

Company Presentation

1H 2020

Based on latest financial statements submitted to the
Philippine SEC, PSE and BSP

As of 30 June 2020

Earnings Call

4 August 2020

Panelists



Toto A. Tansingco
Treasurer and
Head, Financial Markets



Fabian S. Dee
President



Jette C. Gamboa
Head, Strategic Planning
and Investor Relations



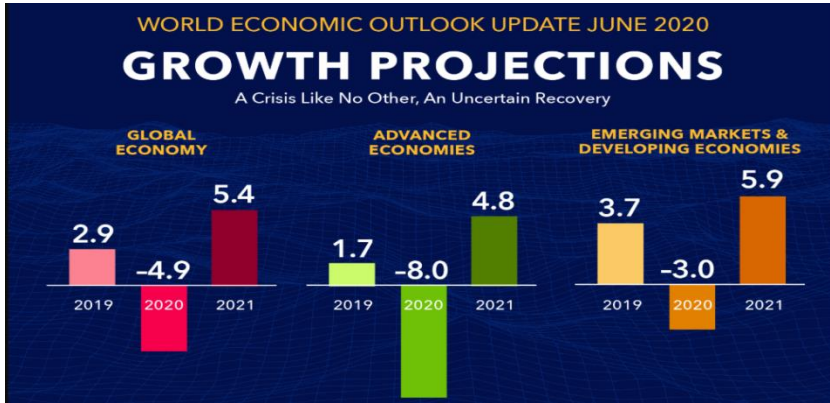
Mylene A. Caparas
Head, Institutional Banking



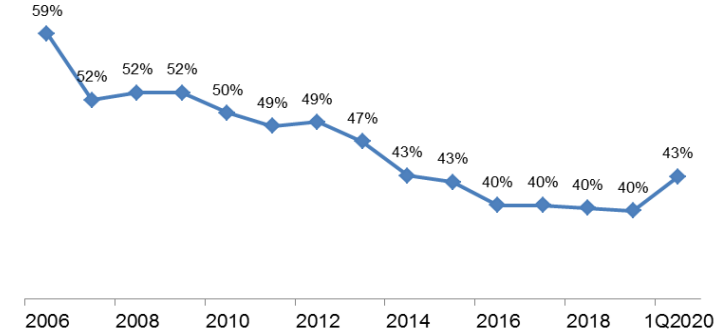
MACROECONOMIC VIEW

Global COVID-19 Recession in 2020

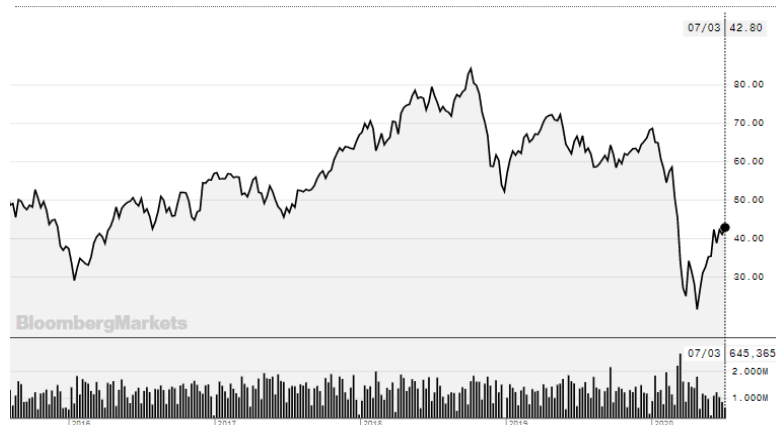
Global Recession in 2020, Rebound in 2021



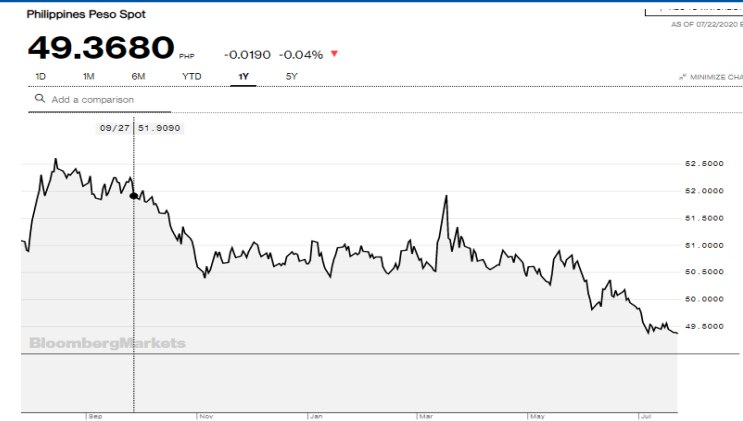
Philippines has space for fiscal stimulus



Brent Oil prices still below previous years' levels

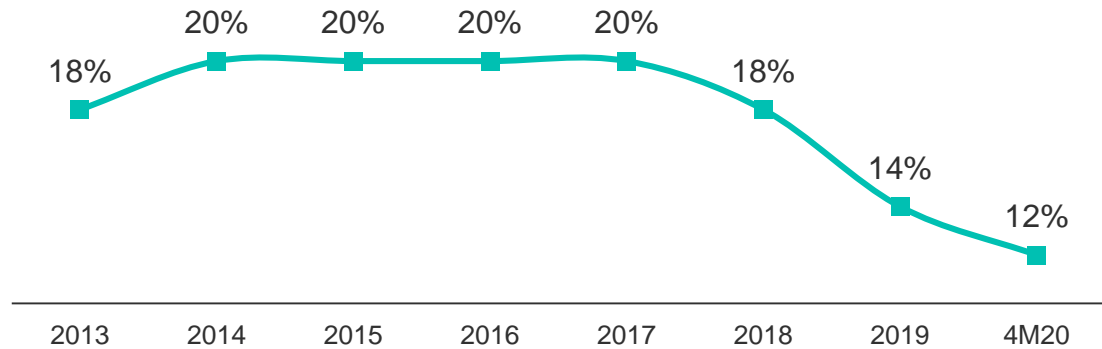


Philippine Peso strength/US Dollar under pressure

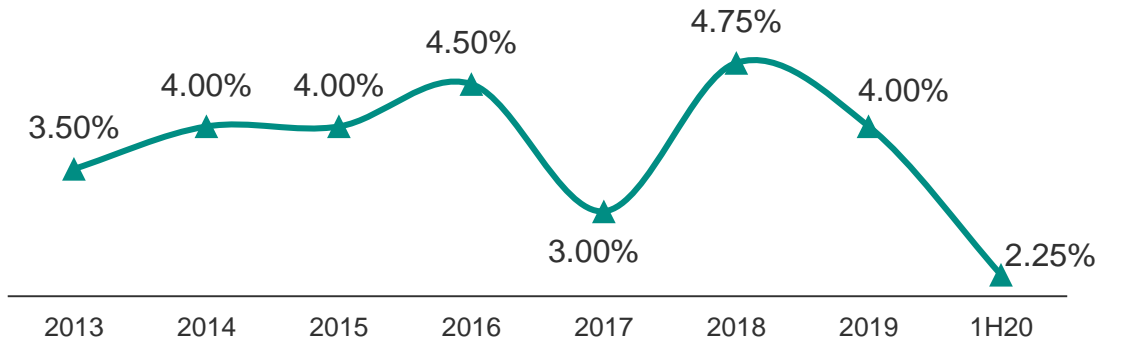


Loose Monetary & Quantitative Easing

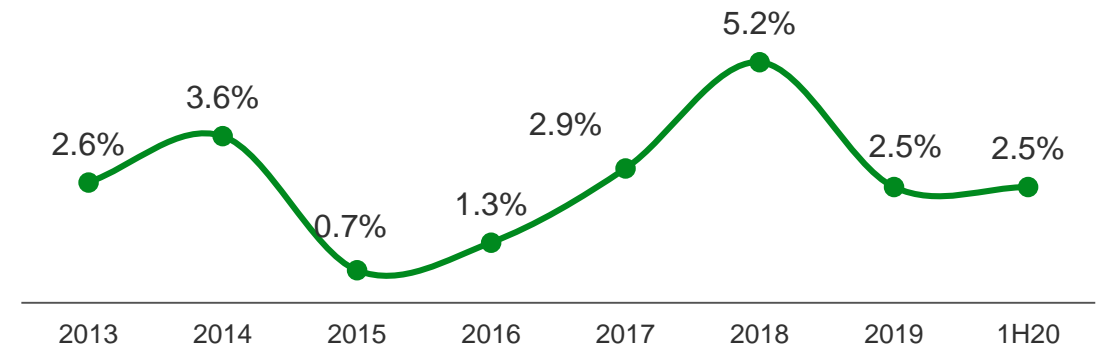
RRR cuts to support liquidity



Deep policy rate cuts to record-low level



Supported by low inflation



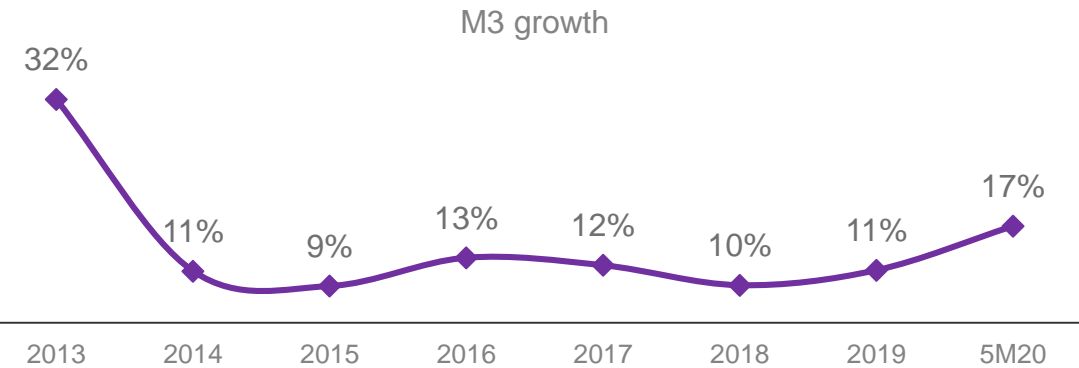
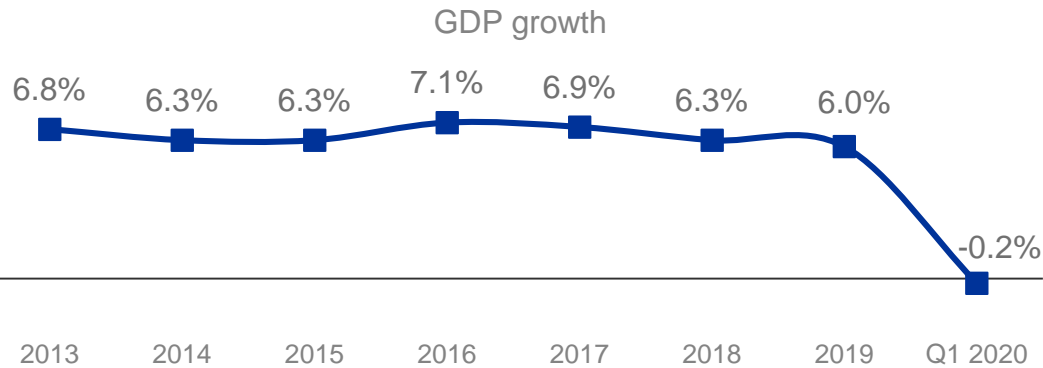
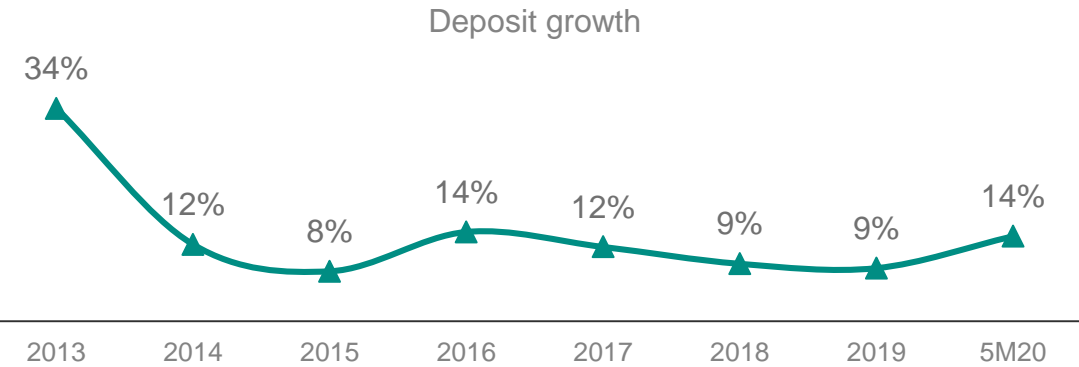
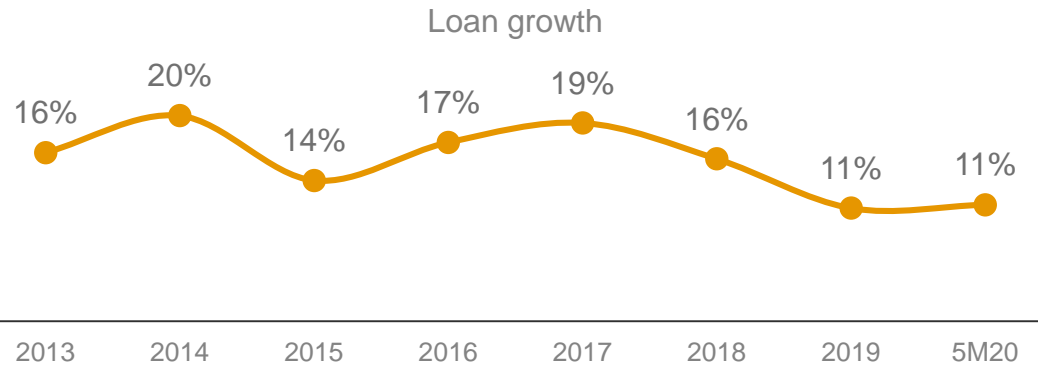
BSP measures to keep liquidity

