

1Q 2022 EARNINGS CALL



Metrobank
You're in good hands



**FABIAN
DEE**

President



**TOTO
TANSINGCO**

Treasurer &
Head, Financial Markets



**MYLENE
CAPARAS**

Head, Institutional Banking



**MONJ
DEL ROSARIO**

Head, Consumer Business



**RENE
DE BORJA**

Controller



**MINDA
OLONAN**

Investor Relations



MACROECONOMIC VIEW

Metrobank Economic Research Forecasts

As of May 2022

	2021A	2022F	2023F
GDP	5.7%	6.3% (DBCC*: 7-8%)	6 – 7% (DBCC*: 6-7%)
Inflation	4.5%	4.6% (BSP: 4.6%)	3 – 5% (BSP: 3.9%)
BSP RRP rate	2.0%	3.0%	3 – 5%
USDPHP Trend	50.77	53.40 (BSP: 48-53)	54.70 (BSP: 48-53)

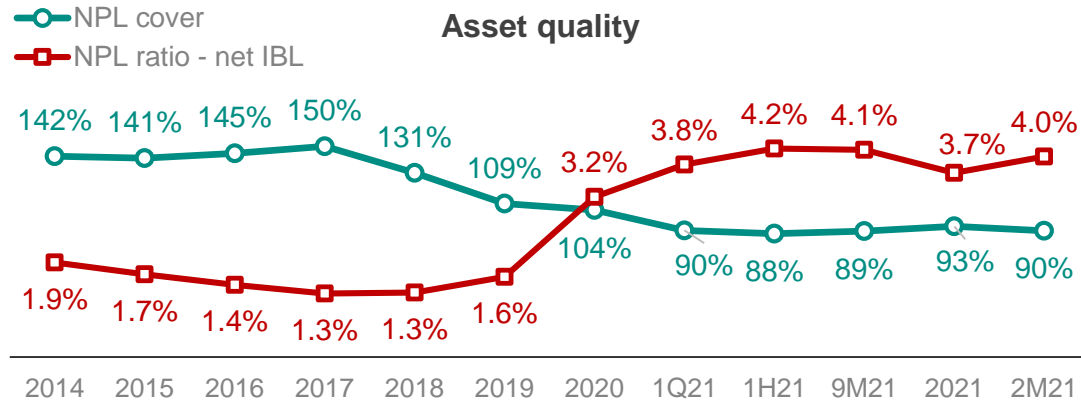
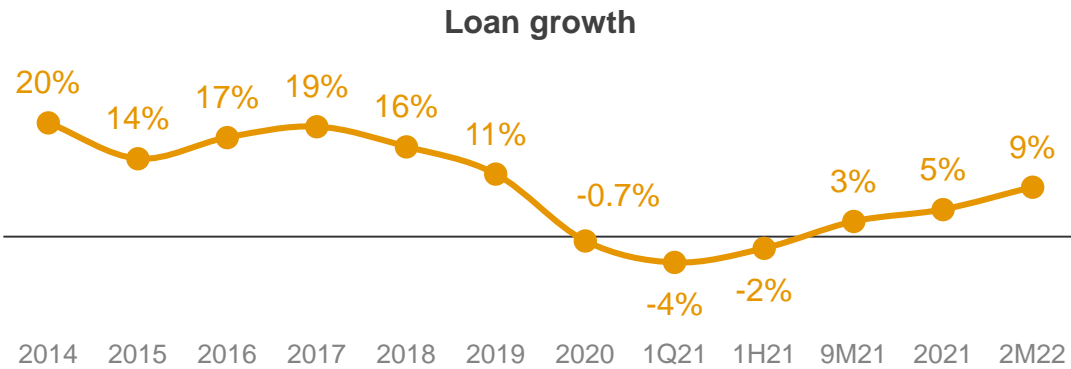
DISCLAIMER INFORMATION

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*Note: DBCC = 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.

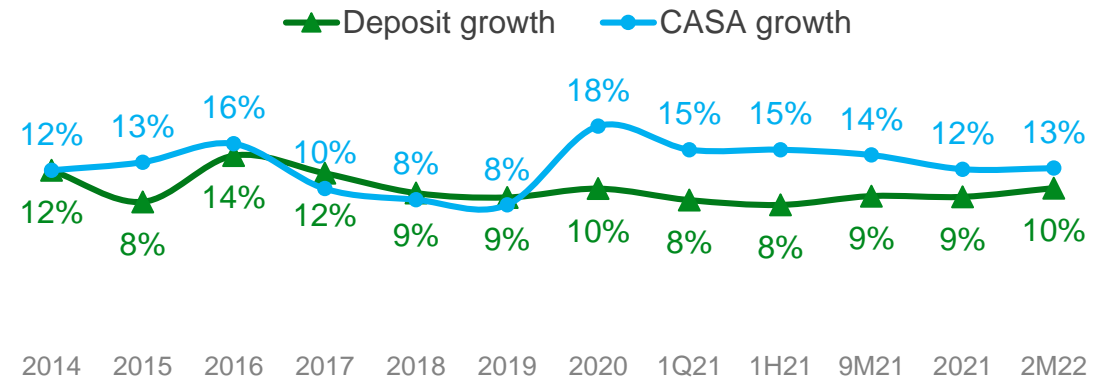
Banking Industry: Loan recovery amid improving NPLs

Recovery in loan growth continues, asset quality improves

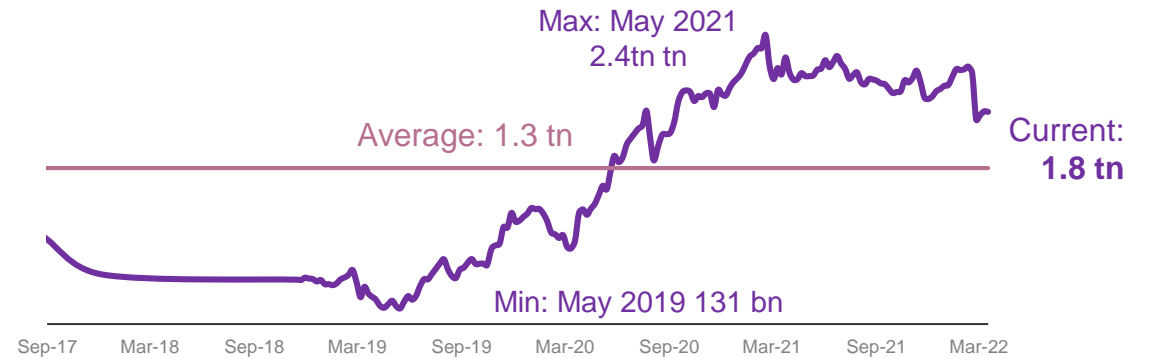


Source: BSP Universal and Commercial Bank (UKB) data

Deposit growth sustained amid ample market liquidity



Estimated excess liquidity (Php) *



*Note: Excess Liquidity = Reverse Repurchase Facility + ODF + TDF + BSP Bills – Rediscounting – OLF

