12/12		14/16		6/6	10/12		7/7 (CC)	9/13			
Remedios L. Macalincag	Independent Director	12/12			13/13 (CC)			12/13 (VC)	7/7 (VC)	13/13			
Francisco F. Del Rosario, Jr.	Independent Director	12/12						10/13	5/7		5/5		
Vicente R. Cuna, Jr. (1)	Director	9/9	15*										3/3
Edmund A. Go	Director	12/12	5(C)	16/16 (CC)	12/13 (VC)		12/12 (VC)						4/4
Antonio V. Viray	Director	11/12					7/8 (D)		7/7				
Amelia B. Cabal (2)	Director	3/3			3/3	2/2		5/5			1/2		

All the Directors attended the 2014 Annual Stockholders' Meeting

(CC) Committee Chairman  
(VC) Committee Vice Chairman  
(1) Director starting April 2014  
(2) Director until April 2014  
(A) Member until April 2014

(B) Member until March 2014  
(C) Member until April 2014  
(D) Member starting May 2014  
\* Rotating Member

## Orientation and Continuing Education

All first-time directors are furnished with a copy of the general responsibility and specific duties and responsibilities of the Board and of a director. Directors are required to certify under oath that they have received copies and fully understand and accept the general responsibility and specific

duties. Each director certifies that he or she has all the prescribed qualifications and none of the disqualifications as a director. All the members of the Board have attended the required Corporate Governance Seminar.

In maintaining their professional integrity, the directors continuously seek to enhance their skills, knowledge and understanding of the activities that the Bank is engaged in, or intends to pursue, as well as the developments in the banking industry including regulatory changes through continuing education or training.

In 2014, the Corporate Governance Training conducted by SGV & Co., provided an opportunity for the directors and senior management of the Bank to be apprised on key developments in Corporate Governance. A briefing on Anti-Money Laundering was also conducted to ensure full and consistent compliance with the Bank's responsibilities in the prevention of money laundering and terrorism financing.

A policy on continuing education for directors is in place and the Corporate Secretary maintains the record of trainings attended by them.

### Evaluation System

The Board has created an internal self-rating system and procedures to determine and measure compliance with the Manual on Corporate Governance vis-à-vis good corporate governance principles and practices:

- (i) Each Director self-rates and collectively rates the Board and the President;
- (ii) Corporate Governance, Audit, Risk Oversight and other Board committees conduct self-rating.

When a director or officer has multiple positions in the Group, the Corporate Governance Committee determines whether or not said director or officer is able to and has been adequately carrying out his/her duties.

The results of the annual self-assessment are validated and summarized, discussed by the Corporate Governance Committee and reported to the Board.

Based on the results of the annual evaluation, the Bank has fully complied with the requirements of the Corporate Governance Manual.

Anti-Money Laundering Committee	
Chairman	Edmund A. Go
Vice Chairman	Arthur Ty
Regular Members	Rex C. Drilon II Robin A. King Fabian S. Dee
Resource Person	Antonio V. Viray

## **Remuneration Policy**

The Corporate Governance Committee is responsible for overseeing the design and implementation of the Bank's compensation program. Specific responsibilities are:

1. Recommend a compensation policy and plan to the Board;
2. Ensure controls are in place to guarantee compliance to the compensation plan;
3. Ensure that an annual compensation review is conducted independently of management;
4. Obtain and review comparative market information on remuneration in other companies

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

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

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

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

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

## **Corporate Governance Manual and Code of Conduct**

The Corporate Governance Manual is a valuable reference in the implementation of the corporate governance rules and regulations. The Manual is periodically updated for regulatory issues and best industry practice.

The Board of Directors, management, officers and staff of the Bank commit themselves to the principles and practices contained in the Manual and

acknowledge that the same will guide them in the development and achievement of our corporate goals.

The Codes of Conduct for Directors and Employees ensure that the Bank goes beyond adherence with regulatory framework requiring Metrobankers to adhere only to the highest standard of fairness, accountability and transparency. The Codes of Conduct aim to instill a commitment and dedication to the virtues of honesty and integrity, together with a high sense of prudence, responsibility and efficiency in the conduct of duties.

The Codes are implemented by the Corporate Governance Committee and the Human Resources and Management Group. Breaches are subject to appropriate disciplinary actions set forth under the Corporate Governance Manual and the Bank's Manual on Policies and Procedures in accordance with the principles of due process.

To enjoin bank-wide compliance, the Board-approved Corporate Governance Manual and Code of Conduct are available in the Bank's intranet and posted in the Bank's website for public access.

While the ultimate responsibility for the overall quality of corporate governance rests with the Board, the Bank recognizes that greater weight rests on the practices and performance of the Board, senior management and employees. Toward this end, policies were established to ensure principles of good corporate governance are practiced.

### **Fair Business Transactions**

The members of the Board conduct fair business transactions with the Bank and ensure that personal interest does not bias Board decisions. Directors whenever possible, avoid situations that would give rise to a conflict of interest. If transactions with the Bank cannot be avoided, it is done in the regular course of business and upon terms not less favorable to the Bank than those offered to others. Likewise, employees are enjoined from directly or indirectly engaging in any conduct or activity that may be construed as inconsistent or incompatible with Metrobank's business interests.

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

### **Policy on Insider Trading**

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

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

### **Policy on Health, Safety and Welfare of Employees**

The Bank actively promotes a safe and healthy work environment that is conducive to the well-being and professional development of its employees. Among the programs instituted were wellness check of employees, results of which were the basis of choosing relevant health interventions for the workforce. Lectures on bank security are likewise conducted to equip personnel in handling situations that may compromise the security of persons, property and information.

The Bank is fully committed to ensure that all employees perform their work consistently to high standards and achieve their full potential. It recognizes that training and development is fundamental to the improvement of the Bank's operational performance and the achievement of the Bank's strategy and goals.

The Metrobank Academy was established to provide all officers with a wide range of suitable programs to assist in their continuing professional development, so that the organization will have the right quality of people for the business to grow and achieve its goals. The Bank strives to empower Metrobankers with the right skills, knowledge, work ethics and expertise that are relevant to the stakeholders.

## **Environment Protection**

The Bank measures its performance not only with financial returns but also with our social objectives.

