

2016

ANNUAL REPORT

better. brighter. stronger.



 **Metrobank Card**

A joint venture of Metrobank and ANZ

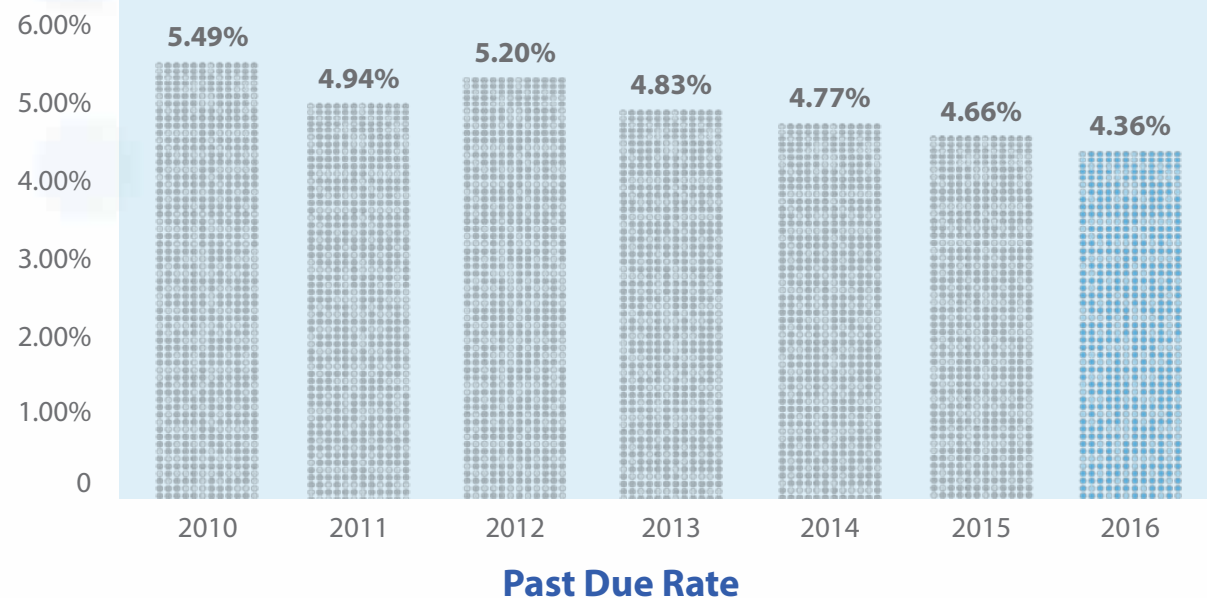
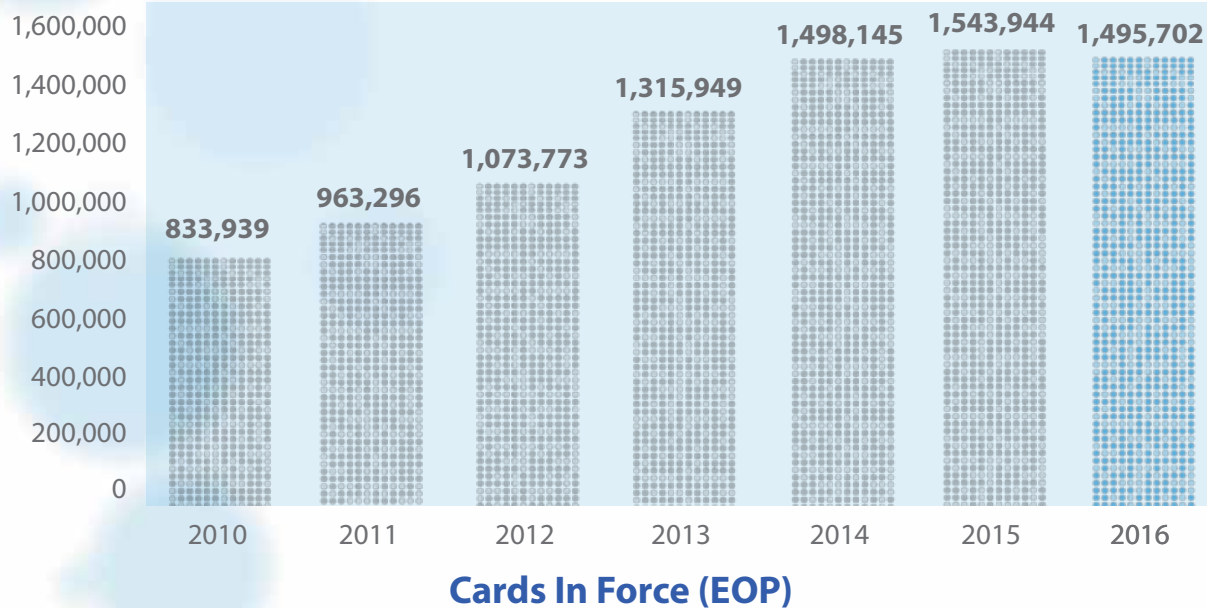
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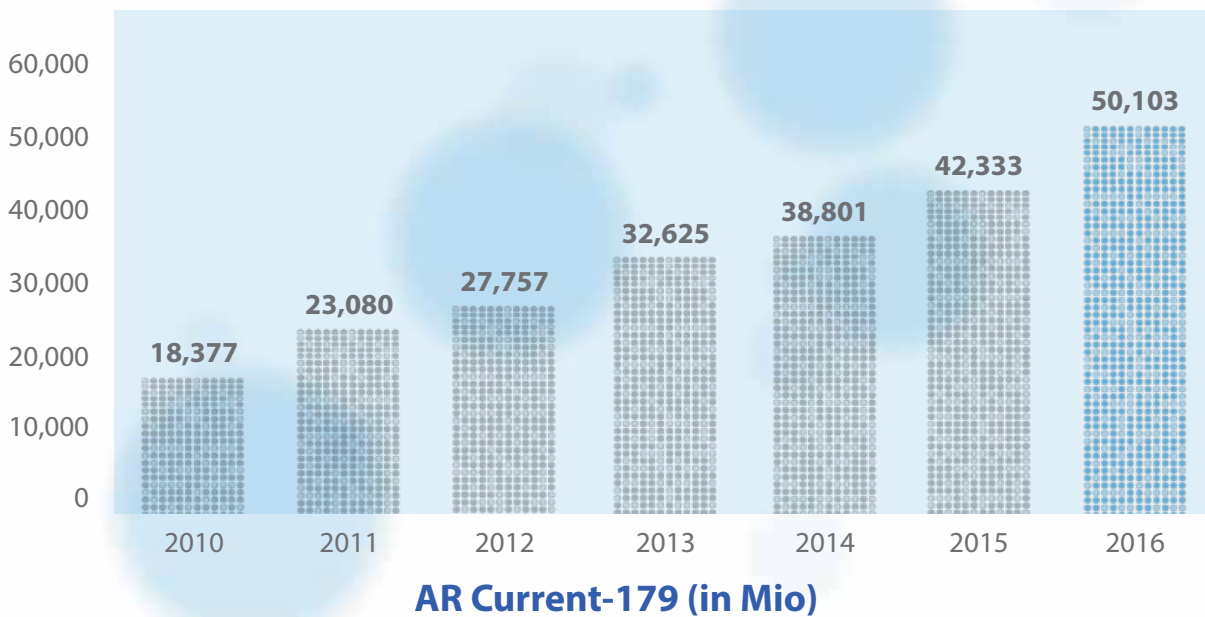
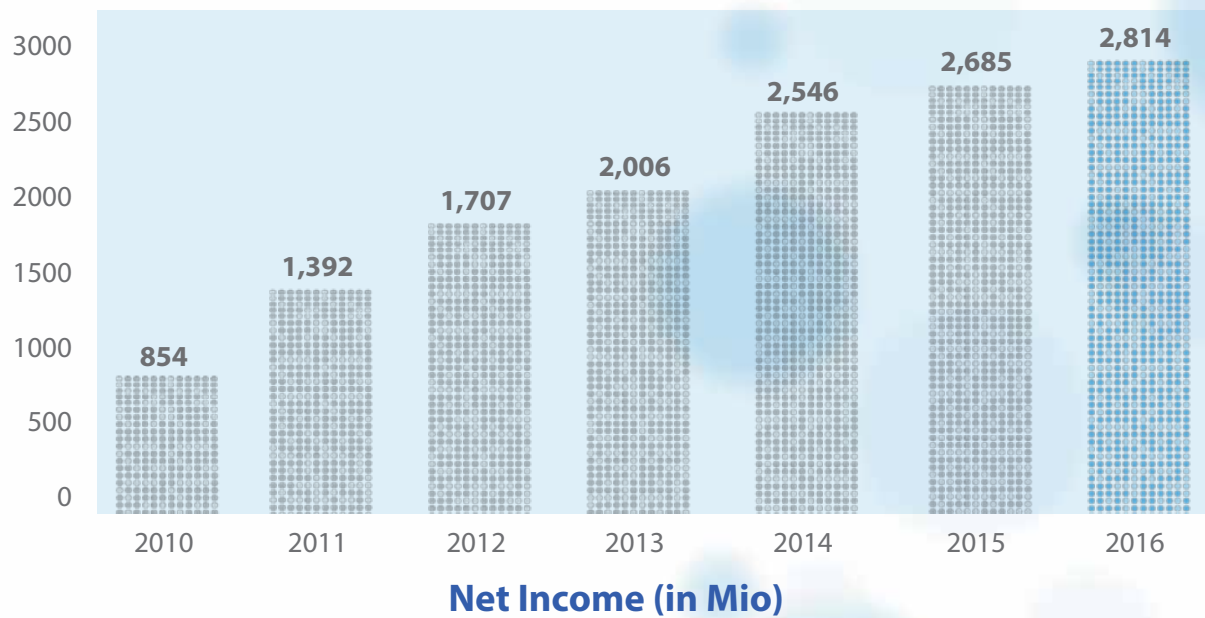
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FINANCIAL HIGHLIGHTS