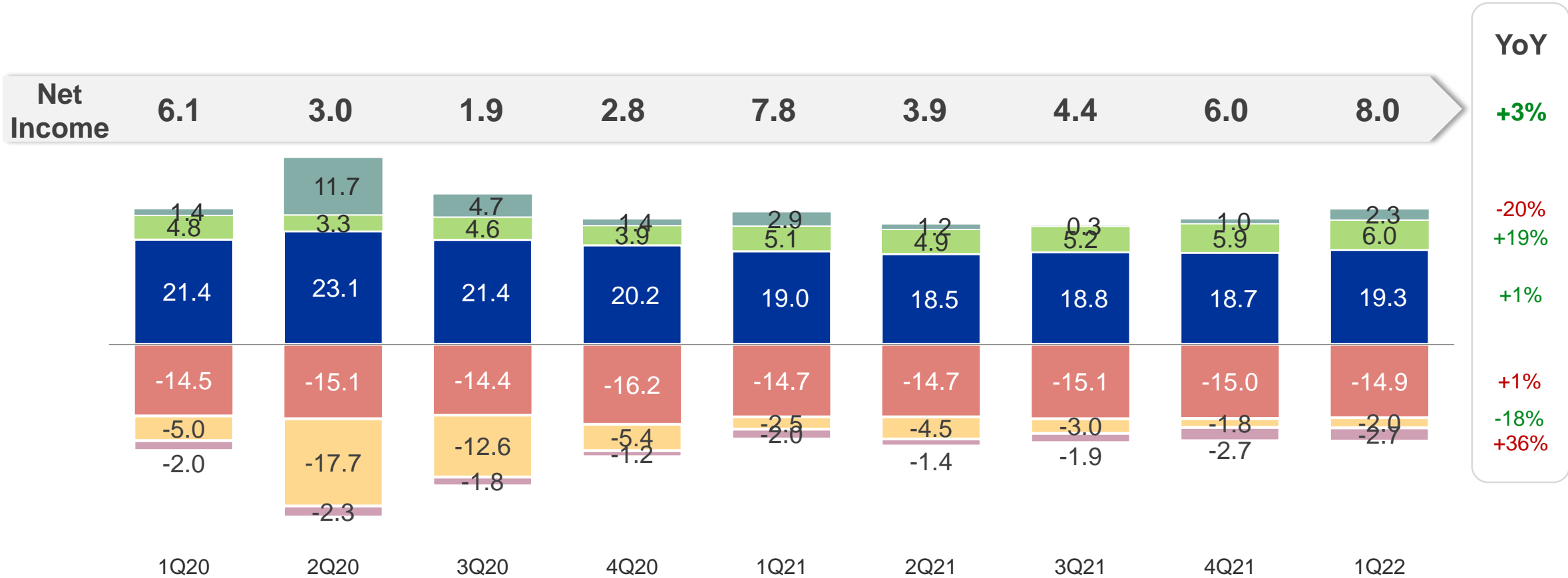


FINANCIAL PERFORMANCE

1Q 2022

Stable NII, managed opex, lower provisions

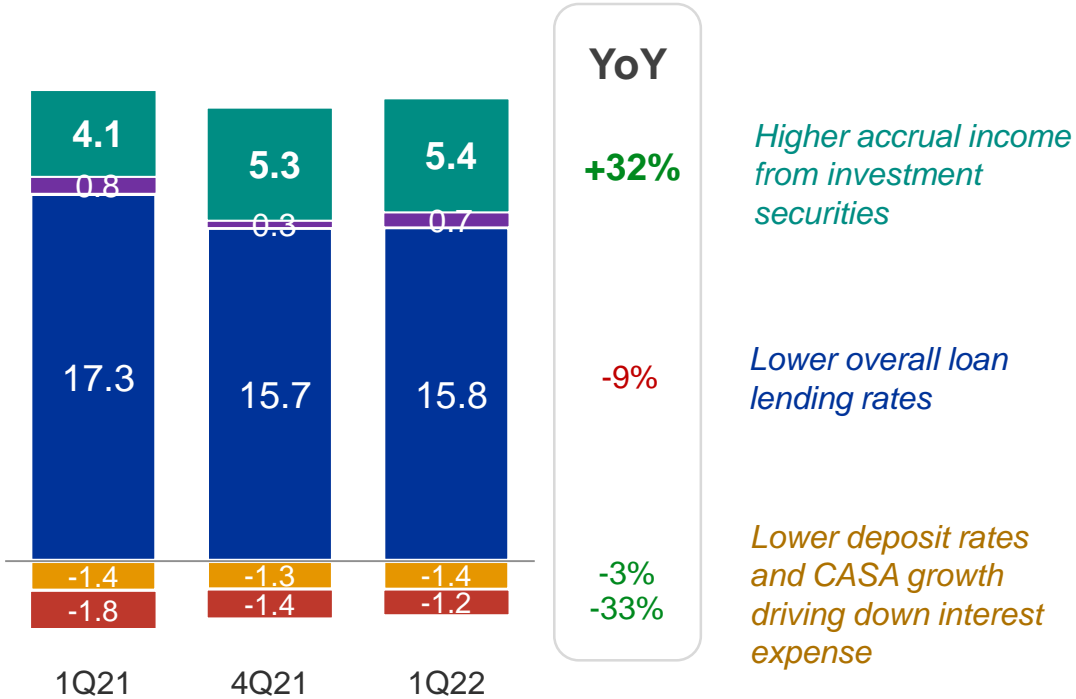
- Net Interest Income
- Fees and Other Non-Interest Income
- Trading & FX gains
- Operating expenses
- Provisions for credit losses
- Taxes and NCI



Improving net interest income

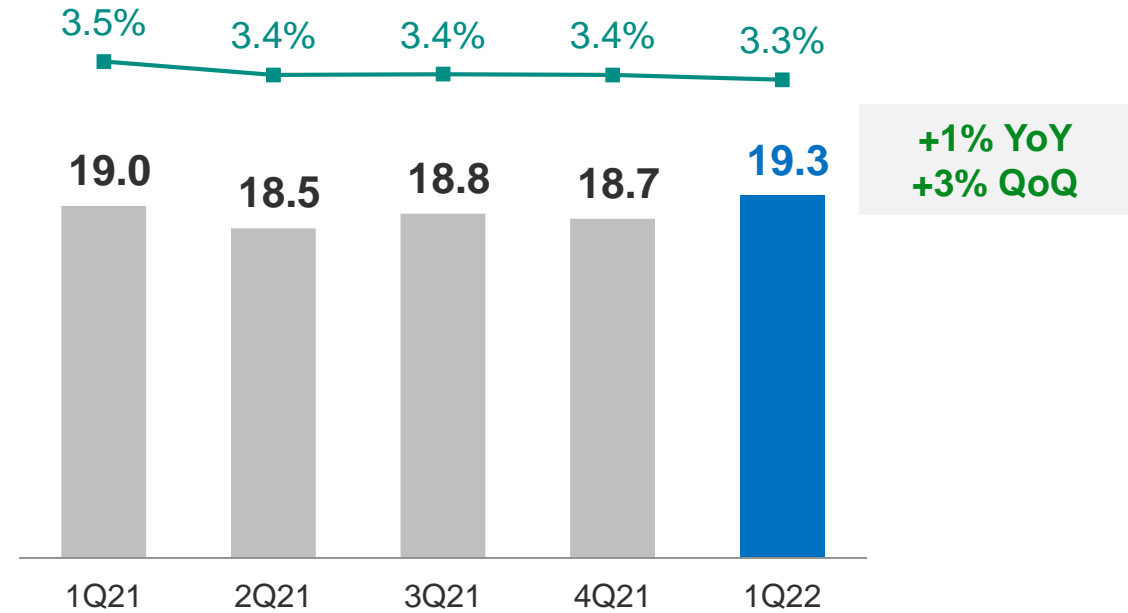
Boost from investment securities; lower funding costs

- Pbn
- Interest from Loans
 - Interest expense from Deposits
 - Interest from Investments
 - Other Interest Expense
 - Other Interest Income