- BSP now into QE, with Php300 Billion to buy government securities.
- MSME loans can be counted against Reserve Requirements.

Banking Industry

Loan growth had a strong start this year but this may be tempered by economic uncertainty

Deposit growth and M3 growth sustained in early months but can slow down depending on overall market liquidity

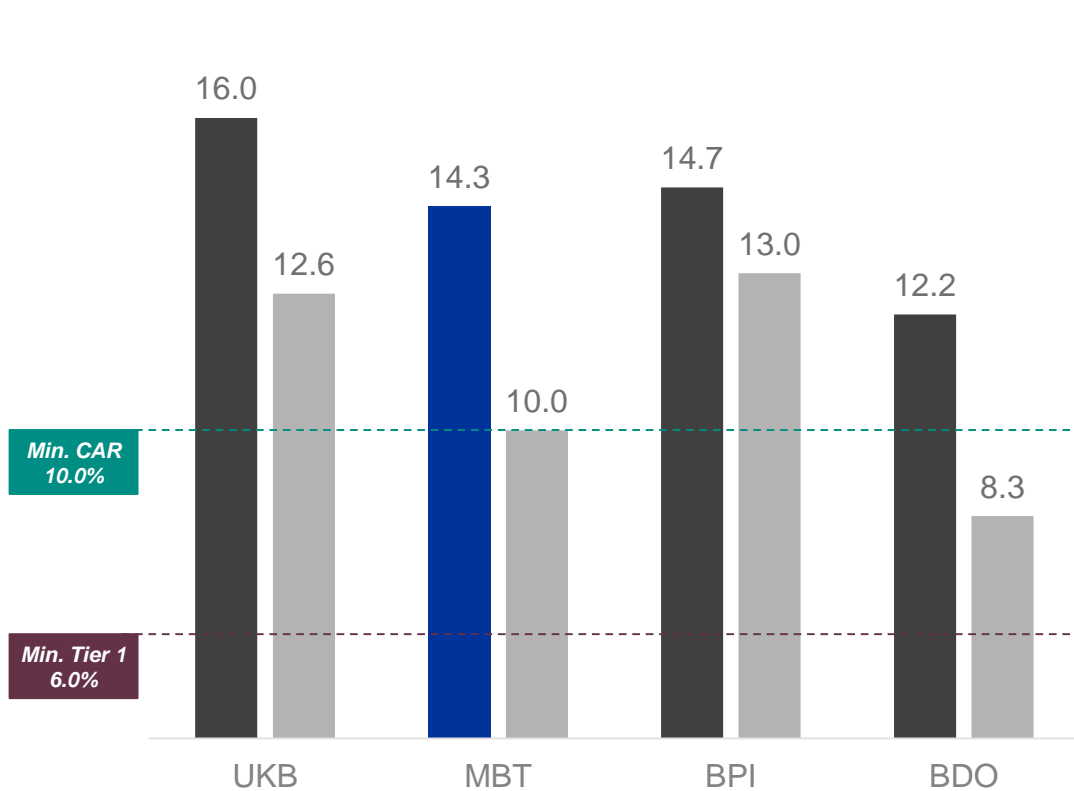


PH Big 3 Banks: Adequately Capitalized

The country's largest banks have substantial capitalization, way above the minimum threshold set by the BSP.

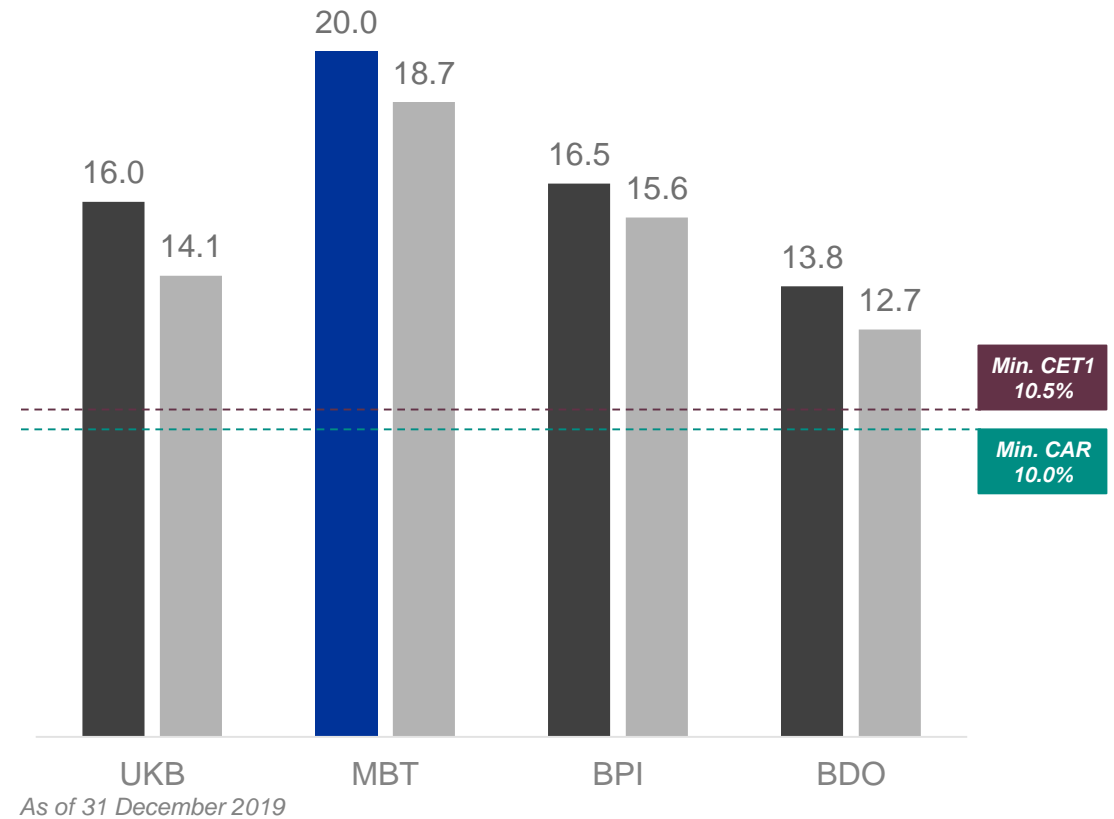
31 December 2009

■ CAR ■ Tier 1



30 June 2020

■ CAR ■ CET1



Sources: BSP, banks' disclosures

Metrobank Economic Research Forecasts

As of 31 July 2020

	2019A	2020F	2021F
GDP	6.0%	-3.6% to -5.2% ↓	7% to 8%
Inflation	2.5%	2.5%	2.5%
BSP RRP rate	4.0%	2.25% ↓	2.50%
RRR	14%	10%	
USDPHP Trend	50.7	50.1 ↓	49.2 ↓

↓ *With downward bias*

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GDP Forecasts	DBCC*	-2.7%	7.6%
	ADB	-3.8%	6.5%
	WB	-1.9%	6.2%
	IMF	-3.6%	6.8%
	Moody's	-4.5%	6.5%
	Fitch	-4.0%	7.4%
	S&P	-3.0%	9.4%

*Development Budget Coordination Committee - formulates the National Government's fiscal program; composed of the Office of the President, DBM, NEDA, and DOF. The BSP attends the Committee meetings as a resource agency.