CHAIRMAN'S MESSAGE

The Filipino spirit has always been infused with hope and optimism. It is a spirit gifted with the ability to look toward a future rich with better prospects and brighter promise. And it is a vision made stronger by a powerful sense of perspective, one that allows the Filipino to engage the future, while always considering the realities and challenges of the present time.

It is this spirit that has continuously inspired and motivated us at Metrobank Card to keep our foundation strong, even as we keep growing our potential upward and building the path forward. This is what has always made us proud through all our decades of service: that generations of Filipinos have trusted us to help them build and live fuller lives, even as they keep a steady eye on their future.

Today, as we ourselves take this opportunity to look forward to a better and brighter future, we also take stock of the past year's successes that make our present fundamentally stronger. As we continue to move on the way forward, we recognize that we are fueled and informed by the foresight, insight, and expertise that have kept our business robust. And that our future successes will always be founded on the values that have always set us apart: our passion for business excellence and innovation, our concern for our customer, and our heart for the broader community and the country.

This is why we at Metrobank Card are also filled with such hope and optimism, and why we are constantly inspired to break barriers and overcome challenges, to outdo previous triumphs and become our better selves. Like the Filipinos that we serve, we are always looking forward, our eyes fresh and our vision clear, toward a certain future.

Fabian S. Dee

Chairman



PRESIDENT'S REPORT

I am pleased to report that the past year has brought with it another round of triumphs for Metrobank Card. Along with powerful strides forward in digital innovation, segment growth, and a number of important achievements, we have retained our industry position.

We posted Php2.8 billion in net profit after tax, with a return on equity of 36%, possibly one of the highest figures posted in the credit card industry anywhere in the world. We also exhibited a 15% growth in billings and 18% growth in receivables, and posted a cost-to-income ratio of 32%—making our business a model of world-class efficiency.

Just as the year saw us maintaining our industry ranking, it also saw us continuing to invest in our future. Among these investments was a system-wide infrastructural upgrade that allowed us to raise our level of service toward our valued customers. Our innovations have continued to establish new usage segments and raise the bar in customer experience: among them have been the Metrobank Travel Platinum Visa, our first complete travel card; Robinsons Mastercard, a fresh reintroduction of a strong retail partnership; and M Online, a faster, more convenient way of accessing credit card accounts and filing credit card applications. These innovations have helped us keep a deepened relationship with our customers and maintain our strong image as a progressive and responsive company.

As we look back and share the many successes of 2016 with all our stakeholders, we also look forward to another year of gathered strength and determined growth—and better, brighter, and stronger success.

Riko A.S. Abdurrahman
President



PRODUCTS AND SERVICES



50% OFF

tickets to an exclusive performance when you purchase up to 4 tickets with your Metrobank Peso Platinum MasterCard or Metrobank World MasterCard at any TicketWorld outlet.