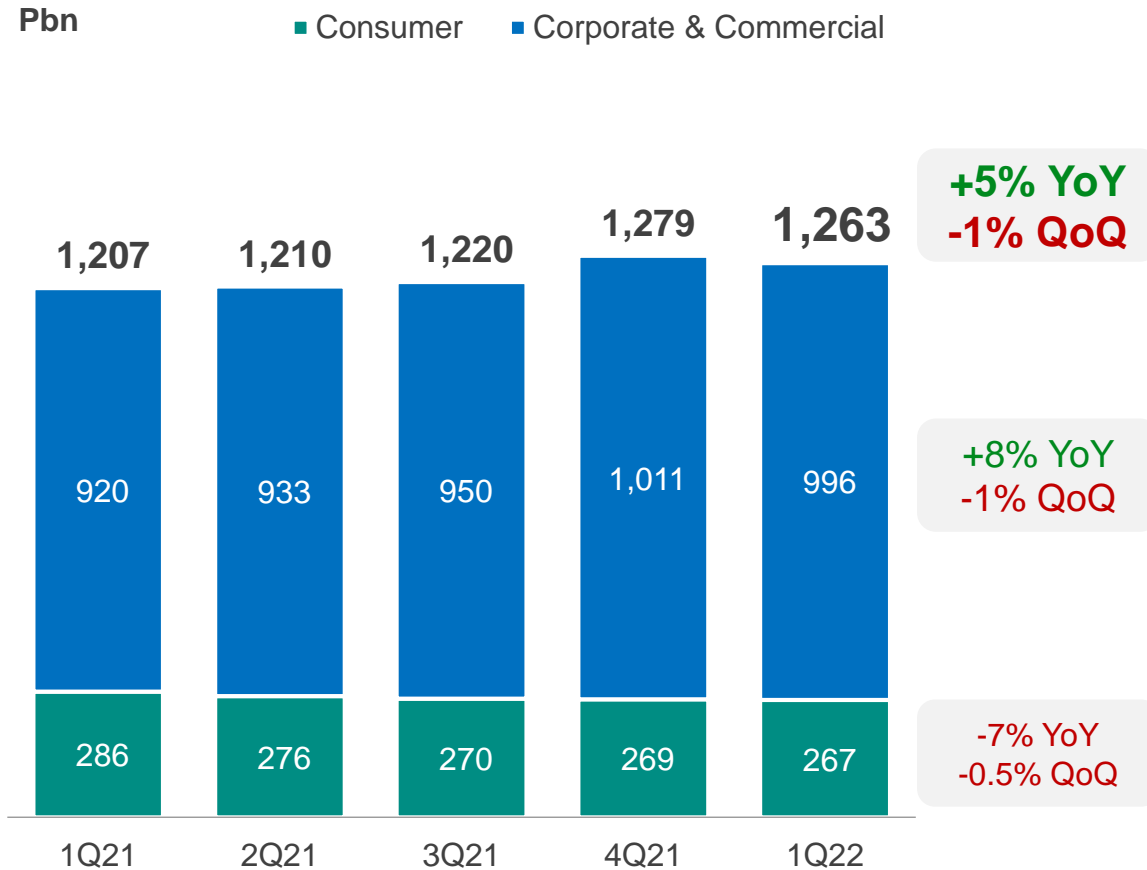
Easing margins

- Pbn
- NII
 - Quarterly NIM

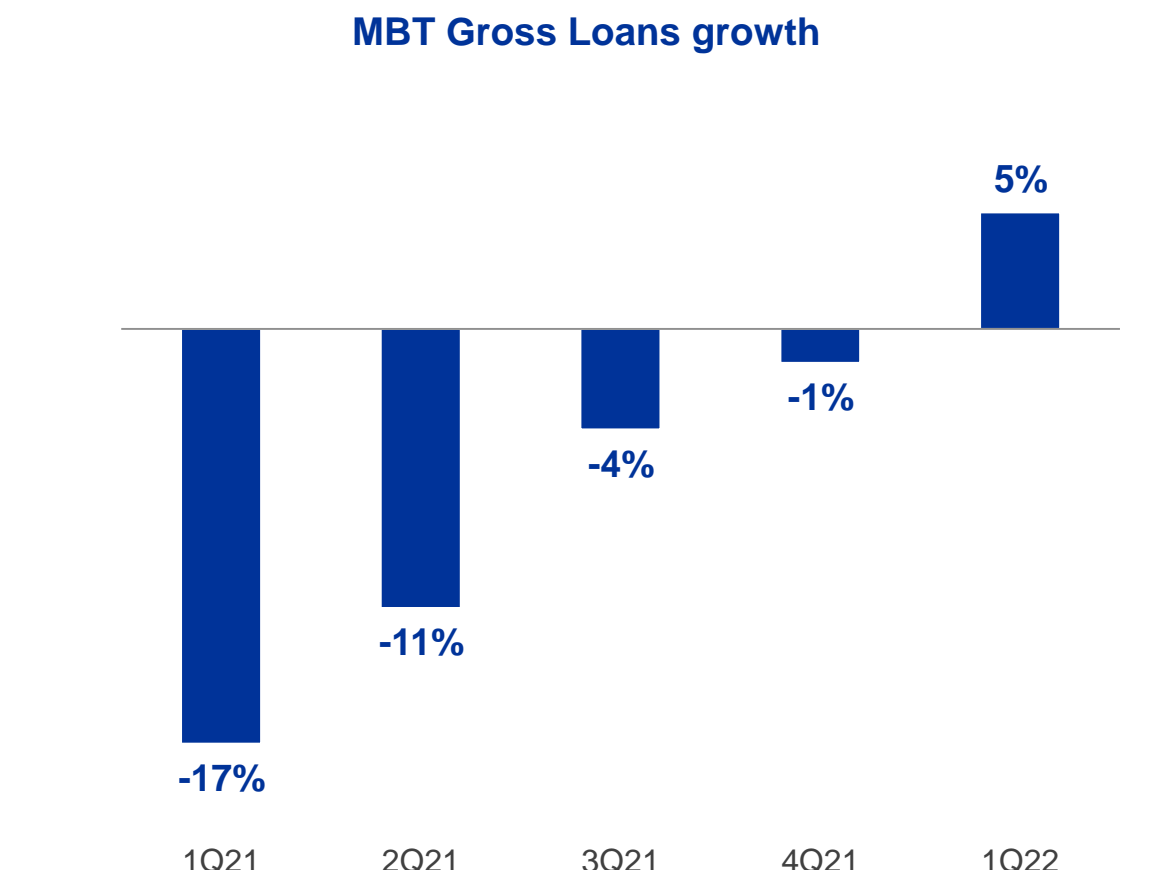


Loan demand recovering, led by corporate demand

Commercial demand drives loan growth



Inflection in loan demand



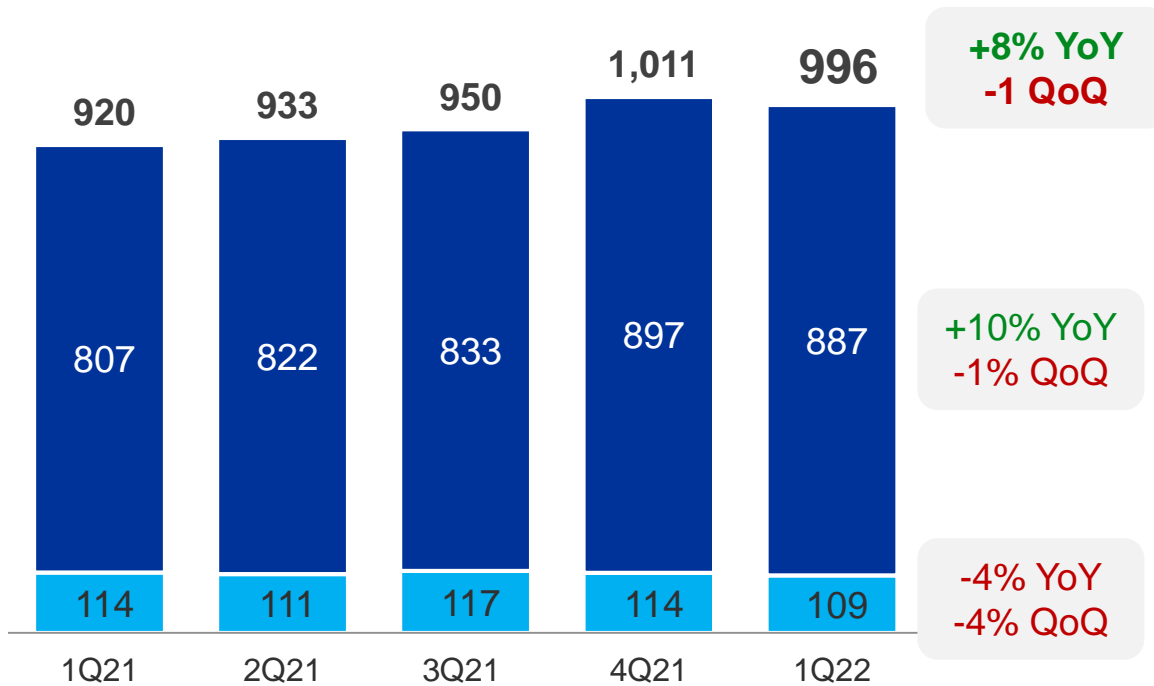
Note: Gross of Unearned Interest and Discount (UID)