FINANCIAL PERFORMANCE



1H 2020

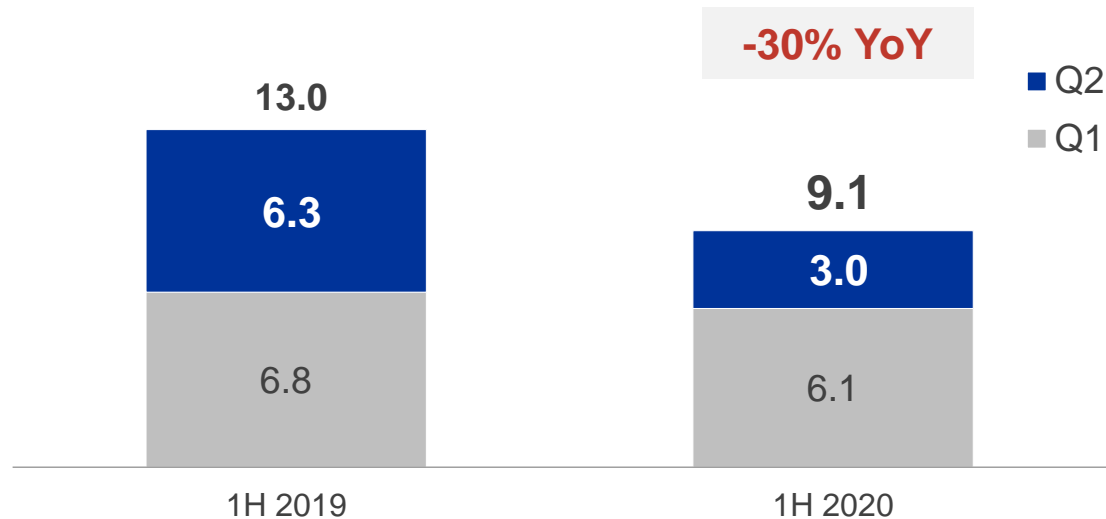
Performance Highlights

Solid core business growth but moderated by continued provisioning and reserves build-up

Net Income

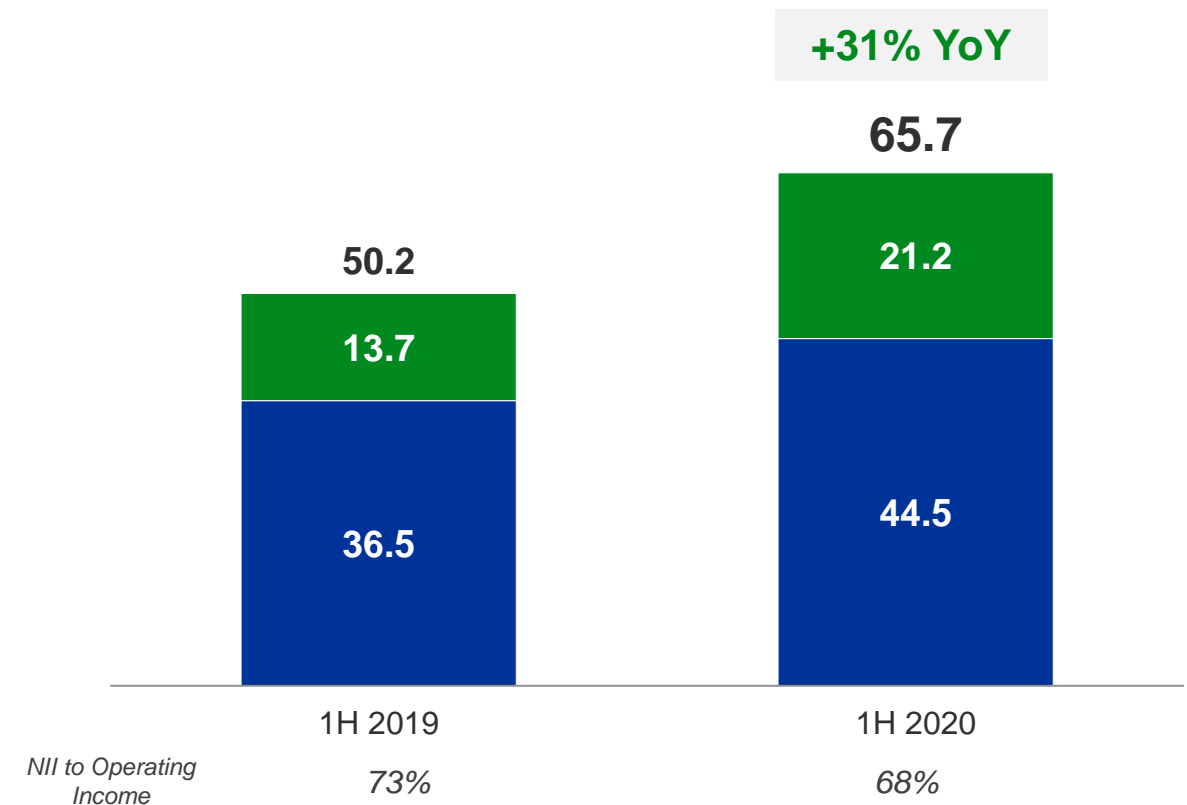
Resilient core business; early build up of reserves

- Solid **22%** NII growth, driven by lower funding cost
- Trading and FX gains almost **quadrupled**
- Operating expenses muted at **+7%** YoY
- Provisions increased **5.0x**



Operating Income

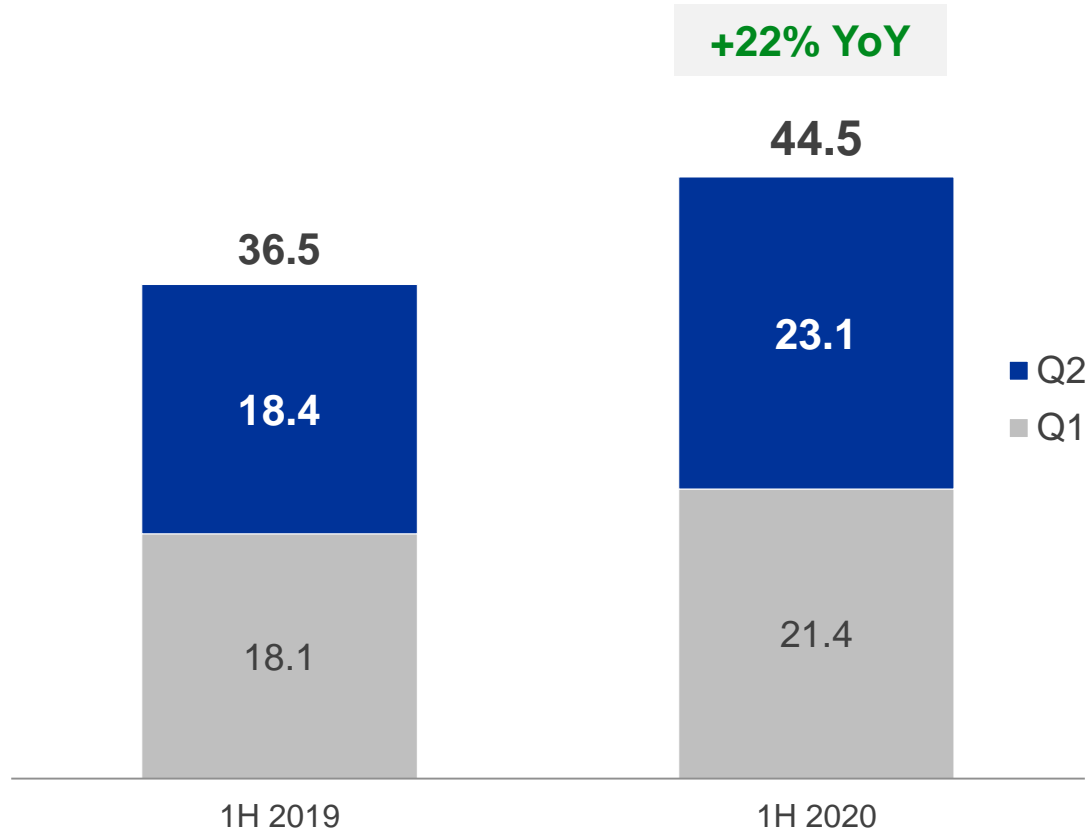
■ Net interest income ■ Non-interest income



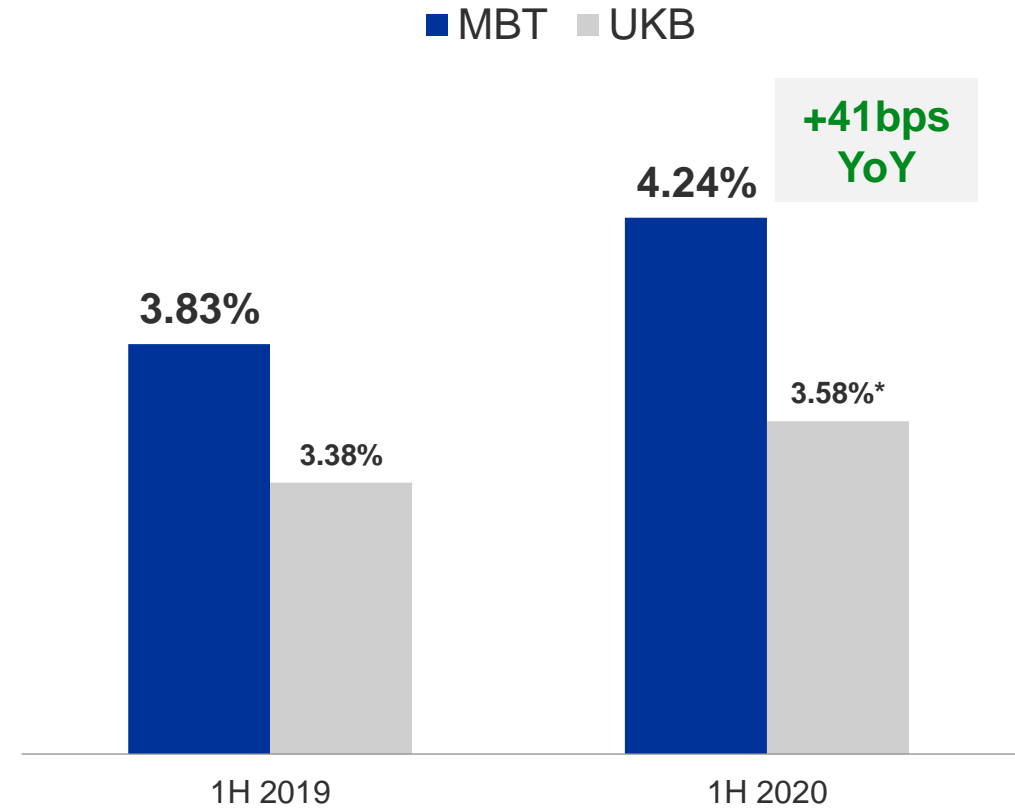
Net Interest Income

NII expansion driven by strong CASA take up amid improved liquidity, leading to reduced funding cost

Net Interest Income



NIMs* consistently above industry



* Net Interest Margin as reported in SEC filings

*Latest available UKB data (Q1 2020)

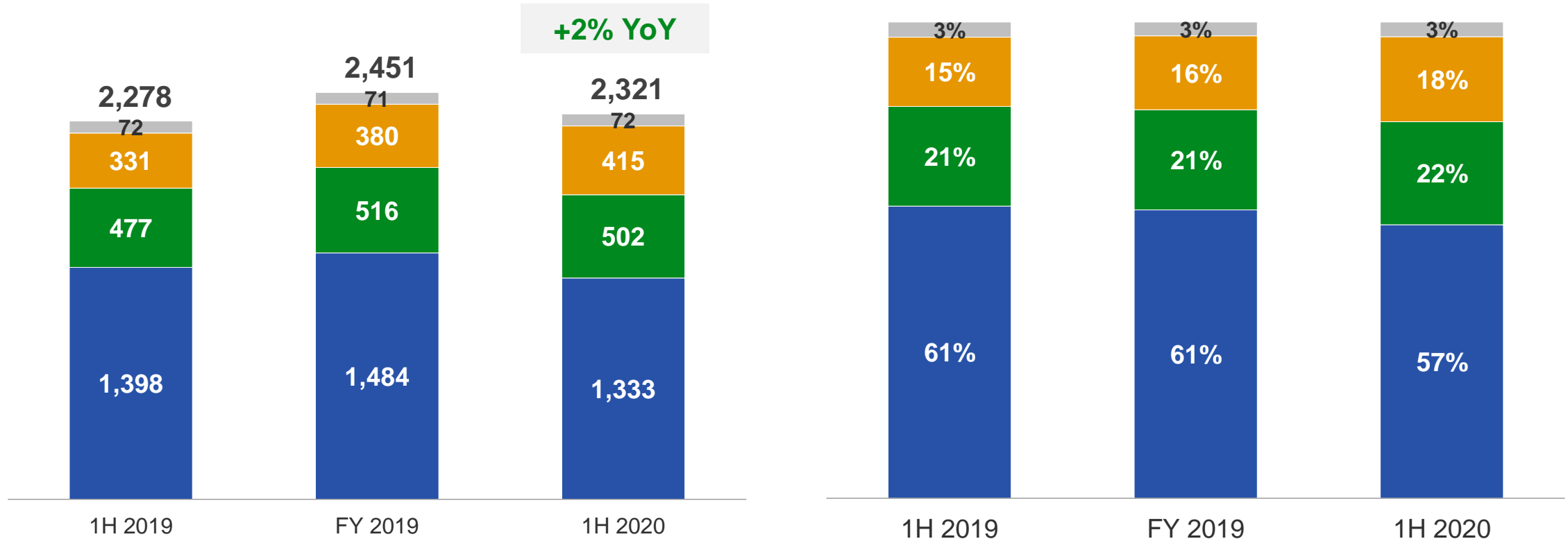
Asset Mix

Prudent asset growth, and well-balanced asset mix with loans comprising the biggest share