FUN HOME

Thursday, November 17, 2016, 8:00pm
Auditorium, RSCS

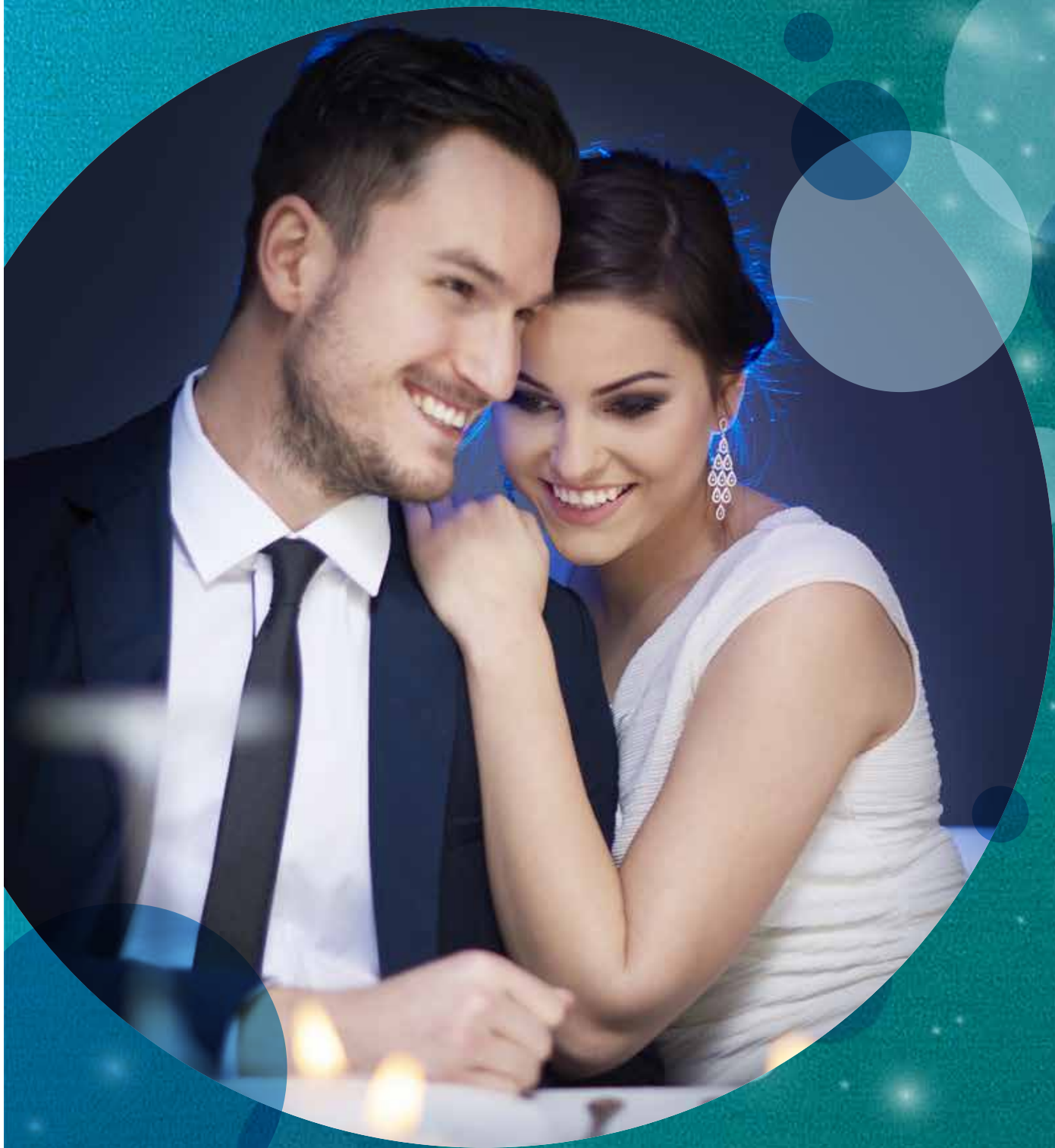


50% OFF at



Shang Palace

Enjoying at Shang Palace in Makati Shangri-La, Manila
with your Metrobank Peso Platinum MasterCard or Metrobank World MasterCard



The Signature Lifestyle.



50% OFF at



Delight in the finest of luxury living at half the price!
Only with your Metrobank Femme Signature Visa.

Available from Monday to Sunday. Extra adult and extra child rates are excluded. Promo is also available at Two Seasons Boracay. Based on published rates and subject to room availability. For reservations, call Two Seasons at 810-2075 to 86.

Promo period is from April 1 to October 31, 2016.
Terms and conditions apply. The promo is subject to availability. Based on published rates and subject to room availability. For reservations, call Two Seasons at 810-2075 to 86.
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The Signature Lifestyle.



65% OFF at



The Luxury of Sanctuary.
Only with your Metrobank Femme Signature Visa.

Available from Monday to Sunday. Based on published rates and subject to room availability. For reservations, call The Luxury of Sanctuary at 810-2075 to 86.

Promo period is from January 4 to June 30, 2016.
Terms and conditions apply. The promo is subject to availability. Based on published rates and subject to room availability. For reservations, call The Luxury of Sanctuary at 810-2075 to 86.
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Metrobank Card
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Turn ON and get 30% OFF your first three trips.



Get 30% OFF your first three trips with UBER using your Metrobank ON Internet MasterCard!

Signup with UBER NOW! Use promo code MCOON.

Promo period is from April 15 to May 31, 2016.
Terms and conditions apply. For details, visit Metrobank.com/uber30off. Sponsored by the Bangko Sentral ng Pilipinas (BSP) under license number 002778-0001. © 2016 Metrobank Card.

UBER | **Metrobank Card**
A joint venture of Metrobank and BIC

Your first 10,000 miles FREE!



Use your new Metrobank Travel Platinum Visa anywhere to get 10,000 miles FREE!

Earn 1,000 miles for every \$1,000 accumulated spend.

Plus, enjoy these features:

- Earn 1 mile for every P12 spent overseas and on airlines & hotels
- Unlimited airport lounge access
- Free travel insurance up to P5 million coverage

APPLY NOW!
Visit the Metrobank branch or Metrobank.com/TravelPlatinum

Promo period is from November 28, 2015 to February 28, 2016.
Terms and conditions apply. The promo is subject to availability. Based on published rates and subject to room availability. For reservations, call Two Seasons at 810-2075 to 86.
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Metrobank Card
A joint venture of Metrobank and BIC

Your first blossom of spring.



Make your firsts last.
Metrobank Travel Platinum Visa
Our first complete travel card.

- Earn 1 mile for every P12 spent overseas and on airlines & hotels
- Unlimited airport lounge access
- Free travel insurance up to P5 million coverage
- Exclusive travel perks

APPLY NOW!
Visit any Metrobank branch or Metrobank.com/TravelPlatinum

Promo period is from November 28, 2015 to February 28, 2016.
Terms and conditions apply. The promo is subject to availability. Based on published rates and subject to room availability. For reservations, call Two Seasons at 810-2075 to 86.
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Metrobank Card
A joint venture of Metrobank and BIC

You only need one card to complete your shopping experience.



Introducing the Robinsons MasterCard.

- Shopping Points for all your spending
- 10% rebate on Payday Weekends*
- Exclusive perks and privileges
- Robinsons Rewards Card at half the price

APPLY NOW!

Visit any Robinsons store nationwide or text MCO_APPPLY to 2979-0022.

Promo period is from January 1, 2016 to January 31, 2016. Based on published rates and subject to room availability. For reservations, call Two Seasons at 810-2075 to 86.
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Metrobank Card
A joint venture of Metrobank and BIC

MAG-LOAD SA YAZZ CARD PARA KANG MAY CREDIT CARD!



YAZZ RELOADABLE PREPAID VISA CARD



BUY & LOAD AT:

- CO-BANK
- FAMILY MART
- NATIONAL BOOK STORE
- ROBINSONS DEPARTMENT STORE
- SM HYPERMARKET
- SM SAVORIES
- SM SUPERMARKET
- THE SM STORE
- WATSON

YAZZCARD.COM
000 #YAZZCARD
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Presented by Metrobank Card
A joint venture of Metrobank and BIC

AGC Ref. No. M00PRT010V

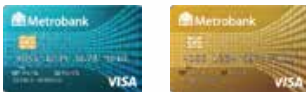
Credit Card Issuing

Metrobank Card Corporation offers a range of credit card products suitable to meet the needs of the Philippine Market. Cardholders enjoy increased spending power and international purchasing convenience with acceptance in over 40 million establishments worldwide. Our credit card products offer flexible payment schemes, installment programs, perks and privileges that allow cardholders to get maximum value for their money.