Corporate segment driving loan demand

Corporate and middle market rebound

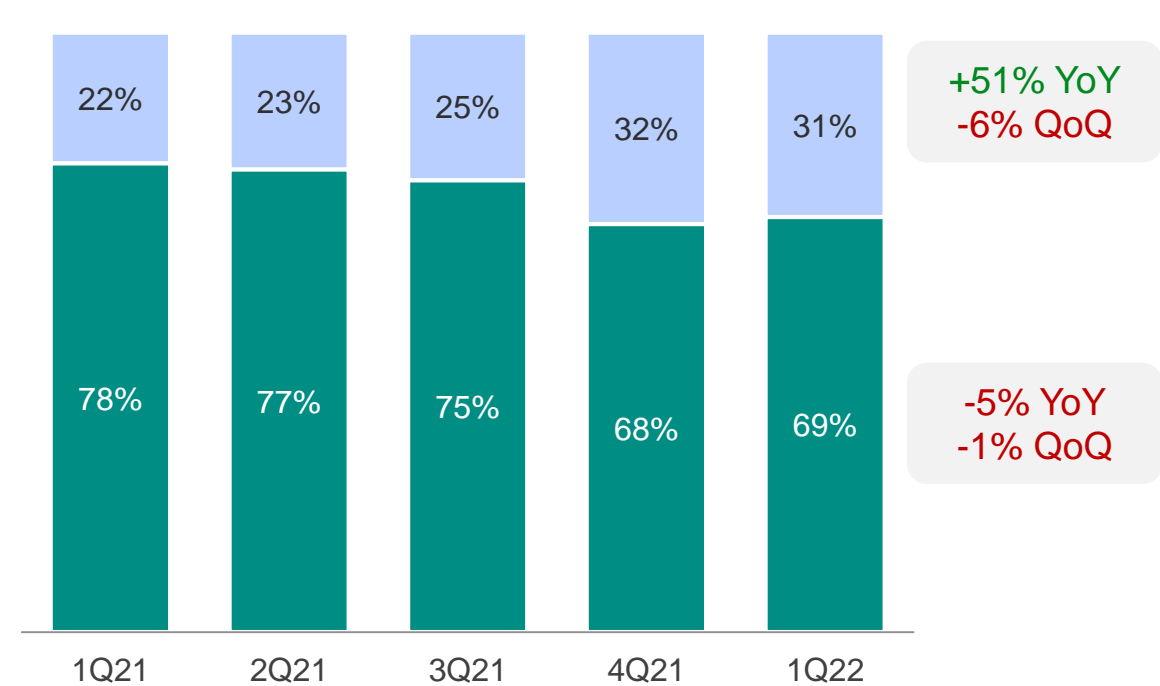
Pbn

■ SME ■ Corporate & Middle Market



Demand for short-term loans picks up

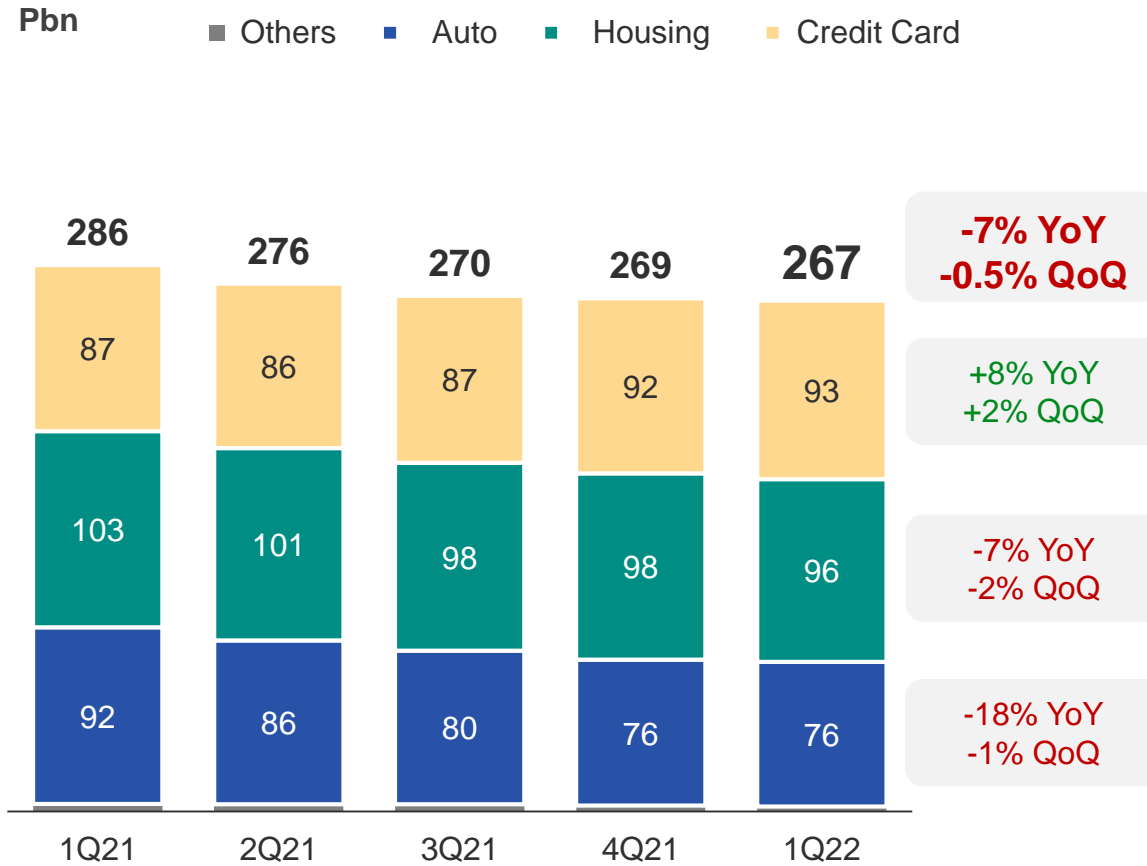
■ Long Term (More than 1 Year) ■ Short Term (Up to 1 Year)