Mindful of the impact that our practices may have on the environment, Metrobank is committed to sound environmental stewardship. We consistently strive to look for ways to improve our operations towards the conservation of energy, water and resources. In place are various policies on optimizing the use of paper and power shutdown of office equipment to minimize resource usage and to save on electricity costs.

The Bank participated in the "I WILL" environmental campaign of the GT-Metro Foundation (GTMF) which aims to empower individuals to proactively respond to the challenge of climate change beginning with small, simple steps that can be easily sustained and transformed into lifetime habit. From the top management to the rank and file personnel, Metrobankers pledged the following green acts, among others:

- Shut down & unplug (Energy Conservation)
- Think before printing/Pay bills online/Shop with reusable bags (Solid Waste Reduction)
- Walk/Bike/Join carpool (Sustainable Mobility)
- Taking only what is needed (Food Waste Reduction)

Recognizing that within each of us is the power to create change and no action is big or small when done collectively and consistently, we shall continue to actively seek ways to improve and convey to our customers, industry associates, vendors and the general public our strong environmental commitment.

## **Whistle-blowing Policy**

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

As a way of strengthening the Bank's system of integrity, all employees are encouraged to report irregular transactions.

The Whistle-blowing Policy applies in cases when an employee deems it more prudent to report violations or offenses to another authorized unit/person within the Bank, when the matter which is brought to the attention of the immediate superior is not acted upon in accordance with the standard reporting procedures, or is concealed, or the immediate superior is himself involved in the infraction, or the reporting employee fears reprisal.

Under the policy, the Bank shall maintain the identity of the reporting employee as confidential and retaliation against any reporting employee shall not be allowed. Consistent with the principles of good governance, the Chief Audit Officer reports to the Board's Audit Committee.

### **Interest of Stakeholders**

Metrobank has a responsibility to all its stakeholders and addresses their needs to meet the Bank's objectives. The Bank has policies that safeguard the interests of customers, creditors, suppliers, employees and the environment.

Customers are the driving force behind everything that we do. We continuously prioritize their needs to ensure we safeguard our customers' and creditors' welfare. Our customers expect, among others that we deliver on our promises, dependably and accurately and that our employees are knowledgeable, courteous, trustworthy, confident, helpful and provide prompt service. Failure to attend promptly to client requests is an example of non-acceptable behavior under this standard of conduct.

The Bank also ensures that it maintains policies for supplier and contract selection. The policy on outsourcing of banking support and marketing activities provides guidelines on accreditation of service providers as well as monitoring and reviewing of their performance. The Bank also practices the policy of canvassing and bidding services as a basis for the evaluation and approval of the bid process.

The Bank acknowledges that it has a responsibility to ensure the safety and security of its employees and clients. The Bank also believes that providing them with a secure and safe work environment greatly enhances business and work productivity. In particular, the Bank ensures a drug-and alcohol-free work environment at all times.

Lastly, the Bank believes that it is responsible not just for our financial performance but also for the state and welfare of the larger society to which we belong. Metrobank has comprehensive community and social responsibility programs conducted by the Metrobank Foundation and the employees through the Purple Hearts Club.



## Risk Management

The Risk Management Group (RSK) is an independent unit of the Bank that identifies, analyzes, measures, and monitors credit, market, liquidity, and operational risks in close coordination with other business units.

The Group reports directly to the Board of Directors through the Risk Oversight Committee, which is composed primarily of independent members of the Board. The Committee's active role in overseeing the Bank's risk infrastructure, operating policies, and exposures ensures consistency among strategies and a good balance between risk appetite and prudence.

### Credit Risk Management

Risk plays a key role in ensuring that credit risk exposures are managed consistently with the Bank's risk appetite and in support of the balance sheet's sustainability. Key initiatives in 2014 under credit risk include the following:

- Developed a specific review framework for the Business Banking Sector covering the small and medium enterprise segment of the Bank
- Tightened the account selection process for the Credit Review Framework for commercial units and recalibrated the Credit Review Framework for the Special Accounts Management Group
- Ensured timely issuance of quarterly follow-thru reports to lending units and bank seniors to facilitate judicious resolution of findings
- Took the lead in conducting various portfolio stress tests including the BSP Uniform Stress Test and the initial run of the regulatory Real Estate Stress Test
- Worked closely with the Treasury Group in reviewing product programs of existing and new products

### Market & Liquidity Risk Management

RSK enhanced its support to the Bank's balance sheet management and trading initiatives in a manner consistent with regulatory and Basel expectations, as well as business requirements. The key activities the Group performed were:

### Risk Oversight Committee

Chairman	Remedios L. Macalincag
Vice Chairman	Edmund A. Go
Regular Members	Renato C. Valencia Jesli A. Lapus Vicente B. Valdepeñas, Jr.
Resource Persons	Bernardo H. Tocmo Joshua E. Naing Fernand A. Tansingco Corazon B. Nepomuceno Richard S. So Eligio C. Labog, Jr. Maritess B. Antonio Paul Robert Y. Murga

### Trust Committee

Advisers	Antonio S. Abacan, Jr. Plácido L. Mapa, Jr.
Chairman	Jesli A. Lapus
Vice Chairman	Edmund A. Go
Regular Members	Fabian S. Dee Rex C. Drilon II Antonio V. Viray Josefina T. Tuplano

### Domestic Equity Investment Committee

Adviser	Antonio S. Abacan, Jr.
Chairman	Robin A. King
Vice Chairman	Jesli A. Lapus
Regular Members	Arthur Ty Francisco C. Sebastian Rex C. Drilon II Maritess B. Antonio
Resource Person	Joshua E. Naing

### Related Party Transactions Committee

Chairman	Renato C. Valencia
Vice Chairman	Vicente B. Valdepeñas, Jr.
Regular Members	Remedios L. Macalincag Rex C. Drilon II Maritess B. Antonio

### Overseas Banking Committee

Advisers	Antonio S. Abacan, Jr. Mary V. Ty
Chairman	Robin A. King
Vice Chairman	Francisco C. Sebastian
Regular Members	Arthur Ty Fabian S. Dee Francisco F. Del Rosario, Jr. Maritess B. Antonio
Resource Persons	Joshua E. Naing Richard S. So