Metrobank Classic MasterCard and Gold MasterCard



Metrobank Classic Visa and Gold Visa



Metrobank Card Corporation's core credit cards provide increased spending power and worldwide purchasing convenience.



Metrobank Femme Visa

The Metrobank Femme Visa offers the perks and privileges that a woman deserves, including exclusive offers at shopping, beauty, and wellness establishments.



Metrobank Femme Signature Visa

The Metrobank Femme Signature Visa is the first local Signature Visa and the first premium credit card targeted exclusively for women. It offers a most exclusive and rewarding experience for its premium cardholders.



Metrobank Travel Platinum Visa

The Metrobank Travel Platinum Visa is Metrobank Card's first complete travel card that allows cardholders to earn 1 mile for every P17 spent overseas, including airlines and hotels. It also lets them enjoy unlimited airport lounge access, free travel insurance of up to P5 million coverage, and special travel offers.



Metrobank Platinum MasterCard

The Metrobank Platinum MasterCard offers access to a wide-range of world-class privileges. It offers an exclusive 24/7 VIP Customer Service hotline, Concierge Service, as well as other rewards and perks.



Metrobank ON Internet MasterCard

The Metrobank ON Internet MasterCard enables cardholders to shop more securely online. It is designed for non-face-to-face transactions, and offers greater security and peace of mind.



Metrobank Platinum Dollar MasterCard

The Metrobank Platinum Dollar MasterCard allows cardholders to be charged in US dollars regardless of the currency transacted.



Metrobank World MasterCard

The Metrobank World MasterCard is the most premium credit card in the market, offering a credit limit that nearly sets no borders, 24/7 exclusive Concierge Service, and the unique reward feature of being able to redeem anything with Rewards Points.



M Free MasterCard

An annual fee-free credit card. It offers worldwide acceptance and convenience with perks and privileges.



M Lite MasterCard

A low interest rate credit card loaded with built-in card features and privileges.



Robinsons MasterCard (Classic and Gold)

The Robinsons MasterCard is the only credit card that completes a cardholder's shopping experience. Launched in partnership with the Robinsons Retail Group, the Robinsons MasterCard gives cardholders Shopping Points, exclusive rewards, payday rebates and discounts in Robinsons stores.



Toyota MasterCard

Metrobank Card and Toyota Motor Philippines have partnered to launch the Toyota MasterCard. Offering discounts at Toyota dealers, fuel rebates from Petron, and Rewards Points for all card spending, the Toyota MasterCard is indeed the country's first complete motorist card.



PS Bank Credit MasterCard

Launched through a partnership between Metrobank Card and Philippine Savings Bank, The PSBank Credit MasterCard is a card with no annual fee for life. It offers flexible payment schemes, installment programs, and exclusive perks and privileges, providing Filipinos an affordable financial tool that helps take care of simple needs and manage expenses.



YAZZ Reloadable Prepaid Visa Card

The YAZZ Card is a reloadable, general purpose prepaid card offering cashless convenience that is accepted in all accredited Visa merchants and online stores worldwide. It can also be used in all Visa-accredited ATMs.





M Here

Offering perks, privileges, discounts and freebies to all Metrobank Cardholders, M Here highlights the presence of Metrobank Card Corporation in leading establishments and caters to the urban and trendy lifestyle of its cardholders.



Cash2Go

Fast cash for any need or occasion. Allows cardholders to get cash and pay in installments at low interest rates per month in 3- to 36-month terms.



Bills2Pay

MCC cardholders may enjoy hassle free utility payments by enrolling their Meralco, PLDT, Globe Telecom, SMART, SUN, Sky Cable Network, and Philippine AXA Insurance in Bills2Pay. By enrolling, their monthly bills will be automatically charged to their credit cards and cardholders will only need to monitor their monthly credit card statements.



0% Installment

Financial flexibility with no added cost. It offers cardholders the opportunity to purchase products on installment up to 24 months with no additional interest.



Balance Transfer

With Balance Transfer, cardholders may transfer their outstanding balance from their non-Metrobank Card to their Metrobank Card and pay at a lower interest rate in 6- to 24-month terms.



M Online

M Online is MCC's up-to-date website that lets cardholders get instant information on their Metrobank Card. It allows cardholders to view their Statement of Account, find out about the latest promos, learn more about their card's features, and apply for a new Metrobank credit card.



Metrobank Card Mobile App

A mobile app available on both iOS and Android platforms, the Metrobank Card mobile app allows Metrobank cardholders to know more about MCC's ongoing promos and apply for a new Metrobank Card.

Merchant Acquiring

Metrobank Card offers its partner merchants a portfolio of payment solutions.

Contactless

Instead of swiping a card, customers simply tap or wave their card in the proximity of the contactless reader.

Loyalty Card/Gift Card

Metrobank cardholders can earn points for every purchase made at participating merchants.

M Swipe

M Swipe allows merchants to accept card transactions with their smartphones or tablets. This gives them the convenience and mobility to accept card payments anytime, anywhere.

Mail Order Telephone Order

A payment facility that allows credit card acceptance for purchases made by phone or mail.

Metrobank Internet Payment Solution

A credit card payment solution for Internet transactions through MasterCard Gateway Service. It enables online merchants to accept secure card payments that are authenticated by MasterCard Secure Code and Verified by Visa.

Point-of-Sale (POS) Terminals

Partner merchants can process MasterCard, Visa and Diners card transactions in a matter of seconds with MCC's cutting-edge terminal fleet.

Recurring/Auto Debit

Merchants can set up automatic payments for their customers via their credit cards. This facility allows collection of monthly recurring fees and charges such as memberships, subscriptions, insurance premiums, and utility bills via auto-debit arrangements.

CATHAY PACIFIC Journeys

Let your thousand-mile journey begin with a simple step. Use your Metrobank credit card at the Cathay Pacific Travel Sale from May 13 to 15, 2016 at the G/F Mega Fashion Mall, SM Megamall.

Destination	Roundtrip	One-way	Transit
FORN COUNTRIES	USD 52	USD 42	USD 415
HYONET	USD 543	USD 183	USD 238
PHIL	USD 75	USD 189	USD 228
SEA AREA COUNTRIES	USD 55	USD 175	USD 115

Pay for your journey up to P10,000 with Shop Now, Pay Later!

Metrobank Card

THE STORE

FREE P300 Gift Pass when you shop for a minimum single-receipt 0% installment purchase of P10,000 at THE STORE

Pay for your journey up to P10,000 with Shop Now, Pay Later!

Metrobank Card

Bonchon

FREE Team Bonchon Group Meal for 4 with a minimum 0% installment spend of P25,000 ANYWHERE!

Promo is valid from September 13 to October 14, 2016.

Metrobank Card

National Book Store

read learn create educate

There's always something for everybody. Use your Metrobank Card anywhere and get up to P1,000 worth of National Book Store Gift Certificates.

APPLY NOW!

Plus! Enjoy a low Balance Transfer rate of 0.48%.

Metrobank Card

Make your firsts last.



Introducing the Metrobank Travel Platinum Visa.

Our First Complete Travel Card.