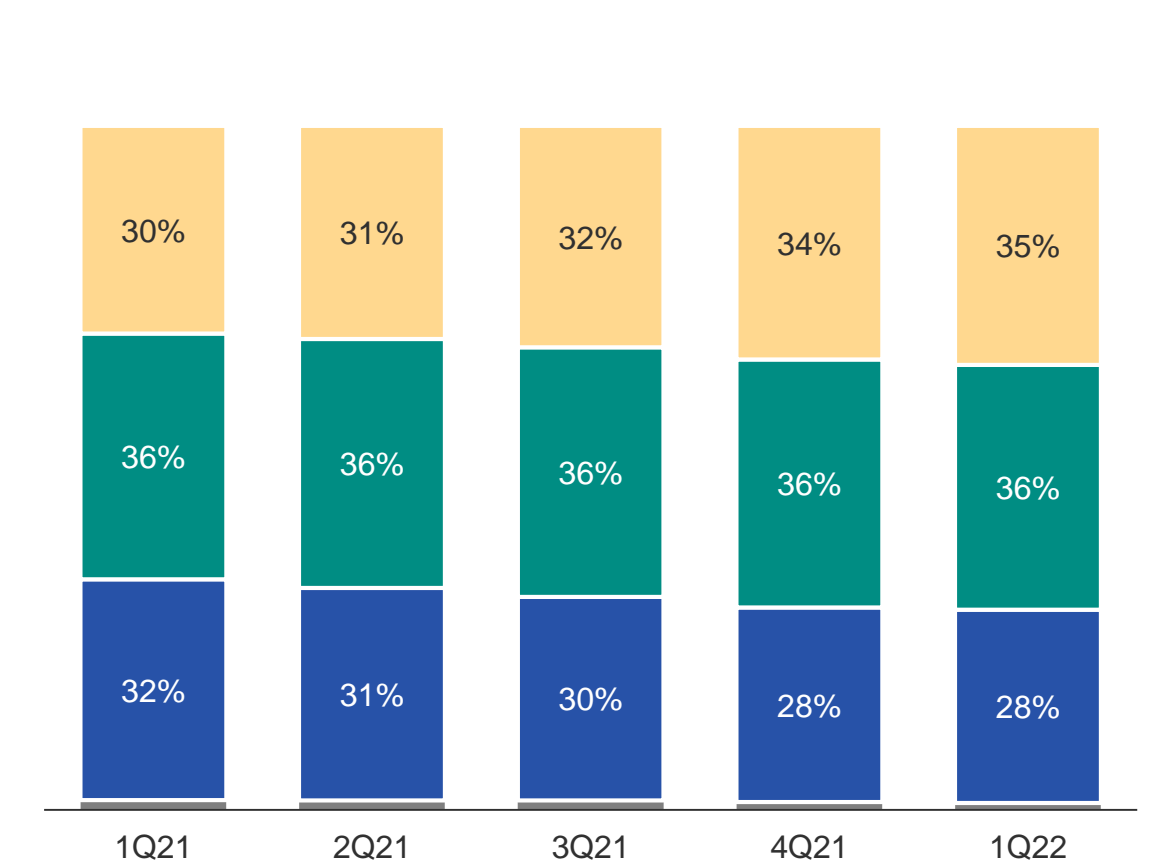
Notes:
 BSP defines SMEs as enterprises with assets worth up to P100 mn
 SME book restated to better reflect the nature of the loans

Consumer loans driven by credit cards

Consumer Loans Breakdown



Consumer Loans By Product

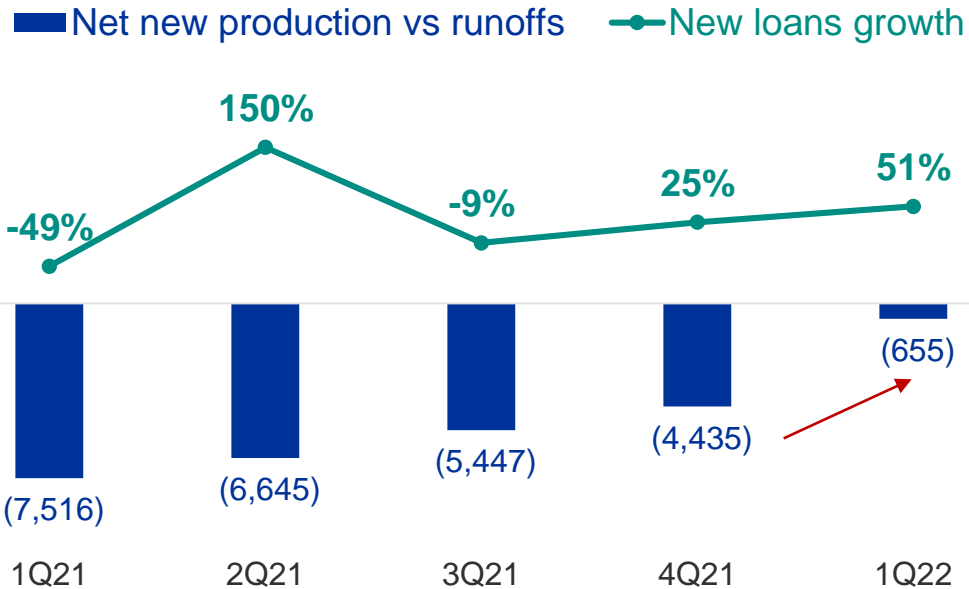


Note: Gross of Unearned Interest and Discount (UID)
 Credit card receivables net of UID amounted to P83.6bn, +9% YoY

Encouraging trends in big-ticket consumer loans production

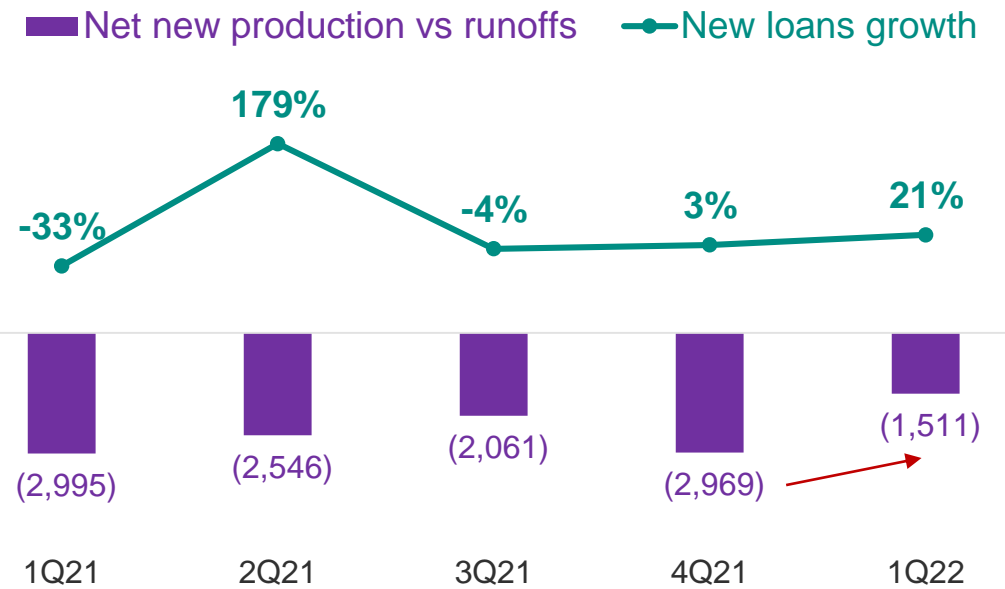
New car loans production starting to outpace runoffs