- Completed the implementation of an upgraded Asset and Liability Management system to improve monitoring of interest and liquidity risk and to capitalize on more timely and granular balance sheet information
- Completed automation of market risk capital charges for the trading book
- Supported the Treasury business by preparing risk policies and systems for new investment and hedging products in the pipeline
- Aided in balance sheet strategy and management by quantifying risks or gains under various interest rate environments
- Continued with the corporate vision of using risk management not only for regulatory compliance and good governance, but also for performance assessment and strategic decision-making
- Enhanced the risk talent pool by investing in training and mentoring

### Operational Risk Management

RSK continued to establish a culture of risk awareness and ingrain in the consciousness of each Metrobank employee the value of managing operational risks. Significant activities included the following:

- Conducted comprehensive reviews of the Bank's new policies and procedures, including strategic initiatives, to ensure embedding of the risk management process
- Collaborated with Operations Group to design and develop business level Key Risk Indicators (KRIs) and establish appropriate thresholds. The KRIs served as early warning indicators and helped group managers to anticipate and prepare for possible risks before it happens.
- Continued the implementation of the Operational Risk Self-Assessment tool to aid business units in actively identifying, measuring, controlling and monitoring operational risks in their respective processes and practices

- Introduced enhancements to the Risk Incident Reporting tool that is used to capture and immediately address risk incidents. On the other hand, the IT Risk Assessment tool was enhanced to align with regulatory requirements and improve user experience
- Instituted the Tabletop exercise as a Business Continuity tool help business units to prepare contingency plans for simulated risk events that cannot be physically tested
- Developed and implemented an Anti-Money Laundering Product Risk Assessment tool to aid the Bank in its assessment of products that may be abused by money launderers
- Launched and actively promoted e-learning materials as part of Risk Management’s campaign to institutionalize risk consciousness within the Bank
- Continued the annual business continuity testing activities, which have proven to increase disaster readiness of bank employees during actual events such as typhoons and floods

### Nomination Committee

Chairman	Renato C. Valencia
Regular Members	Francisco C. Sebastian Robin A. King

### IT Steering Committee

Chairman	Arthur Ty
Vice Chairman	Fabian S. Dee
Members	Edmund A. Go Vicente R. Cuna, Jr. Edwin S. Chow
Resource Persons	Joshua E. Naing Maritess B. Antonio Bernardito M. Lapuz

### Group Oversight

As practiced, the Risk Management Group (RSK) continues to work closely and actively with the BSP-supervised subsidiaries of the Bank. This collaboration between RSK and the subsidiaries’ risk management units focuses on ensuring alignment of business practices, policies and procedures, where applicable. This also includes standardization of risk management tools and monitoring of its implementation. Among the accomplishments of the Group are the following:

- Consolidation of measurements to form the Group Trading Value-at-Risk and Group Liquidity Risk Profiling
- Expanded coverage of the credit reviews to include local subsidiaries and Metrobank China Ltd.
- Conducted credit reviews on local and foreign subsidiaries to ascertain consistent credit practices within the Group

### Reporting and Monitoring

Over the years, RSK has developed dynamic and interactive partnerships with various units of the Bank to support them in managing their risks. RSK provides regular reports to several senior management level committees, as well as relevant business groups.

As part of its mandate, through the Risk Oversight Committee, RSK provides timely and relevant reports on the risk profile of the Bank to the Board. The monthly committee meetings also serve as a venue to discuss strategies and recommendations on policies and procedures as part of the enterprise risk management system of the Bank and the Metrobank Group as a whole.

### Audit Committee

Adviser	Antonio S. Abacan, Jr. Cornelio C. Gison
Chairman	Renato C. Valencia
Vice Chairman	Remedios L. Macalincag, CPA
Regular Members	Vicente B. Valdepeñas, Jr. Francisco F. Del Rosario, Jr.
Resource Persons	Joshua E. Naing Bernardo H. Tocmo Bernardito M. Lapuz
Chief Audit Executive	Maritess B. Antonio

## Internal Audit

The Board and Senior Management of Metrobank enhances the effectiveness of governance, risk management and control processes by obtaining an objective and independent overall assessment from Internal Audit Group, which integrates information from various sources including results of compliance testing and risk management reports. The environment where the Internal Audit Group operates ensures objectivity and strengthens independence. There is respect for the objectives of the Internal Audit Group's programs and a high level of cooperation from line management. Also, there is no interference with either the accomplishment of internal audit tasks or responsibilities to report to the Audit Committee.

A risk-based audit plan is developed at the beginning of each year, to update the audit universe, re-assess risks, and determine priorities and resource requirements. Internal audit activities are then laid out with the goal to provide reasonable assurance and advice on the reliability and integrity of financial and operational information, effectiveness and efficiency of operations and controls, adequacy of safeguarding of assets and compliance with contracts, laws, rules, regulations and internal policies, including adoption of best practices.

Audit recommendations are formulated based on the objectives of the organization and the business units to ensure that mechanisms in place are integrated and support the attainment of goals, and resources and capabilities are maximized while operating within the guidelines set by the Board and

regulations. Senior management recognizes the value of the Internal Audit Group's objective opinions and seeks or engages in discussions with auditors, who provide insight and advice on regulatory compliance, internal controls and efficiency. Based on these recommendations, senior management implemented design and process improvements, which improved risk mitigation, increased operational efficiency and upgraded system capabilities.

The internal audit function is provided adequate resources and support to ensure that the risk-based audit plan is accomplished. The management team of the Internal Audit Group ensures that auditors possess adequate knowledge; continuously upgrade their skills; and are updated with recent developments and emerging risks.

The 2014 Risk-Based Audit plan was completed, including expansion of the Internal Audit Group's role on anti-money laundering; audit approaches adapted to continuous changes to ensure that objectives remain relevant and conclusions are effectively and efficiently arrived at, with audit opinions communicated timely in a clear and concise manner.

In 2014, the Metrobank Internal Audit Group was assessed "generally conforms" by an independent auditing firm on conformance with the International Standards for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, and the Institute of Internal Auditor's Code of Ethics. Moreover, the maturity level of the Metrobank Internal Audit Group was evaluated to be "4.0 or Managed", wherein the group is able to integrate information across the organization to improve risk management and governance processes.