- Earn 1 mile for every P17 spent overseas and on airlines & hotels
- Unlimited airport lounge access
- Free travel insurance up to P5 million coverage
- Exclusive travel offers

APPLY NOW.

Visit any Metrobank branch or text MCC APPLY TRAVEL <Name> to 2929-0622.

Metrobank Card
A joint venture of Metrobank and ANZ

Like us on Facebook, Add us on Instagram, Follow us on Twitter.

Supervised by the Bangko Sentral ng Pilipinas. Telephone Number (632) 708-7007, Email Address consumeraffairs@bsp.gov.ph.

YABU

20% OFF for a minimum single dine-in charge of P1,500.

Promo is valid from October 1 to November 30, 2016.

Metrobank Card

IPPUDO

20% OFF for a minimum single dine-in charge of P1,500.

Promo is valid from October 1 to November 30, 2016.

Metrobank Card

Red Ribbon and **Greenwich**

Get FREE treats from Red Ribbon and Greenwich for a minimum single charge of P1,000 spent ANYWHERE using your Metrobank credit card!

Promo is valid from February 22 to May 22, 2016.

Metrobank Card

Robinson's Supermarket

FREE TREATS for a minimum single charge of P1,000 spent ANYWHERE using your Metrobank Card!

Unlimited choice of:

- One (1) Pringles Potato Chips 100g
- One (1) KitKat Original Chocolate 100g
- Two (2) Coke Original 1.5L
- One (1) Butter to Go Cream 100g

Promo is valid from August 1 to August 31, 2016.

Metrobank Card

CORPORATE GOVERNANCE

Choose the card that
helps keep you fit.



50% OFF at The Spa

Pay only half the price on all services for a minimum
single receipt of P2,000 using your Metrobank Gold Visa

Participating branches:

Alabang • Eastwood • Trinoma • Greenhills Promenade
BGC (The Fort) • Greenbelt

Available Mondays to Sundays

starting from March 1



25% OFF

all membership plus 2 day-Fitness Pass

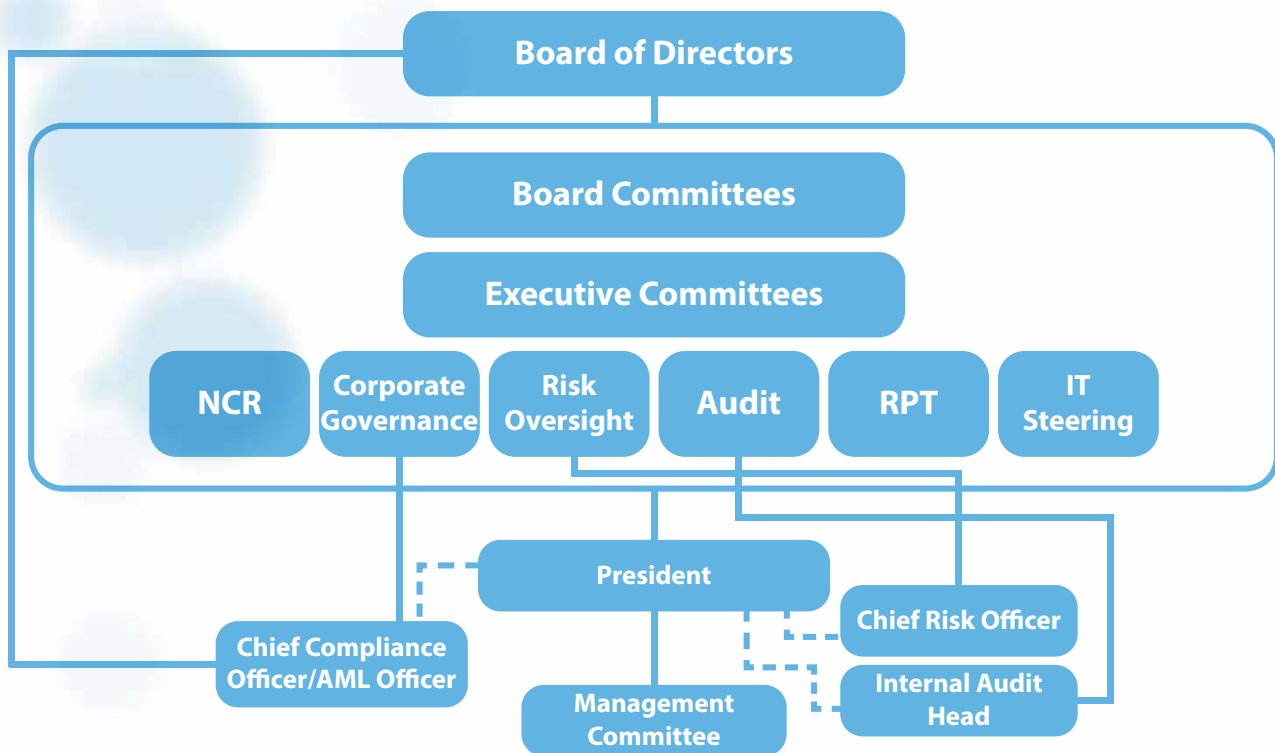
Alabang • Fort • Makati • Ortigas • Timog



The Board of Directors and Senior Management of MCC are firmly committed to good corporate governance and are cognizant of the fact that it is the foundation of safe and sound operations. The view that creation and maintenance of shareholder value can only be achieved if sound corporate governance is in place is strongly espoused by the Company. MCC believes that it is essential to have an effective compliance program to promote the total commitment of the stockholders, Board of Directors, and Senior Management to compliance. It is equally believed that through good corporate governance, protection of the rights of all stakeholders can be ensured. MCC Board and Management adhere to the basic principles of accountability, fairness, integrity and transparency for the safe and sound operations of the company. MCC Board and Management believe that accountability should permeate the entire organization starting with its directors and officers all the way to its staff. There should also be integrity in every action and more importantly, transparency in all its business dealings.

Taken altogether, the basics of good and transparent governance are encapsulated in the Articles of Incorporation and By-Laws and Corporate Governance Manual contain MCC’s corporate governance principles and practices.

Our corporate governance program is implemented through the structure shown below:



Through its corporate governance framework, MCC is committed to developing and strengthening the Board of Directors and management team’s transparency and integrity. At all times, the Board and management team work for the interests of various stakeholders within the group, as well as the market or industry as a whole.

BOARD OF DIRECTORS

The overall vision, strategic objectives, key policies, and the monitoring and evaluation of the management performance are set by the Board of Directors. It is part of the Board’s mandate to ensure the adequacy of internal controls and risk management practices, accuracy, and reliability of financial reporting, and compliance with applicable laws and regulations.

The Board consists of ten (10) members, two of whom are independent directors, who serve for a minimum of one year or until their successors are duly qualified and elected in accordance with the By-Laws. The Board is collectively responsible for the long-term shareholder value of MCC as a financial institution and has the primary responsibility to approve, oversee and review the implementation of strategic objectives; financial plans and annual budgets; key operational initiatives; enterprise risk strategy, financial performance review and the basic principles of Corporate Governance. The Board holds regular quarterly meetings in addition to special meetings as needed.

All Board members have undergone training in corporate governance and have been duly certified therefor. The Board is composed of professionals from various fields of expertise such as banking, law, general business and finance. MCC is assured that each director is capable of adding value and formulating sound corporate policies.