Total Assets

Total Assets Breakdown

■ Loans* ■ Securities ■ Other Financial Assets ■ Other Assets

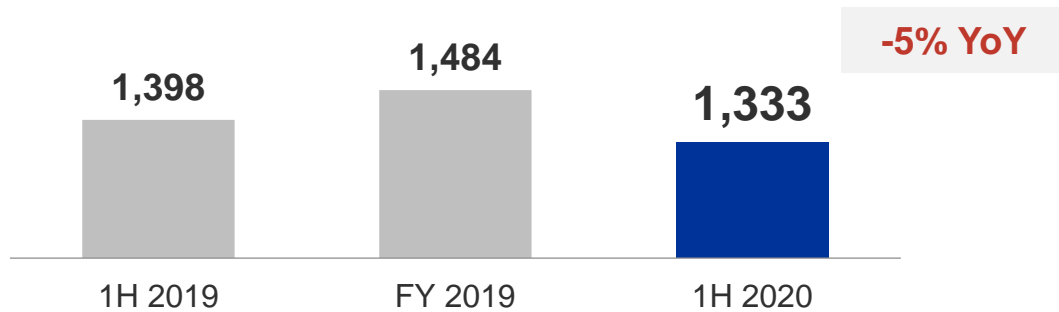


* Loans and Receivables, net

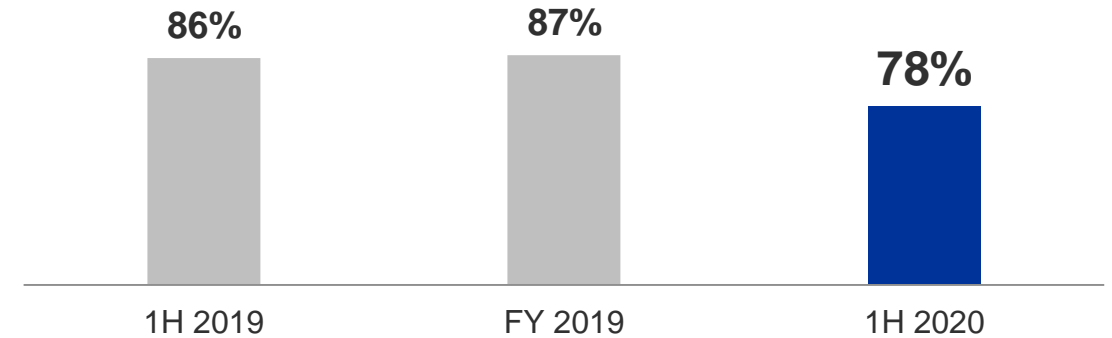
Loan Portfolio

Contraction in loan portfolio reflective of the slowdown across industries

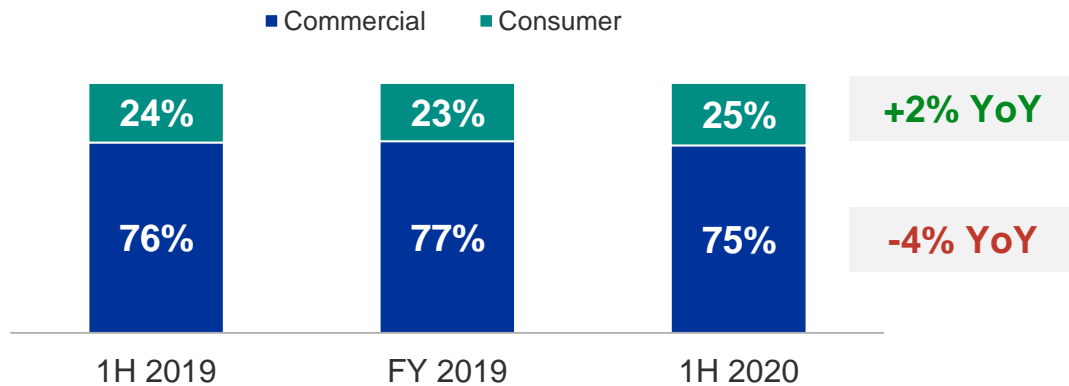
Net Loans



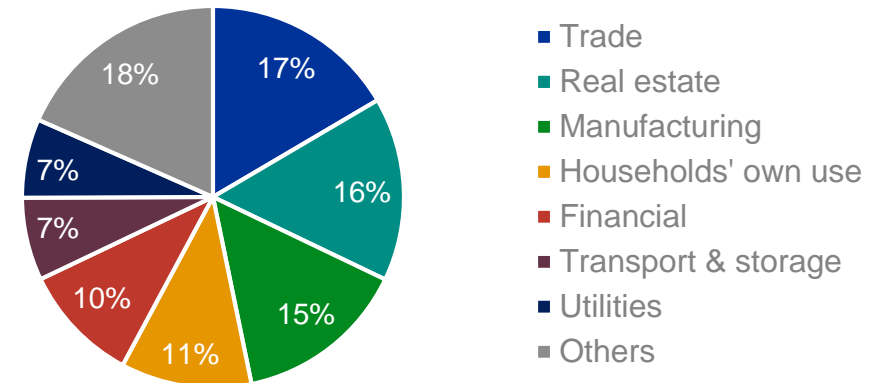
Net Loan-Deposit Ratio



Gross Loan Breakdown By Segment



FY 2019 Loan Portfolio by Industry



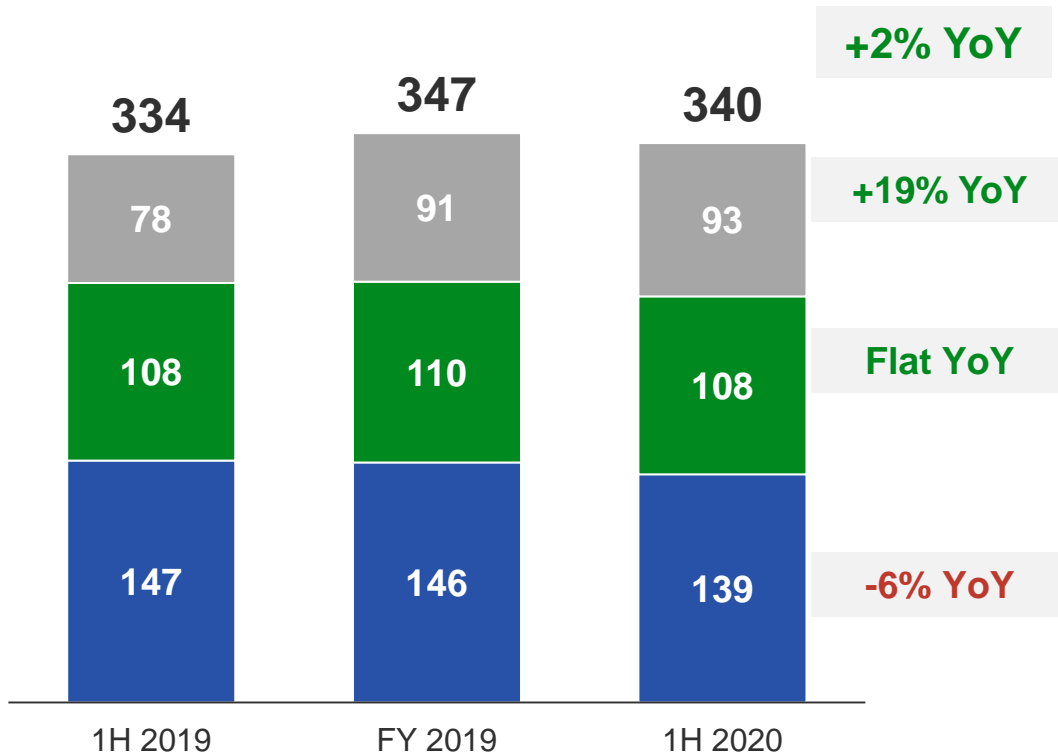
Based on BSP Reporting

Consumer Loans

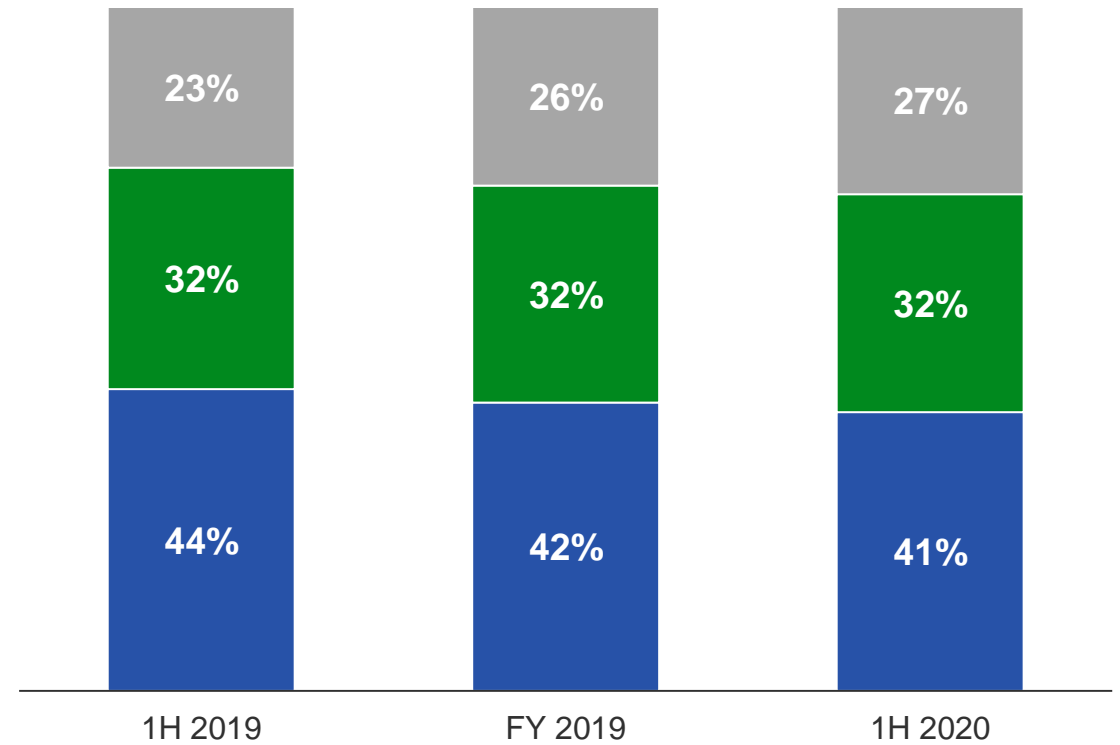
Limited demand in auto loans and mortgage during the lockdown, offset by resilient credit card receivables