Internal Audit Group's strategic plan manifests its commitment to continue to promote integrity and diligence, further optimization, support integration and add value to the organization; as the organization manages the achievement of goals, copes with challenges and pursues ventures. The Board of Directors, through the Audit Committee, shall continue to be apprised of relevant information to ensure effectiveness of their oversight function on governance, risk management and internal controls. The Internal Audit Group endeavors to sustain the confidence of the stakeholders on Internal Audit Group's work and capabilities, which ultimately contribute to the organization's good corporate governance.

# 2014 AUDIT COMMITTEE REPORT

## MANDATE

The Audit Committee (the Committee) assisted the Board of Directors (the Board) in fulfilling its fiduciary responsibilities to enhance stakeholders' value and protect their interest.

### Membership & Professional Development

The Committee is composed of qualified members, each of whom has broad knowledge and extensive experience in finance, auditing and risk management; and has held various roles in major business and government institutions creating a suitable mix of professional competence and capability. Selected Committee members are concurrent members of other Board-level Committees, who obtain and evaluate the appropriateness of the organization's control environment, risk taking and management activities. The members attended relevant trainings and received information on new business developments.

### Core Areas of Responsibility

#### Governance

Sensitive to management's commitment to the 'tone' and responsiveness to areas of concern.

#### Financial Reporting & External Audit

Ensure the integrity of financial reports, through review of internal controls on preparation of financial statements, appropriateness of valuation techniques and estimates used, impact of significant transactions, new accounting standards and regulations.

#### Control Framework & Internal Audit

Apprised of results of assurance and consulting activities, which set out internal audit's assessment of the control environment, effectiveness of implementation of controls, regulatory compliance and performance against key metrics.

#### New Developments & Emerging Risks

Timely informed of changes and trends in the business environment, regulatory landscape and their potential impact to the organization.

### 2014 Activities

The Committee met thirteen (13) times during the year; communicated regularly with Management and had executive sessions with the Chief Audit Executive (CAE) and the external auditor.

The Committee recommended to the Board/shareholders the appointment of the external auditor based on their assessment of the objectivity, independence and

qualifications of the external auditor. They also monitored and evaluated the external auditor's performance. The audit scope/plan and result of the audit of year-end financial statements were reviewed, approved and endorsed to the Board for approval.

The internal audit charter, methodology, risk-based internal audit plan and performance were reviewed ensuring appropriateness and adequacy of coverage, and conformance with international standards.

They regularly receive reports from internal and external auditors and regulators, raise observations, seek explanations, share valuable insights/recommendations and constructively challenge management to ensure prompt and full action is taken on areas for improvement. The Committee had extensive deliberations to analyze, discuss, advise and monitor improvements on anti-money laundering controls and processes, cyber security and adoption of new technologies.

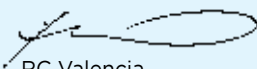
### Conclusion

The Committee was provided adequate information, resources, and cooperation by Management to carry out its mandate, as also confirmed by the performance self-assessment.

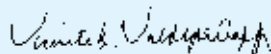
Based on its activities, representation letter from the Management of the Bank; an unqualified opinion from the external auditors on the financial statements; and CAE's favorable overall assessment/judgment on the adequacy and effectiveness of the Bank's risk management, governance and internal control processes, the Audit Committee concludes that mechanisms are in place to achieve business objectives in accordance with acceptable banking practices.

### Looking Ahead

The Audit Committee will continue to monitor the activities of Management to ensure that it adheres to guidelines set by the Board, while achieving strategic goals. Moreover, the impact of changes in the operating environment shall be continuously assessed to ensure that business strategies remain relevant and keep pace with market, industry and regulatory conditions.



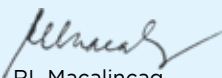
RC Valencia  
Chairman of the Audit Committee



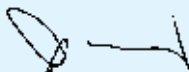
VB Valdepeñas, Jr.  
Member



Antonio S. Abacan, Jr.  
Adviser



RL Macalincag  
Vice Chairman of the Audit Committee



FF del Rosario, Jr.  
Member



Cornelio C. Gison  
Adviser

## DOMESTIC SUBSIDIARIES

Metrobank clients have been beneficiaries of the recent economic expansion. As the economy has grown, so too have the requirements of our corporate and consumer clients.

We have seen corporates become more sophisticated in their operations, thus needing to diversify funding sources and access different financial instruments. Individual customers have also benefitted from the recent growth, as evidenced by their wealth generation and increased spending capacity. This in turn has translated into demand for homes, cars, other consumer goods and retail financial services.

Metrobank, together with its subsidiaries and affiliates, is able to provide the full spectrum of these financial services to meet this growing demand.

## INVESTMENT BANKING

The strength and stability of the domestic economy provided optimism to the local market. This allowed local corporations to pursue their expansion plans with more vigor prompting them to diversify funding sources. This backdrop bode well for investment banking activities in general, and in particular, for First Metro.



In 2014, First Metro continued its dominance in the local investment banking space and successfully completed 21 capital market deals which included equity transactions and debt financing offerings ranging from corporate notes to term loans and project finance facilities.

Two transactions that First Metro brought to the market were recognized as best in their respective fields. A First Metro arranged initial public offering (IPO) was recognized by The Asset as The Philippines' Deal of the Year while another regional publication Alpha Southeast Asia recognized another First Metro-led transaction as the Best Project Finance Deal of the Year.

Understanding the importance of the local investors to support the growing capital market, First Metro prioritized measures to increase customer education and awareness. First Metro formally opened the First Metro Investors Center Makati to make its investment products more accessible to clients. The Investors Center is a one-stop investment hub open to both big and small investors, offering easier access to investment products that the First Metro Group offers.

First Metro also recognized the need to prepare for ASEAN integration. First Metro signed a Memorandum of Intent (MOI) with the Japanese financial institution Sumitomo Mitsui Banking Corporation (SMBC) along with SMBC Nikko Securities, Inc. and SMBC Nikko Securities (Hong Kong) Ltd. The MOI serves as the cornerstone of the business cooperation between First Metro and the SMBC Group in exploring further investment banking opportunities in the Asian region.

In 2014, First Metro booked a consolidated net income of P2.3 billion. Total resources at the end of the year stood at P69.9 billion.



“First Metro continued to dominate the capital markets and reinforced its leadership position through innovative and groundbreaking deals. We will continue to work hard and deliver best in class investment banking services that will help spur the growth of our clients and the Philippine economy. And as we see a very favorable economic environment in 2015, we are optimistic that the year will not only be good for First Metro and the entire capital markets but more importantly for our country.”