 **+51% YoY**
Car Loans New car loans



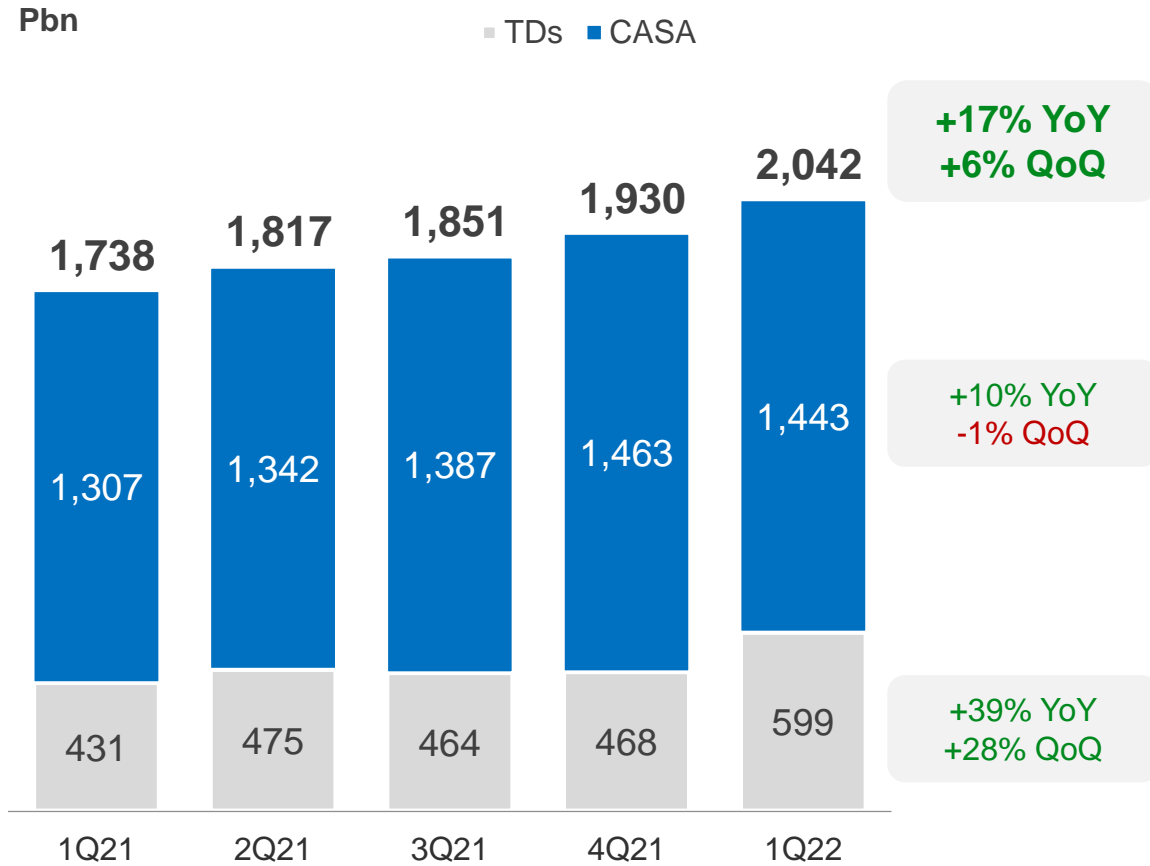
New home loans on a steady uptrend

 **+21% YoY**
Home Loans New home loans

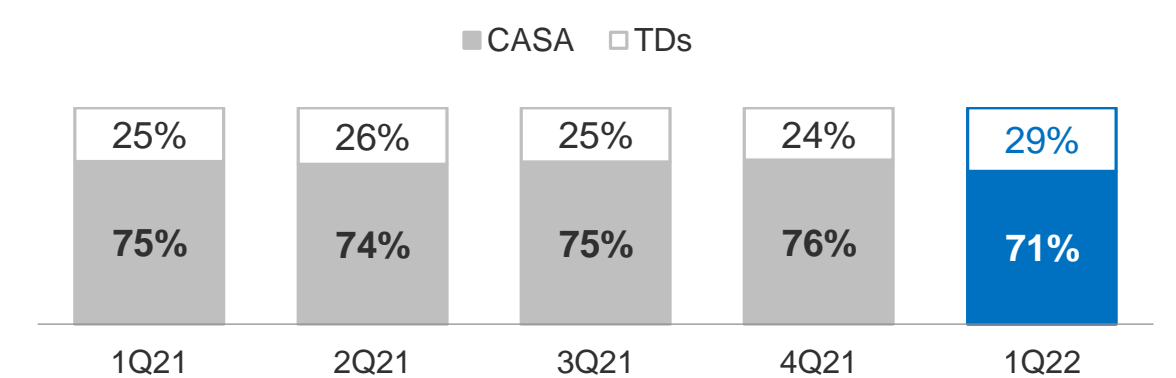


Healthy CASA generation maintained

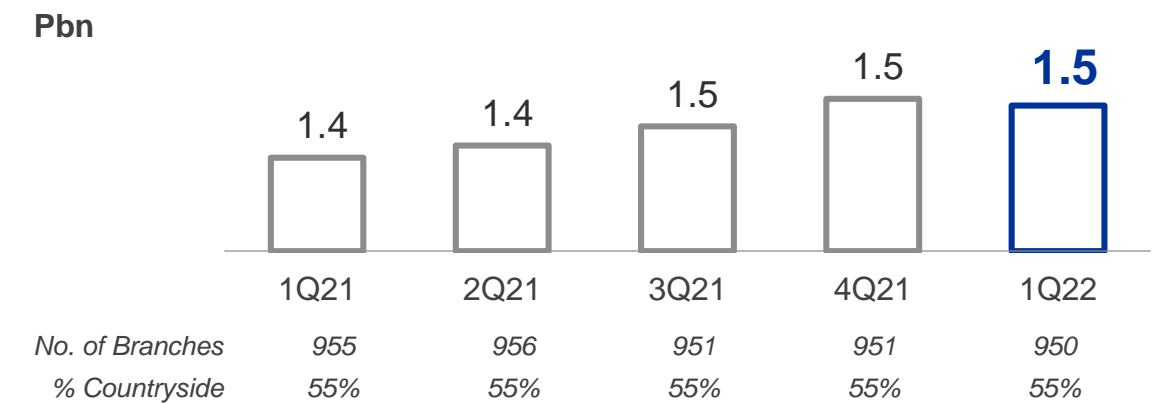
Robust CASA growth



CASA ratio remains elevated

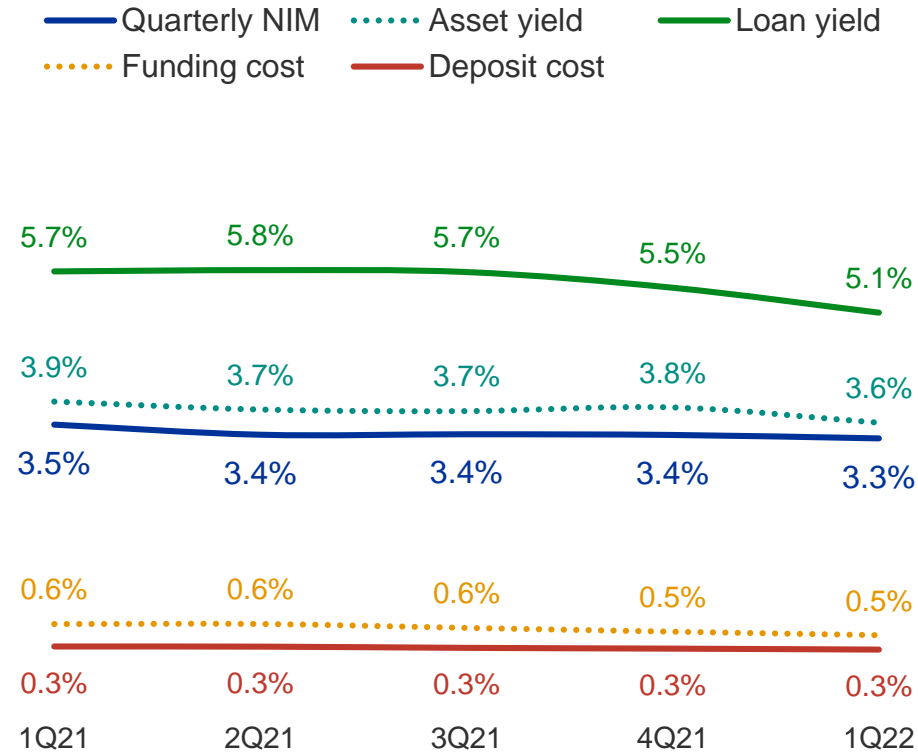


CASA Deposits per Branch



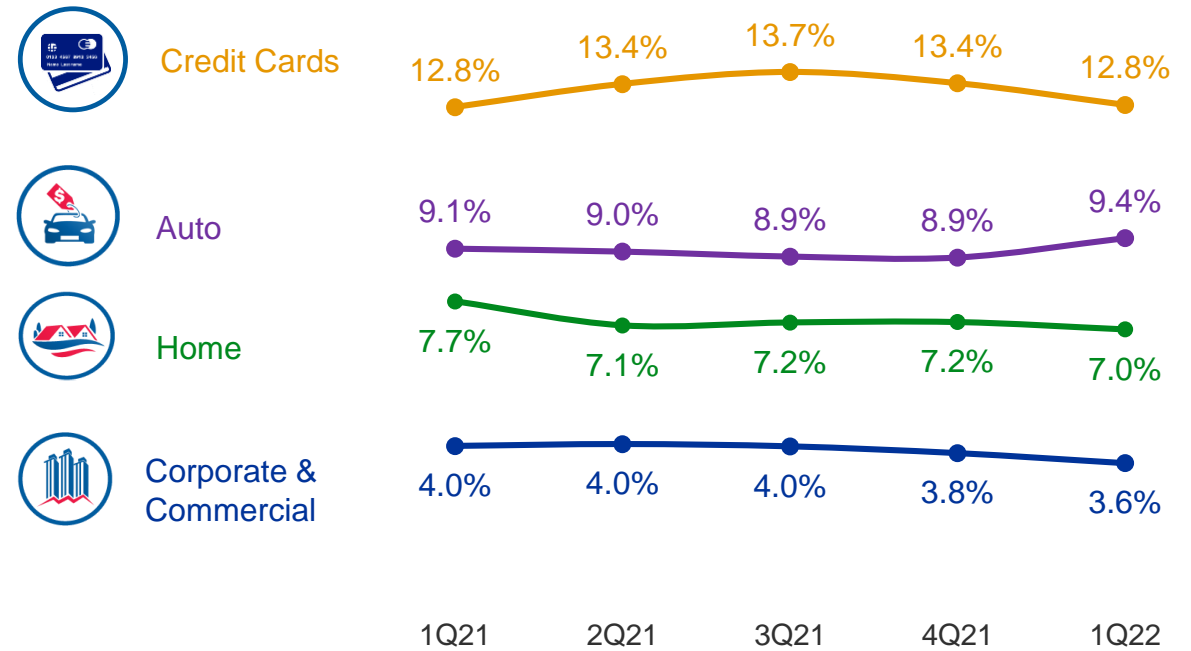
Softer margins on lower loan yields

Asset yields and funding costs



- Notes:
- NIM = Net Interest Income / Ave. Interest Earning Assets
 - Asset Yield = Annualized Gross Interest Income / Ave. Interest Earning Assets