Consumer Loans Breakdown

■ Auto ■ Housing ■ Credit Card & Others



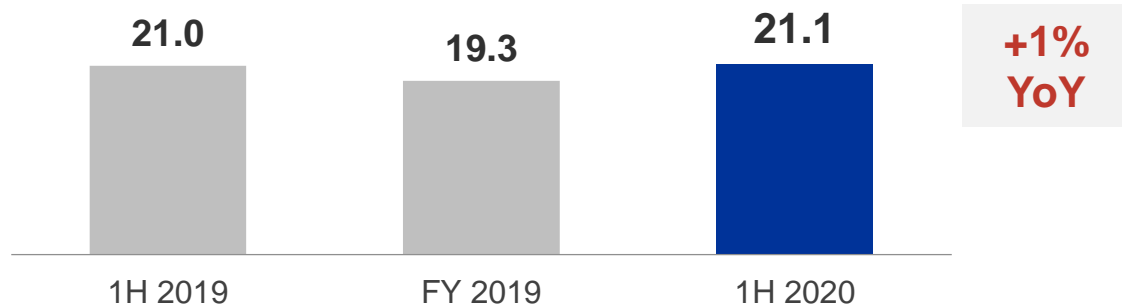
Consumer Loans By Segment



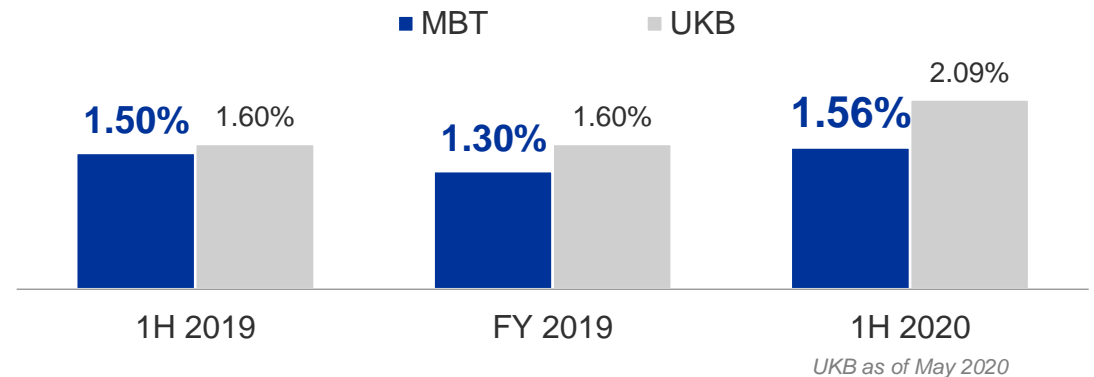
Asset Quality

Mindful of the risks ahead, the Bank is proactively beefing up provisions even as NPL formation remains relatively benign

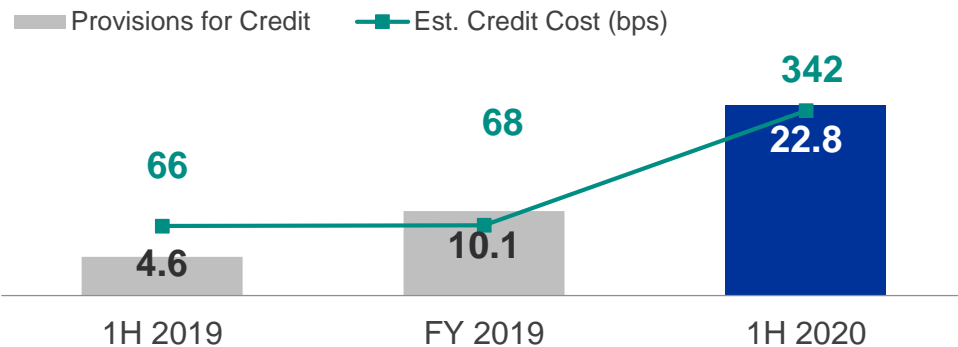
NPLs¹ amount



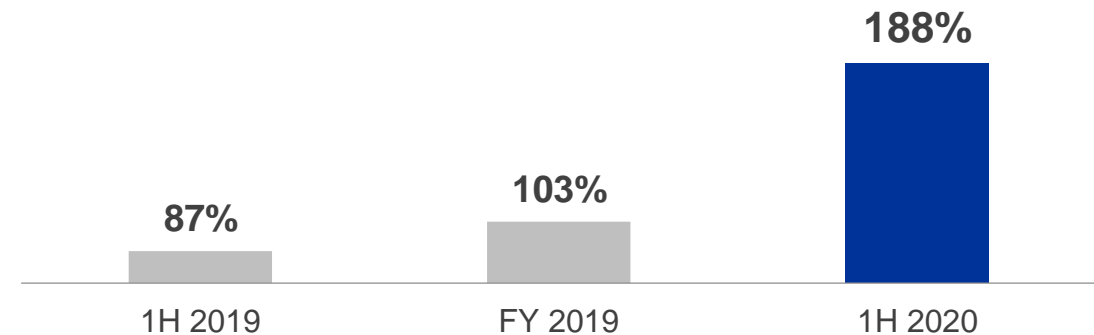
NPL Ratio² better than industry



Provisions and Credit Cost³



NPL Cover

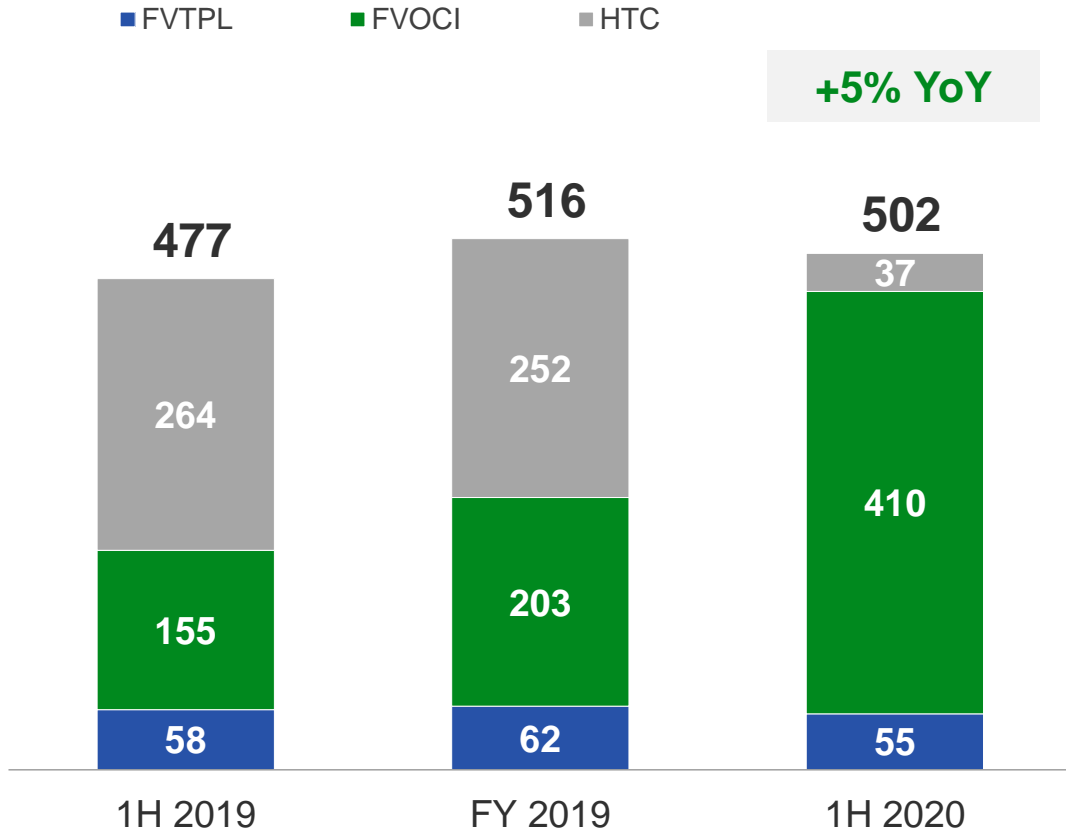


¹ Non-Performing Loans; ² Excludes interbank loans; ³ Estimated credit cost = Annualized Provisions for Credit / Loans & Receivables, net

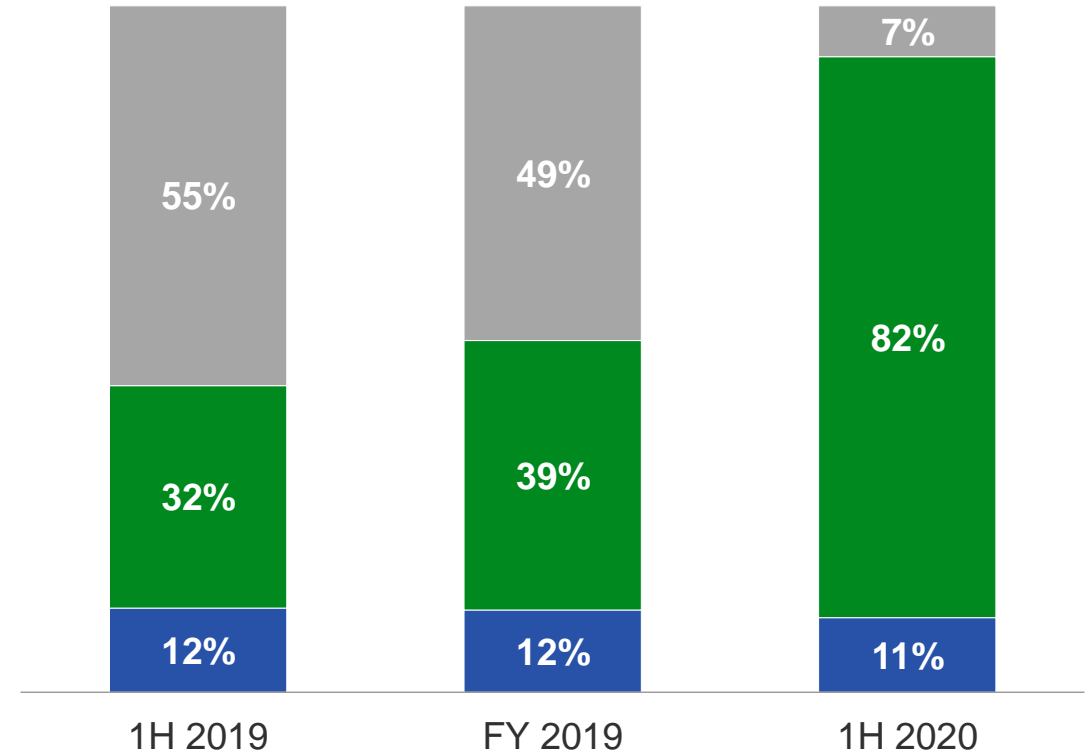
Investment Securities

Actively managed securities portfolio strategically positioned to take advantage of ever-changing financial market conditions