**Roberto Juanchito T. Dispo**  
President, First Metro Investment Corporation

## CONSUMER BANKING

The growing domestic economy has spurred the growth of the young middle class and this has translated to higher consumer confidence.

Metrobank utilizes key subsidiaries and partners to provide the full range of consumer products to this growing market. These subsidiaries include Philippine Savings Bank (PSBank), the thrift bank arm of the Metrobank Group and Metrobank Card Corporation (MCC), a joint venture of Metrobank and Australia and New Zealand Bank (ANZ).



PSBank continued to increase its coverage by opening 21 new branches and also expanded electronic channels to become more accessible to the retail customer market. This network reach contributed to the strong showing in PSBank's consumer loan expansion which was up 19% last year through its main product offerings of auto loans and home mortgage.

The Bank also launched a series of products and mobile services last year. PSBank Money Market Fund, the Bank's first unit investment trust fund, provides clients an affordable, prudent and liquid investment option for a minimum initial amount of P10,000. PSBank Online Mobile App is a mobile banking platform which enables clients to pay bills, monitor their accounts, transfer funds, view paid checks and reload mobile prepaid credits and their PSBank Prepaid MasterCard. PSBankLiveChat is the first real-time chat service in the local banking industry via [www.psbank.com.ph](http://www.psbank.com.ph). Clients can interact with PSBank customer service assistants regarding their inquiries on deposits, loans, trust products, and other banking services.

PSBank's total assets increased by 12% from P 130.0 billion to P 145.6 billion, driven by growth in loans and investments. CASA deposits posted a notable increase of 16% year-on-year which saw total deposits close at P116.4 billion by year-end. PSBank was recognized for the fourth consecutive year by The Asian Banker magazine as the strongest savings bank in the Philippines.

“Our continuing focus on core asset expansion is giving us good results. The increase in our net interest income and fee-based revenues are very solid indicators of sustainability and quality growth. Our retail lending business led by auto and mortgage loans, supported by an increasing deposit customer base, provides a good foundation for core-growth in the coming years.”

Vicente R. Cuna, Jr.  
President, Philippine Savings Bank



Capitalizing on the growth of the retail segment, MCC accelerated its marketing campaigns to reap more customers and also increased its presence in the premium space through its product offerings. Recent coverage expansion efforts have now made MCC one of the leading payment solutions providers in the country.

MCC ranks #1 in terms of cards-in-force according to statistics of the Credit Card Association of the Philippines (CCAP). MCC also ranks #2 in terms of merchant acquiring billings.

MCC was recognized by MasterCard with the Best Affluent Program Award for its “Premium Taste, Premium Perks”. MCC also launched the Metrobank Femme Signature Visa, that offers exclusive and rewarding experience for its premium cardholders to complement its already strong hold in the premium card market.

Total assets was at P49.9 billion, up 27% and net income increased by 27% to P2.5 billion.

“2014 was a landmark year for Metrobank Card in terms of financial performance and industry leadership. As we look ahead, Metrobank Card will continue to provide customers with better products, bigger rewards, and enhanced customer experiences to further increase our market share and achieve more milestones.”

**Riko Abdurrahman**  
President, Metrobank Card Corporation

## INSURANCE



### redefining / insurance

AXA Philippines continued to penetrate the insurance market with a 15% increase in sales to P4.0 billion. Notably, 67% of this growth came from the bancassurance channel, with the boost provided by new health products, subsequent marketing campaigns and coverage expansion. This performance improved AXA's rankings to 3rd place in terms of total premiums according to the Philippine Insurance Commission.

AXA launched 3 new health products, designed to help Filipinos prepare for medical emergencies and cover the cost of critical illness. Health Exentials is a simple, all-in-one insurance plan that prepares clients for unexpected medical emergencies. Health Max provides coverage for an extensive list of 56 major medical conditions. SME ProteXion caters to small and medium-sized enterprises with at least 10 employees. It offers health and protection package in one with various benefit options to choose from such as critical care coverage, daily hospitalization income, life insurance coverage and death and disablement coverage.

In terms of expanding coverage, AXA formalized a partnership with PSBank that paves the way for AXA Financial Solutions Specialists to sell AXA's eXentials products inside PSBank branches. AXA also opened new branches in Baguio and Cebu, increasing AXA's branch offices to 32. For online coverage, AXA launched AXA iON (Insurance Online), a one-stop shop where one can buy simple, easy and affordable financial solutions. Another online system, myAXA Partner, conveniently connects customers with the AXA Financial Partner of their choice based on their location and need.

To help diversify investment opportunities, AXA launched two new offshore funds, the European Wealth Fund and the Asia Growth Fund, designed to give customers access to global market opportunities.

“We focused on digital transformation, new partnerships and the importance of preparing for health and critical illness. We launched new online platforms to make it easier for customers to do business with AXA. AXA remains a leader in the industry, and we are poised for bigger and better things this 2015.”

**Rien Hermans**  
President and CEO, Philippine AXA Life Insurance Corporation

## LEASING



ORIX METRO offers financial leasing and mortgage loans for all kinds of vehicles, industrial machinery, office equipment, medical equipment, and other types of personal property.

ORIX METRO's wholly owned subsidiaries ORIX Auto Leasing Philippines Corporation and ORIX Rental Corporation are engaged in short term car rental and long term operating leases of vehicles with maintenance and fleet management.

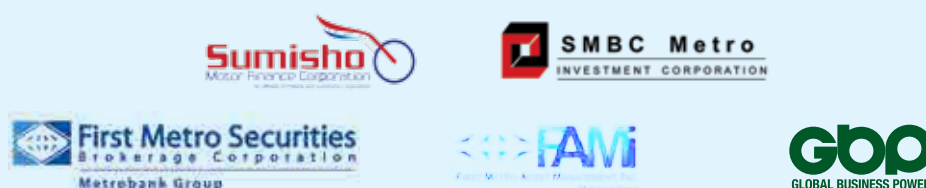
Fiscal year ending September 2014 yielded P22.0 billion in total resources. Group revenues also showed significant growth of 17% rising to P3.3 billion resulting to a 21% average return on equity.

ORIX METRO plans to create more opportunities by opening more branch offices in the countryside and aggressively market its full-service operating lease, targeting multinationals and large local corporations. ORIX METRO has a formidable network of 63 branches nationwide.