 - Loan Yield = Annualized Gross Interest Income from Loans / Ave. Net Loans
 - Funding Cost = Annualized Gross Interest Expense / Ave. Interest Bearing Liabilities
 - Deposit Cost = Annualized Gross Deposit Expense / Ave. Deposits

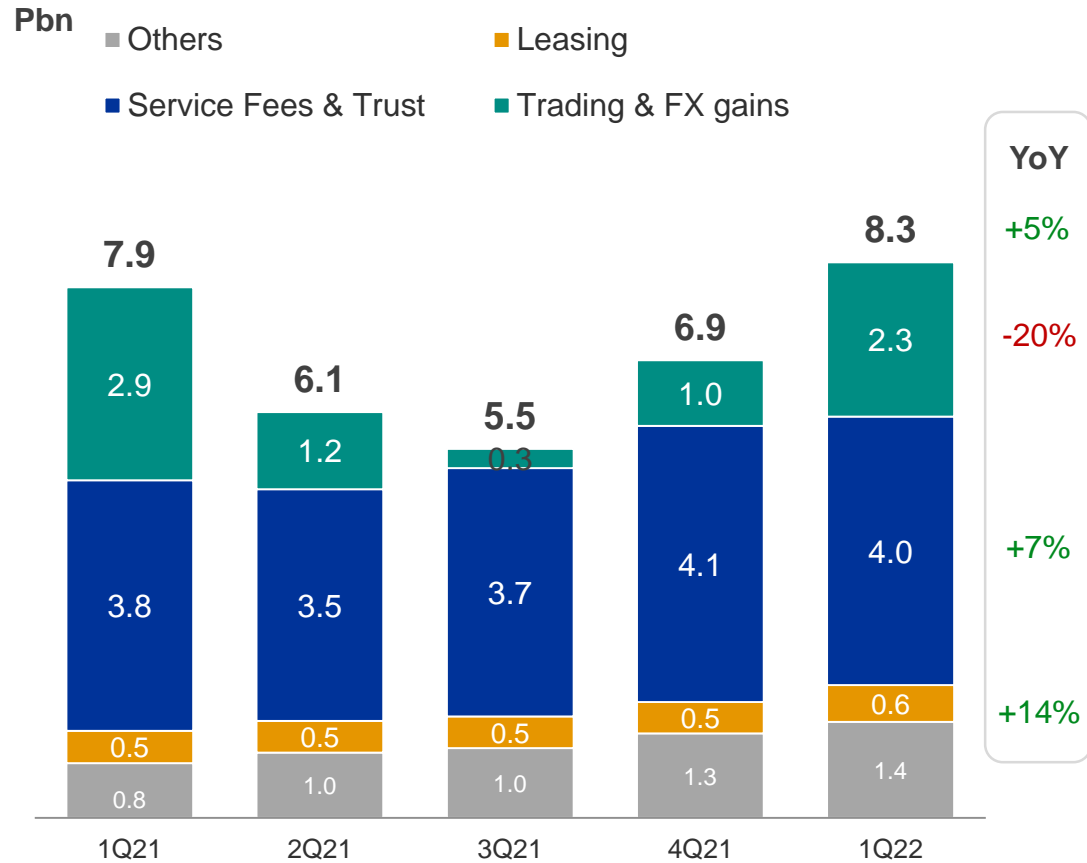
Yields across loan segments



- Notes:
- Gross yield on loans net of Unearned Interest and Discount (UID)
 - Credit card rate cap took effect on Nov 2020, to be reviewed every 6 months

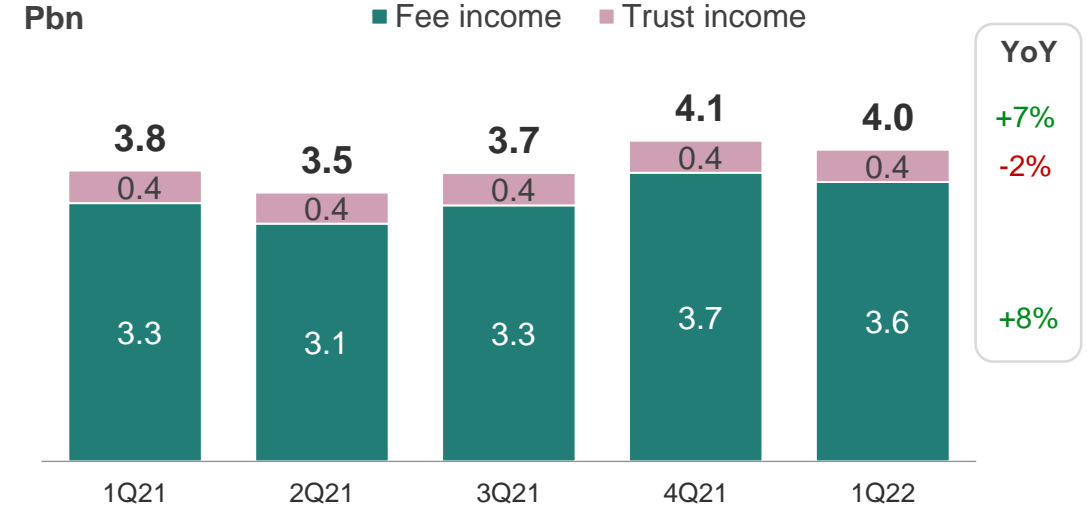
Healthy non-interest income growth

Modest fee income growth; solid trading income



Note: Others include Dividend income, Gain on recognition of investment properties, Recovery on charged-off assets, IT and other fees