Investment Securities



Investment Securities Breakdown



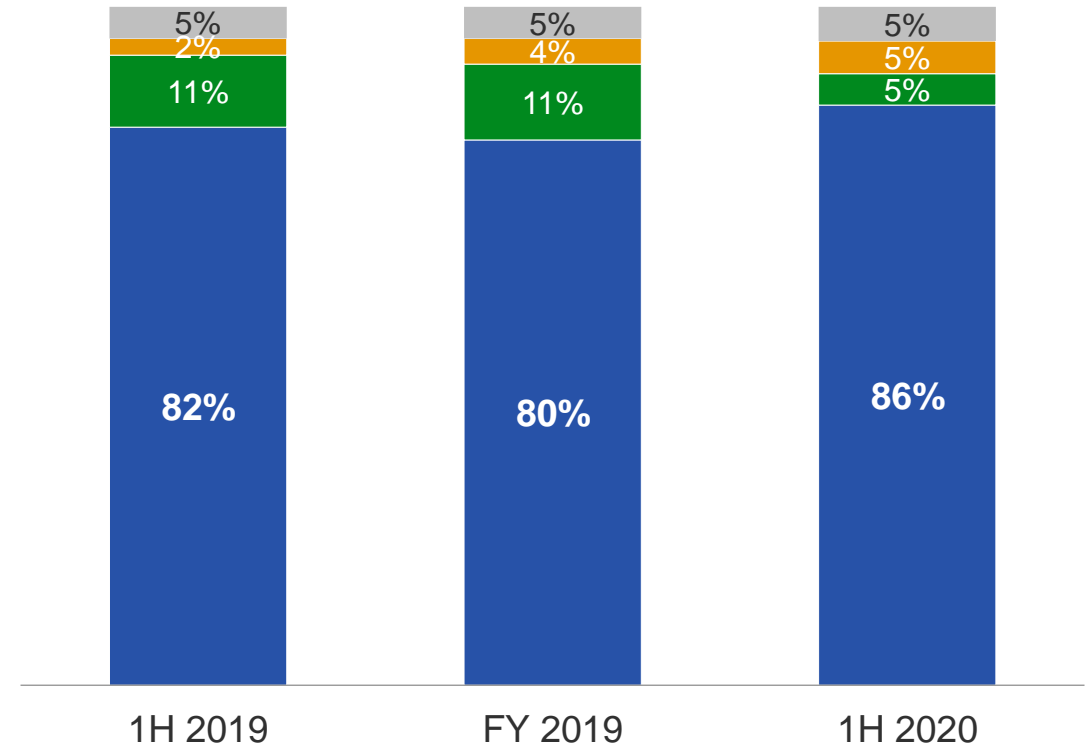
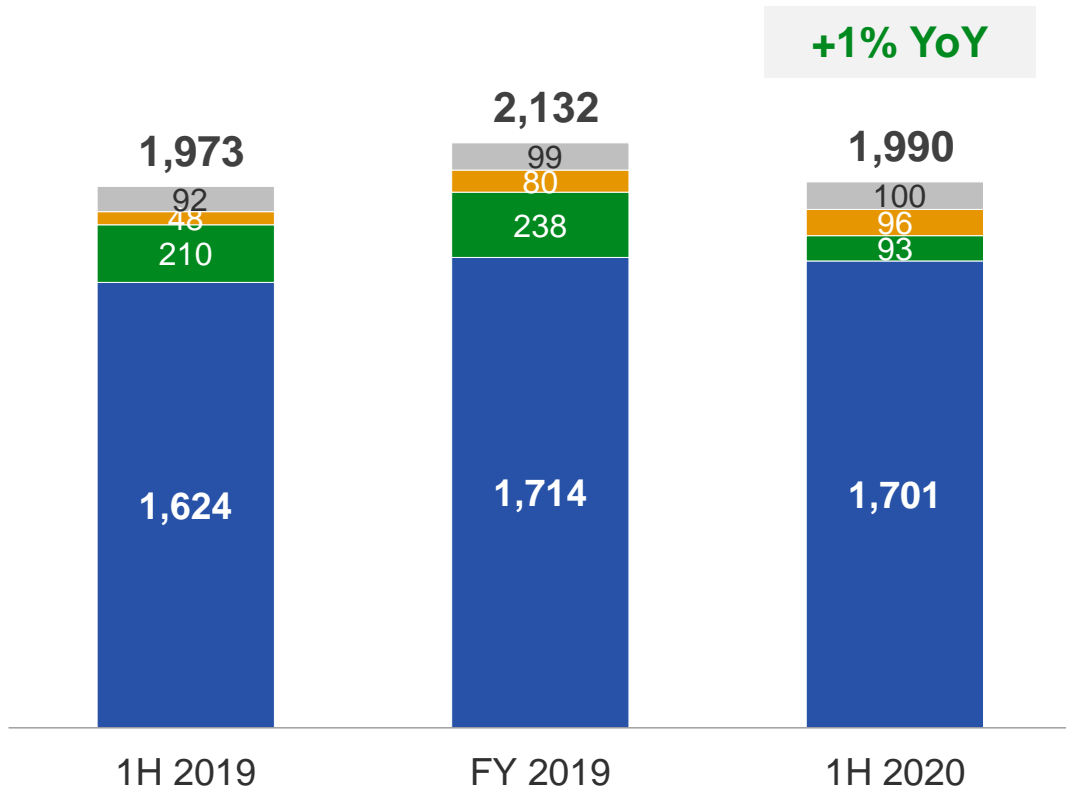
Liabilities Mix

With a strong deposit franchise, funding is sourced primarily from traditional deposits led by low-cost CASA

Total Liabilities

Total Liabilities Breakdown

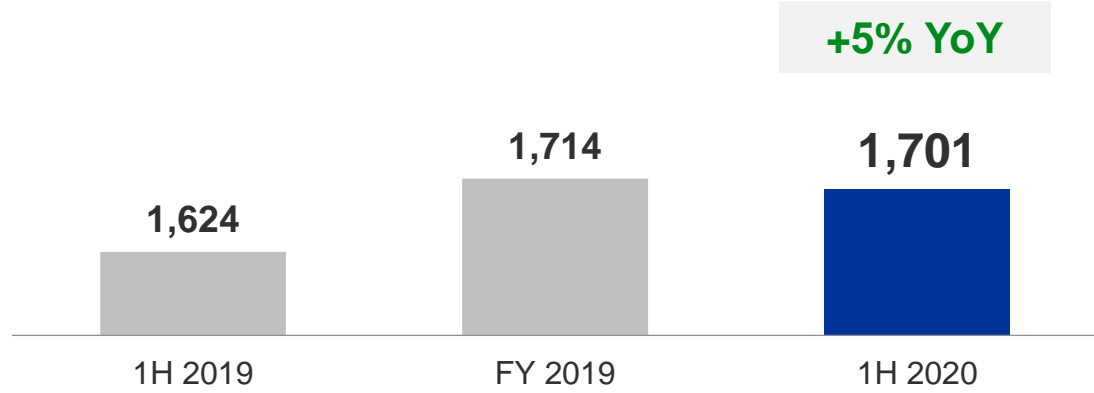
■ Deposits ■ Bills payable & SSURA ■ Bonds payable ■ Others



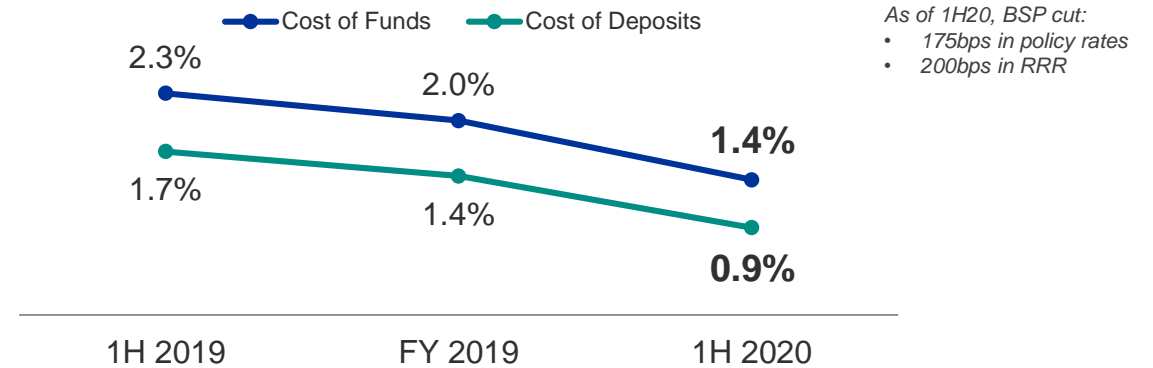
Deposit Profile

Deposits have increased as customers prefer to stay liquid; strong CASA growth and low interest rates driving down funding cost

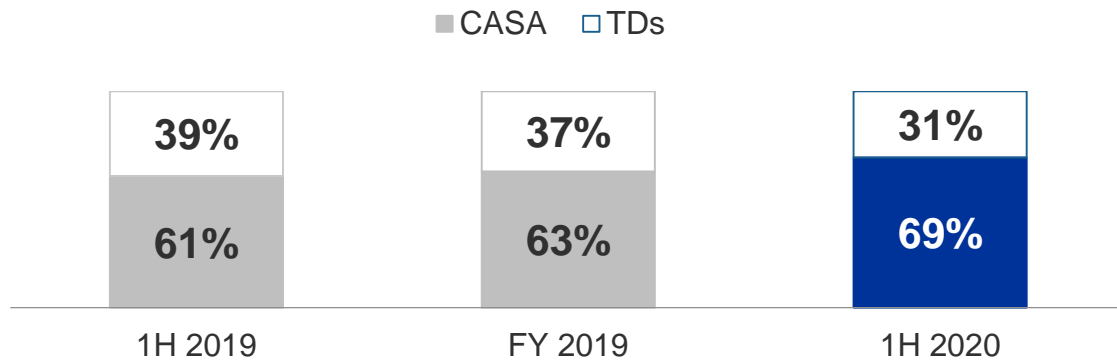
Total Deposits



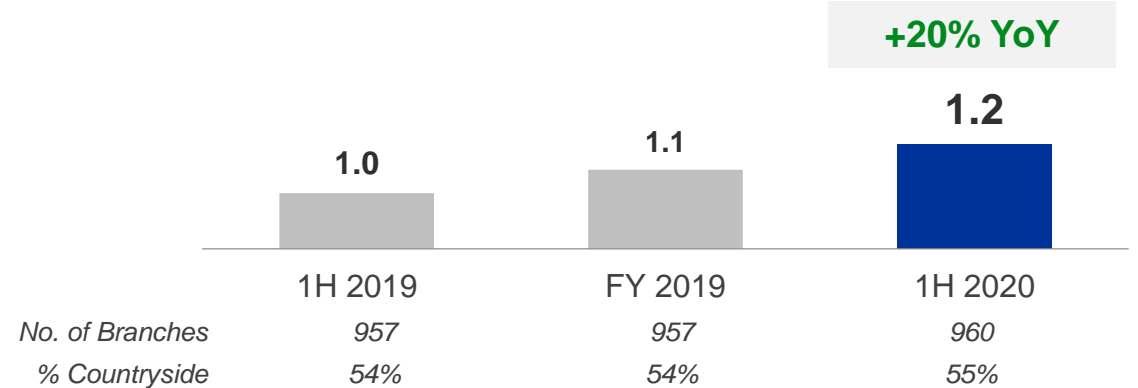
Estimated Funding Cost*



CASA Ratio



CASA Deposits per Branch

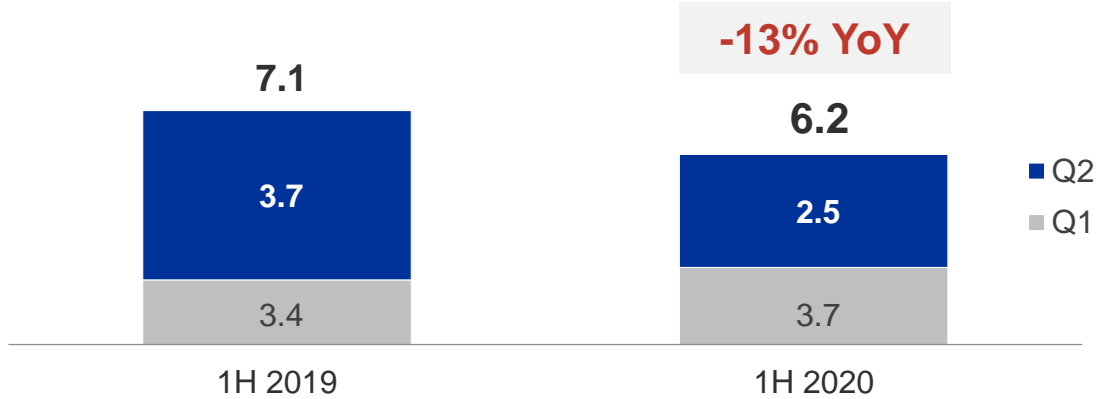


* Cost of Funds = Annualized Gross Interest Expense / Ave. Interest-Bearing Liabilities; Cost of Deposits = Annualized Gross Deposit Expense / Ave. Deposits