“Fiscal year 2014 was a continuation of ORIX METRO’s stellar financial performance. We continue to expand our core business while constantly exploring and developing new non-financial products and services such as full-service operating lease of vehicles.”

Protacio C. Bantayan, Jr.  
President, ORIX METRO Leasing and Finance Corporation

## OTHER DOMESTIC SUBSIDIARIES & AFFILIATES





## CORPORATE SOCIAL RESPONSIBILITY

The Metrobank Group does not only prioritize its financial performance, but it also focuses on making meaningful contributions to the development of the nation.

In the effort to foster nation-building, the Metrobank Foundation Inc. (MBFI) annually honors teachers, soldiers, police officers, artists and journalists who have shown excellence in their craft and played a vital role in the country's development.

In 2014, MBFI celebrated its 35th anniversary with the theme "Launching Dreams". The celebration highlighted not only MBFI's history, but by also paying tribute to the men and women who have made the Foundation's programs and projects successful. This was highlighted by the awarding of 30 past winners of Search for Outstanding Teachers (SOT), The Outstanding Philippine Soldiers (TOPS), Country's Outstanding Police Officers in Service (COPS), and Metrobank Art & Design Excellence (MADE) through the Award for Continuing Excellence and Service (ACES). MBFI also commended its partners from the government, academe, non-government and socio-civic organizations, diplomatic missions, media, and business that served as key to the success of its work through the Partners in Empowerment, Advocacy, and Commitment to Excellence (PEACE) recognition. Significantly, MBFI also honored the late President Corazon Aquino, who served as chair of MBFI's board of advisers, with the Distinguished Leadership Award for Service to Humanity while, Metrobank Founder and Group Chairman Dr. George S.K. Ty became the first recipient of the Grand Exemplar Medallion.



In the effort to help heal the nation, MBFI also helped in providing rehabilitation assistance to Palo, Leyte by being its development sponsor under the program of the Presidential Assistant for Rehabilitation and Recovery. The

Metrobank Group has already laid the cornerstone for the construction of the new two-storey Metrobank Center. This will help in creating business and economic activities in the area. The Foundation, as it also helps in building better communities, together with Yellow Board of Hope Foundation, Bantayan Back to Sea Project, Negrense Volunteers for Change, and TOPSOLDIERS—the alumni organizations of TOPS awardees, initiated the turnover of 506 fishing boats to fishermen from 13 municipalities in the Visayas, amounting to P10 million. MBFI also allocated P17.5 million to build disaster-resilient school buildings with 25 classrooms in selected public schools in Leyte and Eastern Samar.

25

Classrooms built in Leyte and Eastern Samar



506

Fishing Boats donated



The MADE program has expanded to rebuild and redevelop communities affected by calamities and sub-human conditions through Project HeART. This is an art psycho-social intervention organized by MADE-Network of Winners (MADE-NOW), an alumni organization of past MADE winners that included painters, sculptors, interior designers, and architects. The program served victims of disasters through HeART of Humanity and children in conflict with the law and with disabilities through HeART of Healing. The former has been conducted to cater to survivors of the earthquake in Bohol and of Super Typhoon Yolanda.

On the other hand, after naming the winners of our inaugural Search for Journalists of the Year (JOY) in 2013, we launched the Metrobank Foundation Fellowship in Journalism in 2014. More than 3,500 students attended the lectures delivered by JOY awardees held in 6 academic partners nationwide. On the other hand, over 150 media professionals from Metro Manila, Baguio, Dumaguete, and Davao attended refresher courses on interviewing, safety in reportage, multimedia and data journalism, and on coping with the changing media landscape.



In serving the community, the Bank's employee volunteerism program, the Metrobank Purple Hearts Club (PHC) remains strong and united as 3,598 (54%) employees volunteered and served seven (7) partner communities with its various social development programs, focusing on education, environment and health. With 49 chapters nationwide, the Metrobank Purple Hearts Club continues to reach and partner with more communities. One of its major efforts initiated last year was the rehabilitation of Arroceros Forest Park which was badly damaged by typhoon Glenda.

For the employees, the Bank established its Employee Wellness Program in partnership with the GT-Metro Foundation (GTMF). The wellness program was developed and was firstly launched in Metrobank with the objective to replicate it across the companies within the Metrobank Group.

The "Go4Wellness" program was continuously implemented with overall objective of creating awareness, promoting healthier lifestyle and providing wellness opportunities among employees.

Lastly, we are honored for the recognitions we have received for our nation-building efforts. At the 49th Anvil Awards, MBFI received 13 awards and emerged as the most awarded company during the awards night. It garnered six Awards of Excellence for Journalists of the Year (JOY), COPS, MADE, Metrobank-MTAP-DepEd Math Challenge (MMC), National Teacher's Month (NTM), and "Beyond the Blackboard" (SOT AVP). MBFI also got 7 Awards of Merit for TOPS, Art MADE Public, 2013 Metrobank Foundation Unified Souvenir Programs, Metrobank Foundation Exemplars coffee table book; MMC Facebook fan page, MADE of GOLD coffee table book, and 2013 MADE Awarding Ceremony and Exhibit Opening. Our first art coffee table book, MADE of GOLD won the top prize under the Best Design category at the 33rd National Development Awards organized by the National Book Development Board and the Manila Critics Circle.

3,500  
Students attended  
JOY lectures





## BOARD OF DIRECTORS

### Antonio V. Viray

Director  
 Director since April 2012 (also served as Director from April to July 2009 and April 2005 to July 2008)  
 75 years old  
 Of Counsel, Feria Tantoco Robenio Law Office  
 Corporate Secretary, GT Capital Holdings, Inc.\*  
 Master of Laws, Northwestern University, Illinois

### Fabian S. Dee

President/Director  
 President/Director since April 2012 (also served as Director from September 2007 to March 2011)  
 52 years old  
 Chairman, Metrobank Card Corp.  
 Chairman, Metro Remittance Singapore Pte. Ltd.  
 Chairman, SMBC Metro Investment Corp.  
 Director, FMIC Equities, Inc  
 BS Management Engineering, Ateneo de Manila