The roles of the Chairman and the CEO or President are separate to establish accountability and ensure Board independence from management. Of the ten members of the Board, only the President or CEO is an executive director. The rest are non-executive directors who are neither officers nor consultants of MCC.

Board Performance

Regular meetings of the full Board are held at least once every quarter. In 2016, the Board had four regular meetings, one organizational meeting, and a few special meetings. Individually, the directors complied with the SEC's minimum attendance requirement of 50%. The Board ensures that discussions during Board meetings are open, and independent views are encouraged and given due consideration.

It is a major objective of the Company to be able to monitor the performance of the Board through an annual self-assessment. A comprehensive self-assessment process was put in place by the Board since 2010 and has since been consistently implemented. This process is administered in the form of a formal questionnaire that is answered by each member of the Board individually and where members of the Board are able to rate their individual performance and that of the Board as a whole. The results are collated and compiled by the Compliance Officer, and are submitted to the Board for discussion and when needed, appropriate action.

BOARD COMMITTEES

The Board of Directors is supported by seven (7) Board Committees with their respective mandates as follows:

1. Executive Committee - Chairperson: Anjanette Ty Dy Buncio; Members: Richard Benedict S. So, Riko A. S. Abdurrahman, Panadda Manoleehakul and Marie Edgette C. Gamboa

The Executive Committee acts on behalf of the Board and has the general power and competence to perform any act or make any decision (or authorize the performance of any act or the making of any decision) with the general competence and authority of the Board subject to the limitations stated in the By-Laws of the Company.

2. Audit Committee - Chairperson: John Mark Winders (Independent Director); Members: Francisco S. Magsajo, Jr. (Independent Director) and Marie Edgette C. Gamboa

The Audit Committee provides oversight of the internal and external audit functions and ensures both the independence from management of internal audit activities as well as the compliance with the regulations governing accounting standards on financial reporting. It approves the annual audit plan, the annual audited financial statements, and the analysis of results of operations as submitted by the Internal and External Auditor. It also evaluates strategic issues relating to plans and policies, financial and system controls, and methods of operation for adequacy and improvements.

3. Nomination Compensation & Remuneration Committee - Chairperson: Anjanette Ty Dy Buncio; Members: John Mark Winders (Independent Director) and Francisco S. Magsajo, Jr. (Independent Director)

The NCR Committee leads the process for identifying and recommending candidates for appointment to the key positions in the institution taking into full consideration the succession planning and the leadership and skills needed in MCC. It provides oversight on the compensation and remuneration of matters of the entire organization.

The NCR Committee leads the process for identifying and recommending candidates for appointment to the key positions in the institution taking into full consideration the succession planning and the leadership and skills needed in MCC. It provides oversight on the compensation and remuneration of matters of the entire organization.

4. Corporate Governance Committee - Chairperson: John Mark Winders (Independent Director); Members: Regis V. Puno and Francisco S. Magsajo, Jr. (Independent Director)

The Corporate Governance Committee is tasked primarily to assist the Board in formulating the policies and overseeing the implementation of MCC's corporate governance practices. It conducts annually the performance self-evaluation of the Board of Directors and its committees. It also oversees the implementation of the orientation of newly-elected Directors. In 2016, an annual performance review of the Board as a whole, the Committees, individual directors and the President was conducted using assessment questionnaires that measure their effectiveness.

5. Risk Management Committee - Chairperson: Richard Benedict S. So; Members: John Mark Winders (Independent Director) and Francisco S. Magsajo, Jr. (Independent Director)

The Risk Management Committee is responsible for the development of MCC's risk policies and defining the appropriate strategies for identifying, quantifying, managing and controlling risk exposures including preventing and/or minimizing the impact of losses to the organization. It oversees the implementation and review of the enterprise wide risk management plan and system of limits of management's discretionary authority delegated by the Board. It is also responsible for reassessing the continued relevance, comprehensiveness, and effectiveness of the risk management plan, and introduces revisions thereto as needed.

6. Related-Party Transactions Committee - Chairperson: John Mark Winders (Independent Director); Members: Regis V. Puno, Francisco S. Magsajo, Jr. (Independent Director) and Riko A. S. Abdurrahman

The Related-Party Transactions Committee ensures that transactions with related parties (including internal Group transactions) of MCC are reviewed to assess the risks, are subject to appropriate restrictions to ensure that such are conducted at arm's-length terms and that corporate or business resources are not misappropriated or misapplied.

7. IT Steering Committee - Chairperson: Sanjoy Sen; Co-Chairperson: Deputy Cards Head; Members: President, Head of Business Technology, Head of Operations, Head of Credit Operations, Chief Financial Officer, Head of Merchant Acquiring; Advisers: Chief Risk Officer, Internal Audit Head and MBTC IT Resource

The IT Steering Committee is tasked to regularly review, endorse/approve, monitor and report to the Board MCC's Annual review of the IT Strategic Plan, IT Projects and initiatives, and related risks, IT Operations and Performance, Information Security Program and Policies (IT-specific), IT Outsourcing activities and IT Policies, Procedures and Standards. The Committee also reviews, approves and endorses for Board's approval outsourcing to cloud environment and the provision of electronic services to customers.

COMPLIANCE

MCC has built a robust compliance program focused on enforcement of the Corporate Governance Manual, Money Laundering & Terrorist Financing Prevention Program (MLPP), Code of Business Conduct & Ethics, and other regulatory requirements.

MCC Compliance reports directly to the Board Corporate Governance Committee and the Chairman of the Board. The Compliance Office ensures timely submission of reports, issues advisories on new regulations or amendments, initiates policy pronouncements and implementation, engages regulators on their onsite and offsite reviews, provides training to employees and reports on significant compliance issues to the management and the Board.

Anti-Money Laundering

The Compliance Department also performs all functions and tasks pertaining to enforcement of the MLPP. It handles the administration of MCC's compliance with the Anti-Money Laundering Act (AMLA) and its implementing rules and regulations, monitoring of transactions and conduct of AML training including the customized e-learning AML training courses.

CONSUMER PROTECTION

MCC adheres to consumer protection standards relating to disclosure and transparency, protection of client information, fair treatment, effective recourse, and financial education and awareness in its dealings with financial consumers. These are embedded into the corporate culture of MCC, enhancing further its defined governance framework while addressing conflicts that are inimical to the interests of its customers. MCC adopts a Consumer Assistance Management System (CAMS) that serves as an avenue for consumers to air out their grievances in the products and services of MCC.

For the year 2016, the number of valid complaints received by MCC accounted for only about 3% of its total cardholder base of 1.496 million as of the same period.



RISK MANAGEMENT

The Signature Lifestyle.



50% OFF at



Two Seasons
BORACAY

Experience the best of the tropics at half the price with your Metrobank Femme Signature Card.

Sunday. Extra adult and extra child charges apply.

The Signature Lifestyle.



60% OFF at



THE BELLEVUE
MANILA

Feel at home in world-class hotels with your Metrobank Femme Signature Card.



The MCC risk governance structure consists of the Board and its Risk Oversight Committee. Their primary responsibility is to set the overall corporate governance strategy and MCC's overall risk appetite.