Non-Interest Income

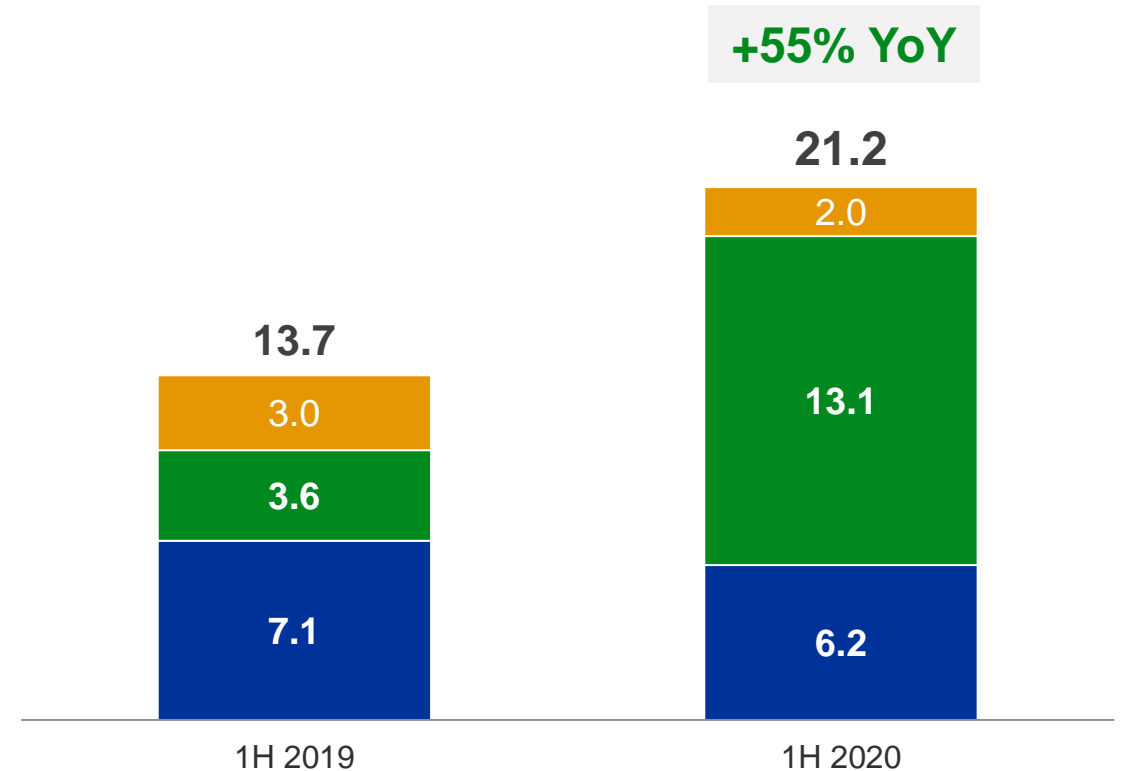
Despite market volatility, favorable interest rate environment helped healthy trading operations offset the weakness in service fees

Service Fees and Trust

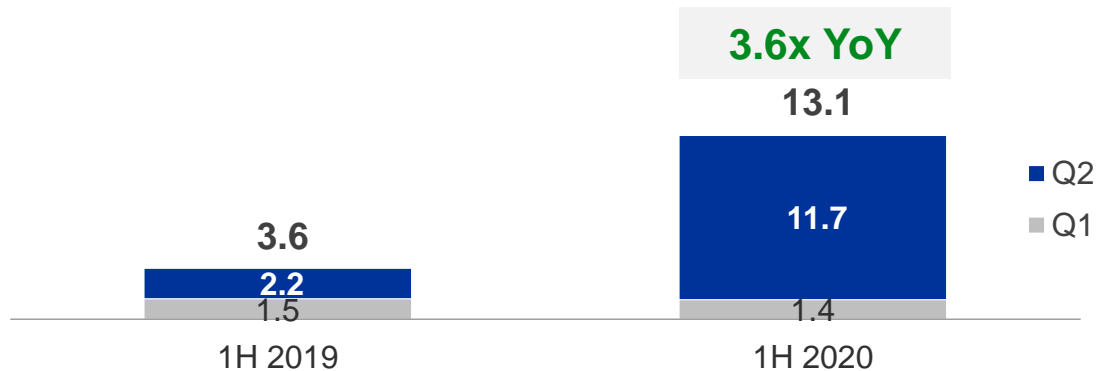


Non-Interest Income Breakdown

■ Service Fees & Trust ■ Trading & FX gains ■ Others



Trading and FX Gains

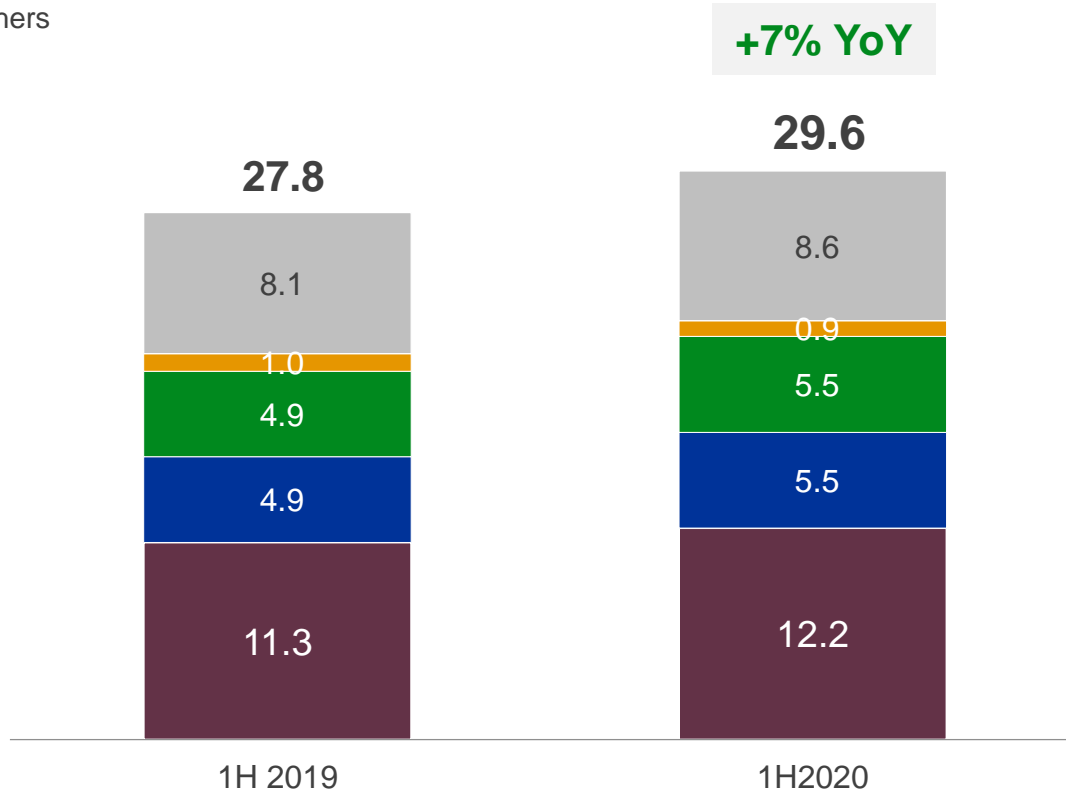


OPEX and Efficiency Ratios

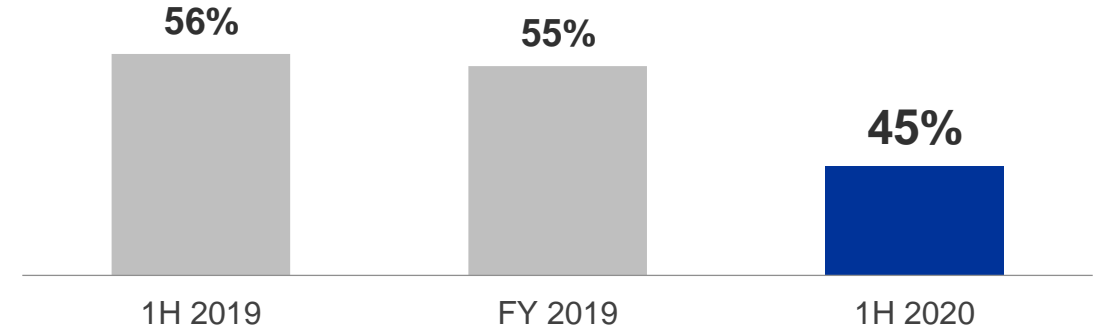
Revenue growth has consistently outpaced cost growth, leading to improved cost-income ratio

Operating Expenses Breakdown

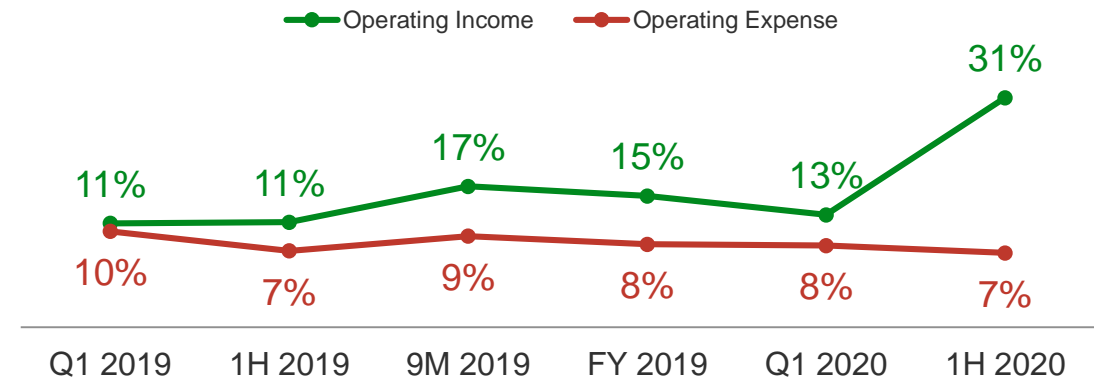
- Manpower
- Depreciation
- Others
- Taxes & licenses
- Occupancy & equipment