### Jesli A. Lapus

Independent Director  
 Director since August 2010  
 65 years old  
 Chairman/Independent Director, STI Education Services Group, Inc.  
 Independent Director, STI Education System Holdings, Inc.\*  
 Former Secretary, Department of Trade and Industry  
 Former Secretary, Department of Education  
 Chairman, LBP Service Corp.  
 Former President/CEO, Land Bank of the Philippines  
 MBM, Asian Institute of Management

### Arthur Ty

Chairman  
 Director since April 2002  
 48 years old  
 Co-Vice Chairman, GT Capital Holdings, Inc.\*  
 Vice Chairman, Philippine Savings Bank\*  
 Vice Chairman, First Metro Investment Corp.  
 Chairman, Metropolitan Bank (China) Ltd.  
 MBA, Columbia University, New York

### Vicente R. Cuna, Jr.

Director  
 Director since April 2014  
 53 years old  
 President, Philippine Savings Bank\*  
 Director, First Metro Investment Corp.  
 AB Economics, De la Salle University

### Edmund A. Go

Director  
 Director since May 2007  
 64 years old  
 Director for Investment, Ateneo de Manila University  
 Director, Metrobank (China) Ltd.  
 Investment Consultant, St. Peter Life Group of Co.  
 MBM, Asian Institute of Management

### Renato C. Valencia

Independent Director  
 Director since October 1998  
 73 years old  
 President/CEO, Roxas Holdings, Inc.\*  
 Former President/CEO Social Security System  
 Former Chairman/CEO, Union Bank of the Philippines  
 MBA, Asian Institute of Management

\* Publicly-listed



**Remedios L. Macalincag**

Independent Director  
 Director since October 2004  
 78 years old  
 Chairman/President, Premium Equities, Inc.  
 Former President/CEO, Development Bank  
 of the Philippines  
 Former Chairman, LGU Guarantee, Corp.  
 Diploma in Economic Development,  
 University of Manchester, England

**Alfred V. Ty**

Corporate Secretary  
 Since April 2002  
 47 years old  
 Vice Chairman, GT Capital Holdings, Inc.\*  
 President, Federal Land Inc.  
 Vice Chairman, Toyota Motor Philippines, Corp.  
 Independent Director, Philippine Long Distance  
 Telephone Co.\*  
 BS Business Administration, University of  
 Southern California

**Dr. George S.K. Ty**

Group Chairman  
 Founder, Metrobank  
 82 years old  
 Chairman Emeritus, GT Capital Holdings, Inc.\*  
 Chairman, Metrobank Foundation, Inc.  
 Doctorate degree in Humanities, honoris causa,  
 University of Santo Tomas

**Dr. Vicente B. Valdepeñas, Jr.**

Independent Director  
 Director since April 2011  
 77 years old  
 Consultant, Bangko Sentral ng Pilipinas  
 Chairman Advisory Panel to the ASEAN +3  
 Former Member, Monetary Board  
 Former Director-General, National Economic  
 Development Authority  
 PhD, AM, Cornell University

**Francisco F. del Rosario, Jr.**

Independent Director  
 Director since April 2013  
 67 years old  
 Former Undersecretary, Department of  
 National Defense  
 Director, Mapfre Insular Insurance Corp.  
 Trustee, DMCI Homes, Inc.  
 Former President/CEO, Development Bank  
 of the Philippines  
 MBA, Asian Institute of Management

**Francisco C. Sebastian**

Vice Chairman  
 Director since April 2002  
 61 years old  
 Chairman, GT Capital Holdings, Inc.\*  
 Chairman, First Metro Investments Corp.  
 Chairman, First Metro Asset  
 Management Inc.  
 Chairman, Global Business Power Corp.  
 Director, Federal Land, Inc.  
 AB Economics, Ateneo de Manila

**Robin A. King**

Independent Director  
 Director since April 2011  
 68 years old  
 Former Independent Director, Toyota  
 Financial Services Philippines, Inc.  
 Former Independent Director,  
 First Metro Investment, Corp.  
 Former Independent Director, PBC  
 Capital Investment Corp.  
 Former President/CEO International  
 Bank of California  
 Former President/Director, Global  
 Business Bank  
 MBA, Finance, University of  
 the Philippines

**Rex C. Drilon II**

Independent Director  
 Director since August 2012  
 68 years old  
 Former Independent Director, First Metro  
 Investment, Corp.  
 Former Independent Director, First Metro Asset  
 Management, Inc.  
 Former President, Institute of Corporate Directors  
 Trustee, Institute of Solidarity in Asia  
 Former Trustee, Shareholders Association of  
 the Philippines  
 BS Business Administration, University of the East

## SENIOR ADVISERS



HON. FIDEL V. RAMOS  
Former President, Republic of the Philippines



WASHINGTON SYCIP  
Founder, SGV & Co.  
Chairman Emeritus, Asian Institute of Management



DR. ANTONIO S. ABACAN, JR.  
Vice Chairman, Metrobank Group of Companies  
Chairman, Toyota Financial Services (Phils.) Inc.  
Chairman, Sumisho Motor Finance Corp.  
Chairman/Executive Director, Global Business Power Corp.



DR. PLACIDO L. MAPA JR.  
Senior Adviser, Metrobank Foundation, Inc.  
Chairman, University of Asia & the Pacific



JAMES GO  
Chairman, Toyota Cubao Inc.  
Chairman, Toyota Manila Bay Corp.



DAVID O. CHUA  
Director, Philippine Stock Exchange  
Trustee, University of the East  
Vice President, Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.  
President, Cathay Pacific Steel Corp.



TAN TIAN SIONG  
Chairman/President, Nation Paper Products & Printing Corp.