The Risk Oversight Committee is responsible for appropriate oversight of risk management strategies, policies, and processes that have a potential to impact the business. The responsibilities extend to credit, operational, market and liquidity risk, and information security.

Together with the Audit Committee, the Risk Oversight Committee are responsible for monitoring the company's compliance with regulatory requirements, risk management policies and procedures, and for reviewing the adequacy of these policies and procedures in regard to the risks faced by the Company. Both Committees are supported in these functions by the Risk Management Division (RMD), Finance, Compliance, and Internal Audit, through the Executive and Management Committees.

In addition to the Risk Oversight Committee, the MCC Senior Management Team (SMT) consisting of key executive members and/or heads of business play an integral role in the oversight of the effectiveness of risk management policies and processes in the business. The SMT includes the Head of Risk Management.

Their primary responsibility is to assist in fulfilling governance responsibilities by establishing and maintaining a robust risk management program that allows for timely identification, analysis, and rectification of risk issues in addition to day-to-day risk management within the business.

The Company ensures that all risks are identified, monitored, controlled, and reported to appropriate senior management.

Credit Risk

In a business where exposure to credit risk is inherent, it is very crucial for the Company to manage the risk effectively. In order to achieve this, the Company ensures that sound credit risk management practices are implemented. This is achieved by having adequate controls and operating within sensible and well-defined credit-granting criteria.

The Company has continuously focused on process improvement, investments in new technology and enhancement in management information systems (MIS). The Company has also developed and continuously enhances an internal credit scoring system to have a more robust credit risk assessment. Through these efforts, the Company believes that the portfolio can be well-managed, quality of customer base will be improved, and sustainability of the business is ensured.

The Company manages credit risk guided by the following principles:

- Strict compliance to credit policies
- Identify, measure, monitor, and control credit risk using appropriate credit tools and systems aligned with business objectives.
- Credit policies should be in consultation with business units and, where appropriate, supported by MIS reports. This covers credit assessment and process, compliance and regulatory requirements, and account management.
- Minimize losses by establishing robust credit policies and processes.
- Approval of credit facilities should be based on authorization limits approved by the BOD.
- Expansion to new markets is controlled through credit testing and full use of available credit scoring facilities.
- Management of portfolio through regular monitoring and analysis of acquisition, line management, and usage programs with the goal of controlling exposure to bad accounts while maximizing revenue through effective line management and usage campaigns.
- Delinquent accounts are managed by implementing robust collection strategies and efficient management of collection resources.
- A conscious effort to continuously challenge existing strategies and processes to adapt to changes in the market and maintain the Company's competitiveness.
- To track the performance of the portfolio, the company develops, implements, and reviews the credit strategies, policies, models, processes, and MIS.

The Company classifies the credit quality of its receivables from cardholders that are neither past due nor impaired based on their delinquency history as follows:

- a. Balances of those accounts that are current and have never been past due
- b. Balances of those accounts that are current but with historical past due incidence in the 1-29 days aging bucket
- c. Balances of those accounts that are current but with historical past due incidence of the 30-59 days aging bucket
- d. Balances of those accounts that are current but with historical past due incidence in the 60-89 days aging bucket
- e. Balances of those accounts that are current but with historical past due incidence of the 90 days and up aging buckets

The following table shows the credit quality of neither past due nor impaired receivables from cardholders of the Company (amounts in thousands):

	2016		2015	
	Amount	Percentage	Amount	Percentage
Current and never past due	45,530,964	92.6	38,123,766	92.80
Balances of accounts with 1 to 29 days past due history	2,817,635	5.7	2,287,021	5.6
Balances of accounts with 30 to 59 days past due history	464,402	1.0	422,885	1.0
Balances of accounts with 60 to 89 days past due history	213,097	0.4	154,154	0.4
Balances of accounts with 90 days and up past due history	127,264	0.3	90,085	0.2
	49,153,362	100%	41,077,911	100%

Aging analysis of past due but not impaired accounts receivables from cardholders of the Company is shown below (amounts in thousands):

	2016		2015	
	Amount	Percentage	Amount	Percentage
1-29 days	1,181,304	50.2	1,122,709	51.90
30-59 days	655,199	27.9	565,674	26.2
60-89 days	515,158	21.9	472,812	21.9
	2,351,661	100%	2,161,195	100%

Of the total aggregate amount of gross past due but not impaired loans, the fair value of collateral held as of December 31, 2016 and 2015, amounted to P4.6 million and P7.0 million, respectively. These collaterals obtained from credit cardholders are hold-out cash deposits with affiliated local banks. The fair value of these cash deposits approximate their carrying value due to their short-term maturities.

Market Risk

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of financial instruments. The Company focuses on two market risk areas such as interest rate risk and foreign currency risk.

Interest Rate Risk

The Treasury unit is primarily responsible in managing the liquidity, as well as, the interest rate risk of the Company. They ensure borrowings from various sources of funds are availed at the cheapest possible cost at acceptable terms. In measuring interest rate risk, the Company employs gap analysis wherein, an interest rate gap report is prepared by breaking down the balance sheet accounts according to contractual maturities/repricing dates, whichever is applicable. The difference in the amount of assets and liabilities maturing or being repriced in any pre-specified time band would be treated as an indicator of the Company's exposure to the risk of potential changes in net interest income.

To manage interest rate risk, the RMD uses a quantitative risk model on interest rate risk called the Earnings-at-Risk (EaR). EaR is used to measure any mismatch between assets and liabilities in terms of interest rate repricing and an EaR limit is set over a 1-year period. The limit is established to reduce the potential exposure of earnings and/or capital from changes in interest rates. Such method of measuring and controlling interest rate risk is applied during the year. The approved EaR limit by the BOD is a maximum of positive (negative) amount of 1-month average (equivalent to approximately 8.33%) of the Planned Full Year Net Profit After Tax.

Foreign Currency Risk

Foreign exchange risk (also known as FX risk or currency risk) is defined as the risk to earnings or capital that may arise from movements in foreign exchange rates. It refers to the risk that exchange rate fluctuations may have direct or indirect impact to the firm's cash flow or to the value of its assets and liabilities and in turn, its profit and capital position.

Information on the Company's United States dollar (US\$) denominated monetary assets and liabilities as of December 31, 2016 and 2015 and their Philippine peso equivalents are as follows (amounts in thousands):

	2016		2015	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Financial assets:				
Cash in banks	2,216	110,166	3,554	167,252
Accounts receivable	5,930	294,863	5,958	280,395
	8,146	405,029	9,512	447,647
Financial liabilities:				
Notes payable	4,390	218,271	8,180	384,951
Accrued interest payable	19	952	7	331
	4,409	219,223	8,187	385,282
Net Foreign Currency- Denominated Assets	\$3,737	185,806	\$1,325	62,365

Liquidity Risk and Funding Management

The Company is continuously working on developing diversified funding sources to support its asset growth, as well as to minimize liquidity and interest rate risks. The Treasury unit, on a daily basis, monitors the cash position of the Company. They ensure that the Company has ample liquidity to settle financial obligations that are due as of a given period. The Treasury unit employs various liquidity/funding tools to determine the expected funding requirements for a particular period.