Cost-Income Ratio

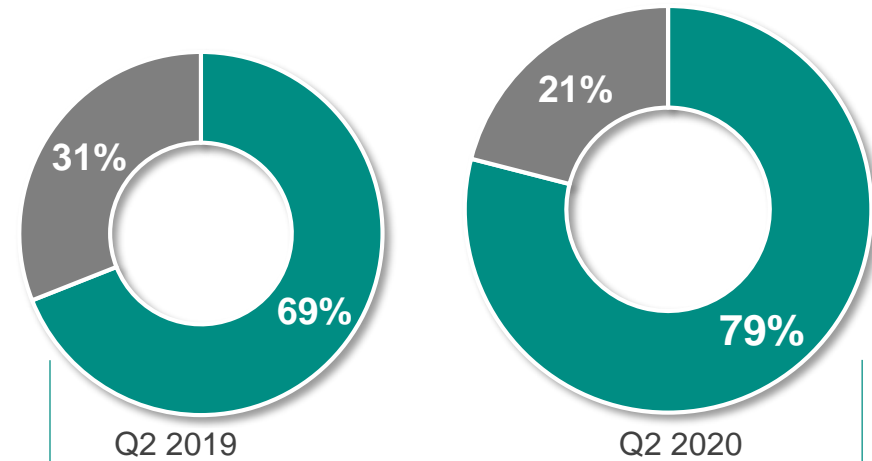
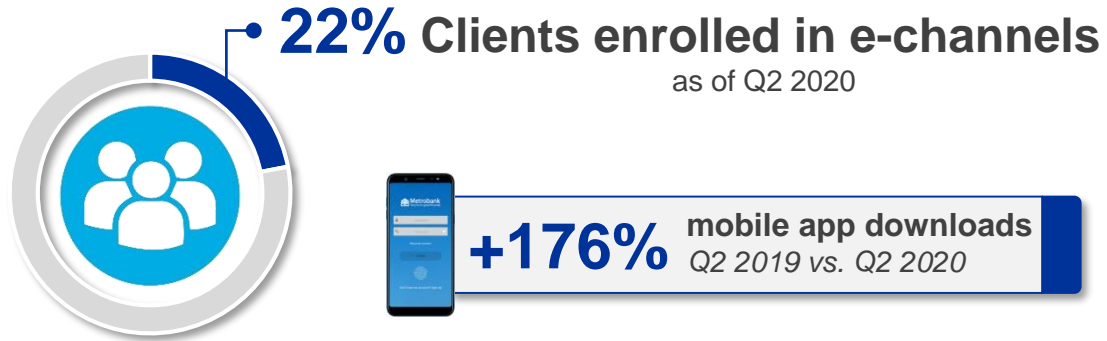


Operating Income growth consistently higher than Opex



Customer Touchpoints

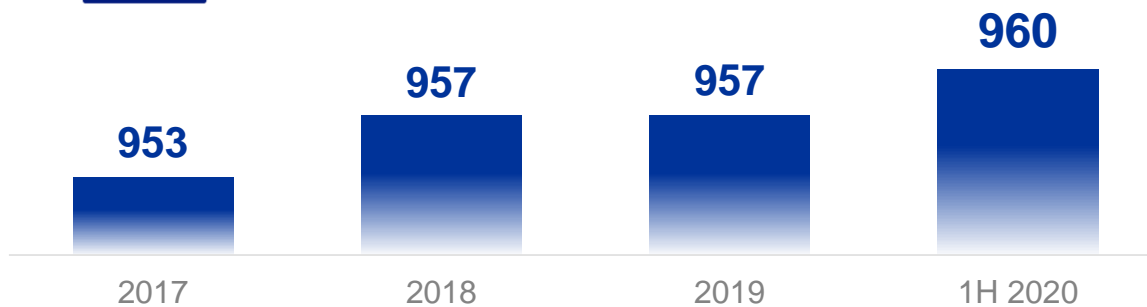
Slow down on opening of physical branches, and active push for e-channels to drive efficiencies and reduce the cost-to-serve.



% E-Channels to Total financial transactions



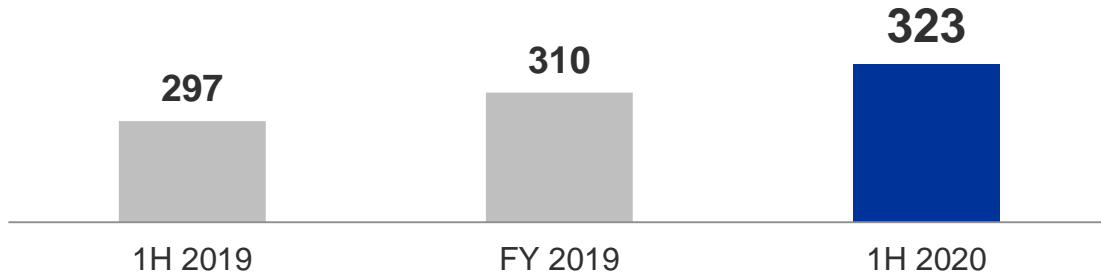
Consolidated Branches



Capital and Liquidity Ratios

The Bank is highly liquid and well-capitalized, with capital and liquidity ratios comfortably above the regulatory threshold

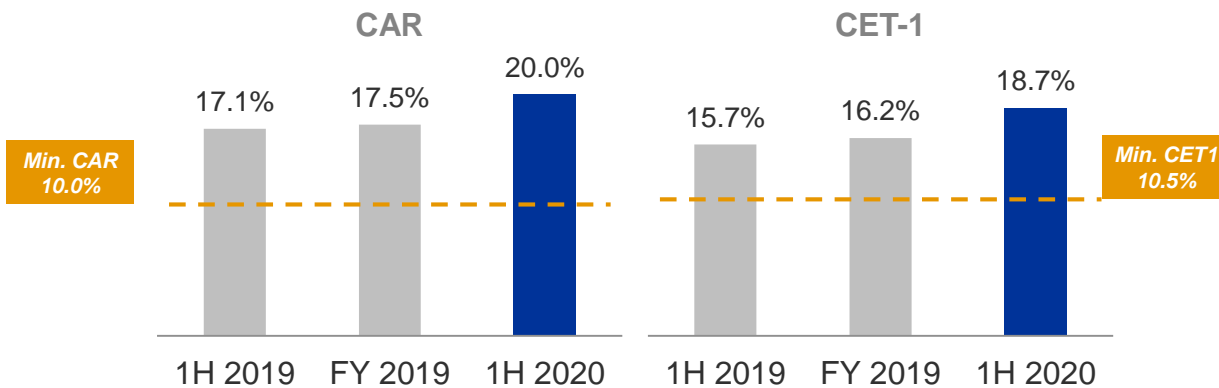
Total Equity



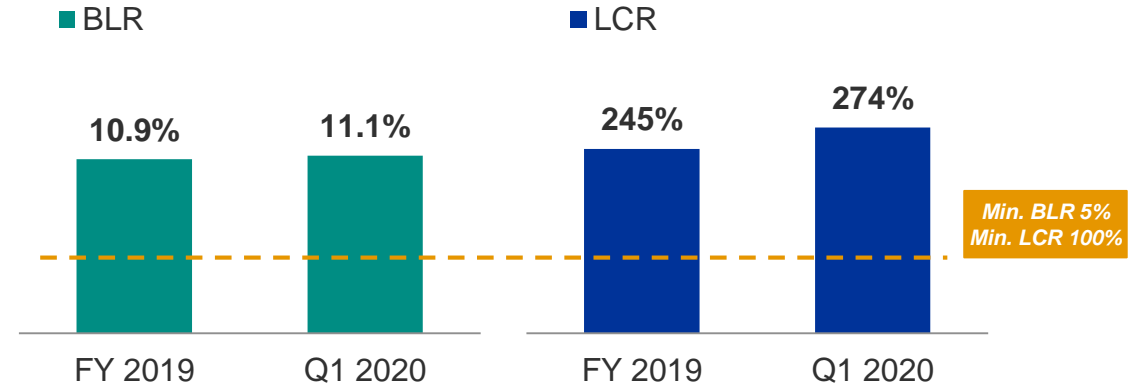
Annual Cash Dividends Paid



Capital Ratios



Basel III Leverage Ratio, Liquidity Coverage Ratio



Recent Developments

Approval of Merger

 **Metrobank Card**



 **Metrobank**
You're in good hands

Effective 03 January 2020

BSP approval

P25 billion LTNCDs

Jan. 2020 – Jan. 2021

BSP approval to call the

**P6.5 billion 2025
Peso Notes**

August 2020

Debt Issuance

**USD500 Million
Medium-Term Note**

From the USD2-Billion MTN Programme
16 July 2020

Order book was

5x oversubscribed

Debt Issuance

P10.5 billion bonds

From the P100-Billion Bond Programme
24 June 2020



**Best
Securities
House**

Bank Category

2014 - 2020



PDS Group

The Complete Capital Market Infrastructure

SUMMARY

- ✓ Adverse effects of the unprecedented COVID-19 pandemic became more pronounced in the second quarter as economic activities ground to a halt during the quarantine.
- ✓ The Bank's underlying business remains healthy - resilient NII growth, robust gains from the treasury business, and sustained improvement in cost-income ratio.
- ✓ Under a worsening economy scenario, MBT's strategy is to take a prudent stand by doing early and large provisioning, and adjust its position as it sees more clarity in the future.
- ✓ MBT is known to be a conservative bank, with historical loan growth below peers. Disciplined underwriting standards in the past will serve it well in the face of potential risks.
- ✓ Metrobank is one of the country's largest banks, with a strong liquidity position, quality loan portfolio, and the highest capital ratios among peers.

Financial Summary

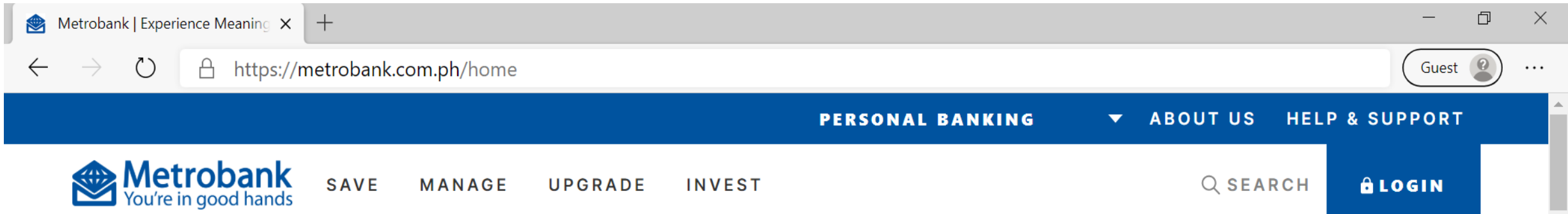
In PHP billion

Income Statement	1H 2019	1H 2020	YoY
Net Interest Income	36.5	44.5	+22%
Non Interest Income	13.7	21.2	+55%
Operating Income	50.2	65.7	+31%
Operating Expenses	27.8	29.6	+7%
PPOP	22.5	36.1	+61%
Provision for Credit	4.6	22.8	+395%
Provision for Taxes	4.5	3.9	-13%
Net Income	13.0	9.1	-30%

Balance Sheet	1H 2019	1H 2020	YoY
Total Assets	2,278	2,321	+2%
Loans and Receivables, Net	1,398	1,333	-5%
Total Deposits	1,624	1,701	+5%
CASA	986	1,182	+20%
Equity	297	323	+9%

Financial Ratios	1H 2019	1H 2020	YoY
NIM	3.8%	4.2%	+0.4 ppt
CIR	56%	45%	-10 ppts
NPL Ratio	1.5%	1.6%	+0.1 ppt
NPL Cover	87%	188%	+101 ppts
CAR	17.1%	20.0%	+2.8 ppts
CET-1	15.7%	18.7%	+3.0 ppts
Net LDR	86%	78%	-7.7 ppts

For more information, please visit our website:



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Meaningful Banking

by