**HON. ARTEMIO V. PANGANIBAN**  
Former Chief Justice, Supreme Court of the Philippines  
Chairman, Board of Advisers, Metrobank Foundation



**DR. DAVID K.P. LI**  
Chairman/CEO, Bank of East Asia, Ltd. Hong Kong



**AMB. DOMINGO L. SIAZON, JR.**  
Former Secretary, Department of Foreign Affairs  
Former Director General, United Nations Industrial  
Development Organization (UNIDO)  
Former Philippine Ambassador to Japan



**GABRIEL CHUA**  
President, Solid State Multi Products Corp.



**CARLOS S. CHAN**  
Chairman, Liwayway Marketing Corp.  
Chairman, Chan C. Bros, Inc.  
Chairman, Liwayway (China) Co., Ltd.  
Special Envoy of the President for the People's Republic of China

## ADVISERS



**ROBERTO JUANCHITO T. DISPO**  
President, First Metro Investment Corporation  
Chairman, First Metro Securities Brokerage Corp.  
Vice Chairman, First Metro Asset Management, Inc.  
Former Deputy Treasurer of the Philippines



**CORNELIO C. GISON**  
Former Undersecretary, Department of Finance

## SENIOR EXECUTIVE VICE PRESIDENTS



*Fernand Antonio A. Tansingco, Joshua E. Naing*



1



2



3

1  
*Aniceto M. Sobrepeña*  
*Vivian L. Tiu*  
*Corazon Ma. Therese B. Nepomuceno*

2  
*Bernardito M. Lapuz*  
*Mary Mylene A. Caparas*  
*Maritess B. Antonio*  
*Eligio C. Labog*

3  
*Bernardo H. Tocmo*  
*Josefina T. Tuplano*  
*Amelin S. Yao*  
*Richard Benedict S. So*

## EXECUTIVE VICE PRESIDENTS

# SENIOR VICE PRESIDENTS



**1**  
*Leopoldo M. Ubaldo  
Anthony Paul C. Yap  
Jette C. Gamboa  
Antonio R. Ocampo, Jr.  
Mary Rose S. Tiamson*

**2**  
*Leandro G. Santillan  
Edgar Alan P. Guerrero  
Quintin T. Medrano  
Stephen S. See  
Arlene Lapuz-Ureta  
Dennis C. Qua*







3

**3**  
*Rowena D. Oliveros  
Christine W. Yang  
Paul Robert Y. Murga  
Edwin S. Chow  
Susan L. Niere*



4

**4**  
*Vicente F. Jandayan  
Godofredo V. Cruz  
Angelica S. Reyes  
Marilou C. Bartolome  
Fermin T. Chio*

# SUMMARY OF GROUP FINANCIALS

*In million pesos (except per share amounts and foreign exchange rates)*

At Year End	2014	2013	2012
<b>Total Assets</b>	<b>1,604,540</b>	<b>1,378,569</b>	<b>1,046,643</b>
Loans and Receivables - Net	759,481	611,064	525,895
Financial Assets at Fair Value Through Profit or Loss	45,935	55,441	72,920
Available-for-Sale Investments - Net	207,711	273,429	123,041
Held-to-Maturity Investments	129,076	38,425	51,451
<b>Total Liabilities</b>	<b>1,445,755</b>	<b>1,235,864</b>	<b>921,934</b>
Deposit Liabilities	1,184,454	1,016,268	738,694
Demand	187,285	150,694	106,229
Savings	406,767	362,915	305,034
Time	576,152	502,659	327,431
Long-Term Negotiable Certificates of Deposit	14,250	-	-
<b>Total Equity</b>	<b>158,785</b>	<b>142,705</b>	<b>124,709</b>
Attributable to:			
Equity Holders of the Parent Company	150,129	134,887	117,733
Non-controlling Interest	8,656	7,818	6,976
Book value per share	52.40	46.83	52.75
Foreign Exchange (USD:PHP)			
PDS Closing Rate	44.72	44.40	41.05
PDS Weighted Average Rate	44.39	42.43	42.24
(PDS: Philippine Dealing System)			

For the year	2014	2013	2012
<b>Net Interest Income</b>	<b>45,763</b>	<b>38,269</b>	<b>30,854</b>
Interest Income	59,294	49,892	45,016
Interest Expense	13,531	11,623	14,162
<b>Non-Interest Income</b>	<b>29,574</b>	<b>42,132</b>	<b>28,772</b>
Trading and Securities Gain - Net	3,305	17,182	6,680
Foreign Exchange Gain (Loss)-Net	(102)	(2,266)	3,636
Service Charges, Fees and Commissions	8,898	8,640	8,123
Income from Trust Operations	1,186	1,071	853
Other Non-interest Income <sup>1</sup>	16,287	17,505	9,480
<b>Total Operating Income</b>	<b>75,337</b>	<b>80,401</b>	<b>59,626</b>
<b>Total Operating Expenses</b>	<b>45,773</b>	<b>49,497</b>	<b>37,853</b>
Provision for Credit and Impairment Losses	4,849	10,722	4,478
Other Operating Expenses	40,924	38,775	33,375
<b>Net Income</b>	<b>23,105</b>	<b>24,156</b>	<b>17,917</b>
Attributable to:			
Equity Holders of the Parent Company	20,113	22,488	15,399
Non-controlling Interest	2,992	1,668	2,518
<b>Basic/Diluted Earnings</b>			
Per Share Attributable to Equity Holders of the Parent Company <sup>2</sup>	7.15	8.02	5.44

1 - Includes share in net income of associates and a joint venture  
2 - 2012 restated to include the effect of stock dividend issued in 2013

<b>KEY RATIOS</b>	2014	2013	2012
Net Interest Margin	3.7%	3.9%	3.6%
Return on Average Equity	14.1%	17.8%	13.6%
Return on Average Assets	1.4%	1.9%	1.5%
Non-performing Loans Ratio	1.0%	1.3%	1.8%
Non-performing Loans Cover	165.2%	164.1%	116.8%
Capital Adequacy Ratio	(Basel III) 16.0%	(Basel II) 16.7%	(Basel II) 16.3%
Tier 1 Capital	12.1%	15.0%	13.7%
Common Equity Tier 1	12.1%	n.a.	n.a.

# SENIOR OFFICERS

## First Vice President

Abellar, Ma. Lourdes P.  
Abes, Kathryn Francis B.  
Bellon, Elaida A.  
Buenavista, Grace C.  
Capulong, Jovencio R.  
Carandang, Francisco R.  
Centena, Mia S.  
Chong, Arlene Y.  
Dayrit, Nurjehan Maria D.  
De Santos, Justina Ma. Teresita M.  
De Vera, Rosanna F.  
Dela Peña, Pocholo V.  
Dionisio, Rommel Enrico C.  
Dy, Teresita L.  
Ermita, Ma. Carla U.  
Esguerra, Edgar D.  
Fajardo, Ma. Theresa A.  
Gamboa, Fatima P.  
Go, Emmeline D.  
Go, Domingo C.  
Guiao, Melizza Doris L.  
Kwan, Flordeliz T.  
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