RMD prepares the monthly Maximum Cumulative Outflow (MCO) report to measure the liquidity mismatch risk. The MCO report provides quantitative information on the potential liquidity risk exposure based on pre-specified time bands. The Company has established MCO limit to control liquidity risk. The MCO limit of P 10.8 Billion for end-2016 corresponds to 80% of the total wholesale borrowing limit less utilized borrowing limit. Aside from the MCO report, the Risk Management also prepares Liquidity Stress testing to measure potential liquidity risk exposures under different stress scenarios.

The table shows the MCO report of the Company as of December 31, 2016 and 2015 (in millions):

	2016						
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	TOTAL
Assets	15,782	4,904	4,137	8,770	8,258	17,066	58,917
Liabilities	11,471	3,207	2,864	10,828	4,789	18,243	51,402
Off-Balance Sheet Position	-	-	-	-	-	-	-
Periodic Gap	4,311	1,697	1,273	(2,058)	3,469	(1,177)	7,515
Cumulative Gap	4,311	6,008	7,281	5,223	8,692	7,515	

	2015						
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 to 12 months	Beyond 1 year	TOTAL
Assets	14,697	4,262	3,498	7,451	6,718	13,751	50,377
Liabilities	12,420	4,895	2,338	7,474	4,930	12,420	44,477
Off-Balance Sheet Position	-	-	-	-	-	-	-
Periodic Gap	2,277	(633)	1,160	(23)	1,788	1,331	5,900
Cumulative Gap	2,277	1,644	2,804	2,781	4,569	5,900	

Capital management

The primary objectives of the Company's capital management are to ensure that it complies with externally imposed capital requirements and to maintain strong credit ratings and healthy capital ratios in order to support its business and to maximize stockholders' value.

Regulatory qualifying capital

Under existing BSP regulations, the determination of the Company's compliance with regulatory requirements and ratios is based on the amount of the Company's 'unimpaired capital' (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

In addition, the risk-based capital adequacy ratio (CAR) of the Company with quasi-banking operations, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.0%. Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Risk-weighted assets consists of total assets less cash on hand, amounts due from BSP, loans covered by hold-out or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items as determined by the Monetary Board (MB) of the BSP.

In compliance with Circular 639 covering the Internal Capital Adequacy Assessment Process (ICAAP), the Metrobank Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. MCC follows the Group's ICAAP framework and submits the result of its assessment to the Parent Bank, Metrobank in full accordance with Basel 3 guidelines.

As of December 31, 2016 MCC's CAR stood at 12.20%, well within the regulatory requirement of 10.0%. Total qualifying capital for the years ended 2016 and 2015 were P8.7 Billion and P7.6 Billion, respectively.

Operational Risk

The Operational Risk Management facilitates and monitors the implementation of effective risk management practices by operational management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the organization.

The operational risk management process adopted by MCC consists of a staged approach involving: establishing the context, identification, analysis, treatment, monitoring, review, and reporting of risks.

Risk and Control Self-Assessment

Risk and Control Self-Assessment (RCSA) forms an integral element of the overall operational risk framework of MCC, as it provides an excellent opportunity for a firm to integrate and coordinate its risk identification and risk management efforts and generally to improve the understanding, control, and oversight of its operational risks.

Incident Reporting

Incident Reporting is another process of MCC's risk management process. The business ensures that incidents, which may have either financial impact and/or reputational damage is escalated promptly. The collection and analysis of incident data provides management information which can be fed back into the operational risk management and mitigation process. Ultimately the database of incidents built up over time will also provide the basis for quantitative modeling and the calculation of capital or reserves allocation, where required.

Key Risk Indicators

Key Risk Indicators (KRIs) act as early warning signals by providing the capability to indicate changes in an organization's risk profile. KRIs are a fundamental component of a full-featured risk and control framework and sound risk management practice. Their usefulness stems from potentially helping the business to reduce losses and prevent exposure by proactively dealing with a risk situation before an event actually occurs.

Information Security Risk

The Business Information Security Office is responsible for overseeing conduct of independent risk assessment and governance of MCC's information security program, including oversight of information technology risk. This includes establishing, implementing, monitoring and improving controls to ensure protection of MCC information assets, as well as maintaining and improving the overall information security awareness of the organization.

The unit also oversees the overall implementation and compliance of MCC to the Payment Card Industry Data Security Standards (PCI DSS), as mandated by the payment brands. The PCI DSS compliance program aims to pursue certification in the near future and maintain full compliance thereafter. In coordination with Internal Audit, annual compliance reviews are performed and results are submitted to Visa and MasterCard.

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MCC's corporate social responsibility initiatives in 2016 have championed a variety of causes driven by the organization's mission to empower communities, preserve the environment, and support women, children, and professionals who continue to make a difference for the country.

Bringing joy to kids, one wish grant at a time

MCC has been dedicated in helping Make-A-Wish Philippines bring joy to children with life-threatening illnesses since 2009. Through three wish grants in 2016, MCC was able to help Make-A-Wish achieve of its goal of granting 2,000 wishes. Over 100 employee volunteers spent their afternoons bonding with the wish kids as they had meals together and took part in opening gifts ranging from clothes, gadgets, musical instruments, and toys. After each wish grant, the kids and volunteers bonded more by either playing at indoor playgrounds such as DreamPlay and Kidzooona or watching Disney On Ice live and up close.

Sustaining support for social enterprises

MCC has been collaborating with Rags2Riches Foundation (R2R) to integrate CSR into the business since 2012. R2R is a fashion and design house empowering community artisans, who are mostly women, by becoming their livelihood partner. These artisans from impoverished communities weave and create eco-ethical fashion and home accessories out of upcycled overstock cloth and indigenous fabrics. MCC continued to advocate R2R's artisans through marketing programs of Metrobank Femme Visa and Metrobank Femme Signature Visa, its credit cards made exclusively for women.

Empowering women through breast cancer awareness

To further advocate for women empowerment, MCC continued its partnership with ICanServe Foundation, a network of cancer survivors who help women with breast cancer. In October 2016, MCC supported Breast Cancer Awareness month with exclusive promos for its Metrobank Femme ICanServe Visa cardholders and donated a portion of its sales to the Foundation to help fund campaigns and programs in the fight against breast cancer.

Commending the service of Outstanding Filipinos

In continuous support of Metrobank Foundation's Outstanding Filipinos - the Search for Outstanding Teachers, Soldiers, and Police Officers (SOT, TOPS, and COPS), MCC presented the awardees special edition Metrobank credit cards to empower them and commend their noble services to the country. The 2016 Outstanding Filipinos now join an elite group of over a hundred Outstanding Filipinos and fellow Metrobank cardholders.

Giving back to communities

In 2016, MCC employees gave back through various department-wide initiatives such as community visits, feeding programs, a tree-planting activity, and fundraising ventures for donations. Partner foundations included orphanages and nursing homes such as Missionaries of Charity, Hospicio de San Jose, Sarnelli Center for Street Children Foundation, Daily Manna Foundation, and Little Sisters of the Poor San Lorenzo Ruiz Home for the Elderly. The volunteer employees also had outreach programs with the indigenous families of Clark Adventure Park employees, the students of Paulina Manalo Elementary School, and the beneficiaries of the Philippine Toy Library.





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