Stable fee-based income



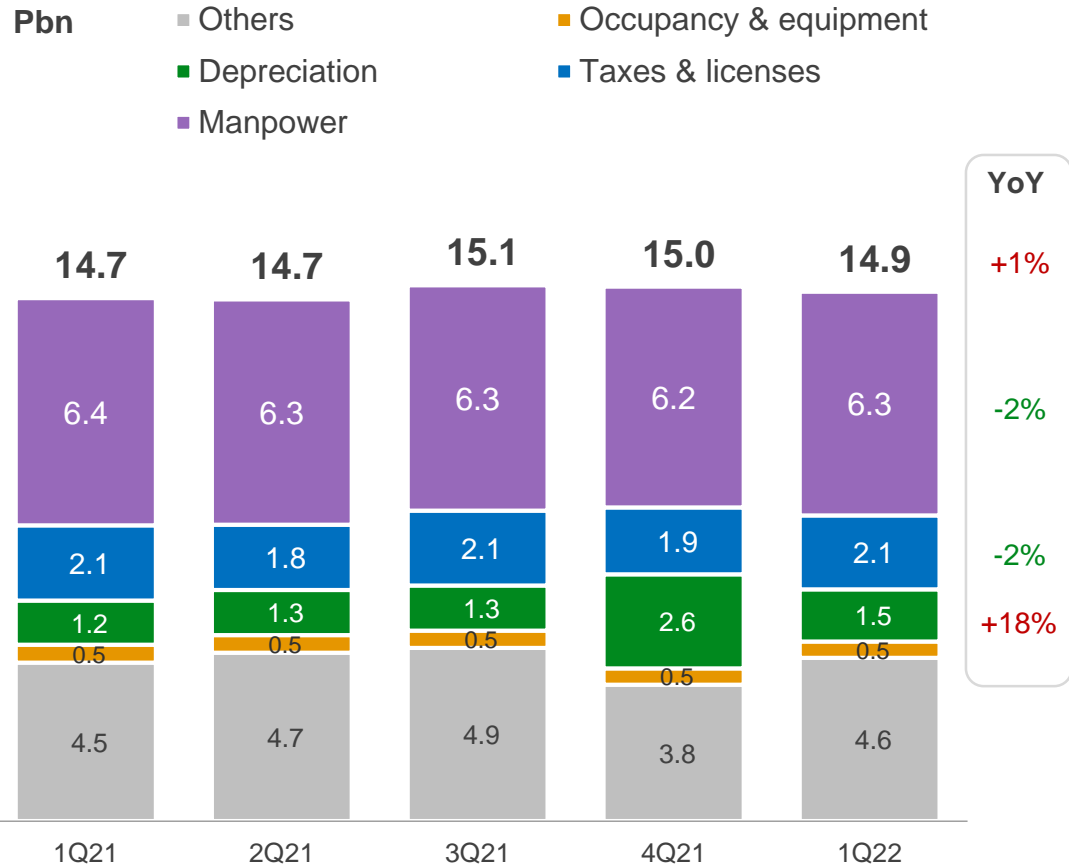
Fee income breakdown (Parent)



Note: Fee income includes credit card fees, trade and loan-related, fees from ATM or e-channel usage, remittance, deposit-related, product referral, etc

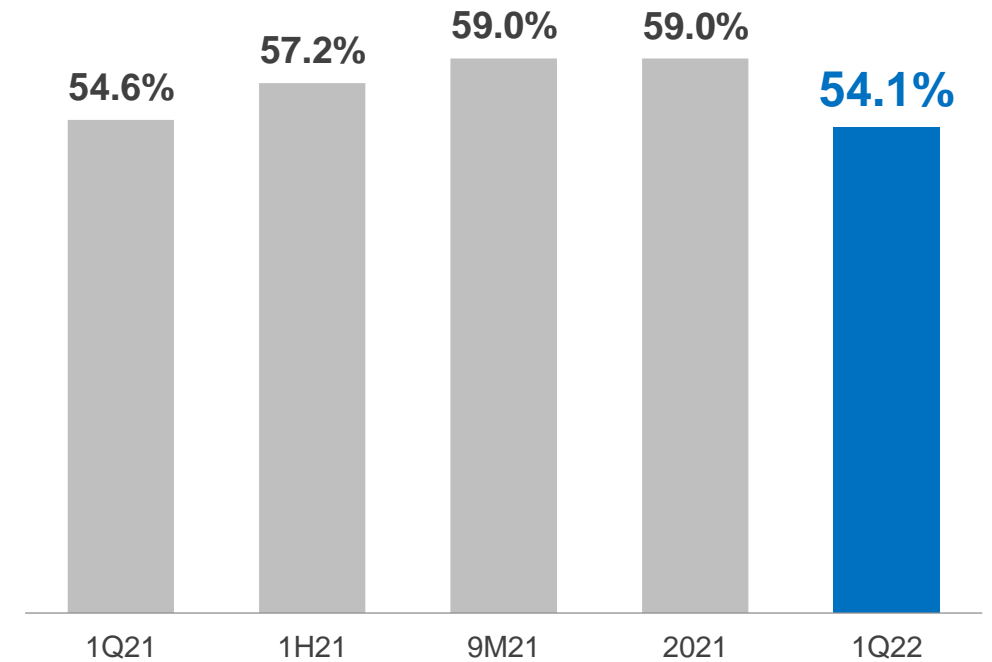
Costs kept under control

Operating expenses breakdown



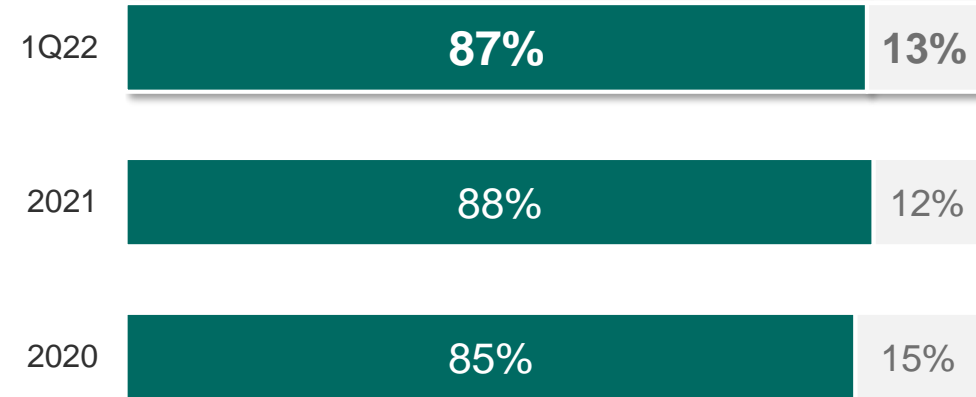
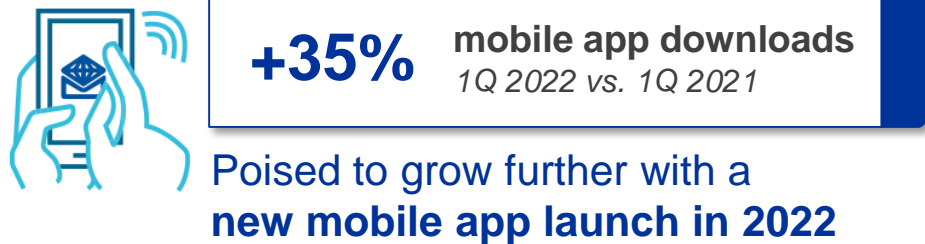
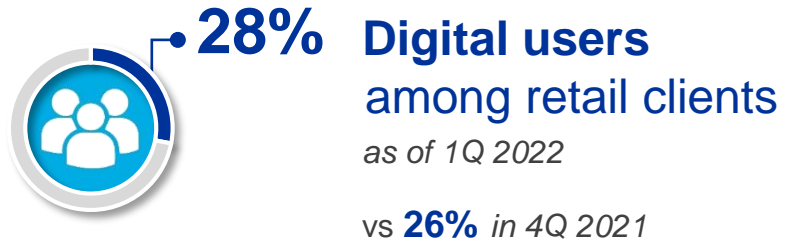
Note: Others include Insurance, Security, messengerial and janitorial services, Management, professional and supervision fees, Information technology, Advertising

Cost-To-Income ratio



Note: Operating income does not include MBT's share in net income of investees

Improving digital metrics on retail clients



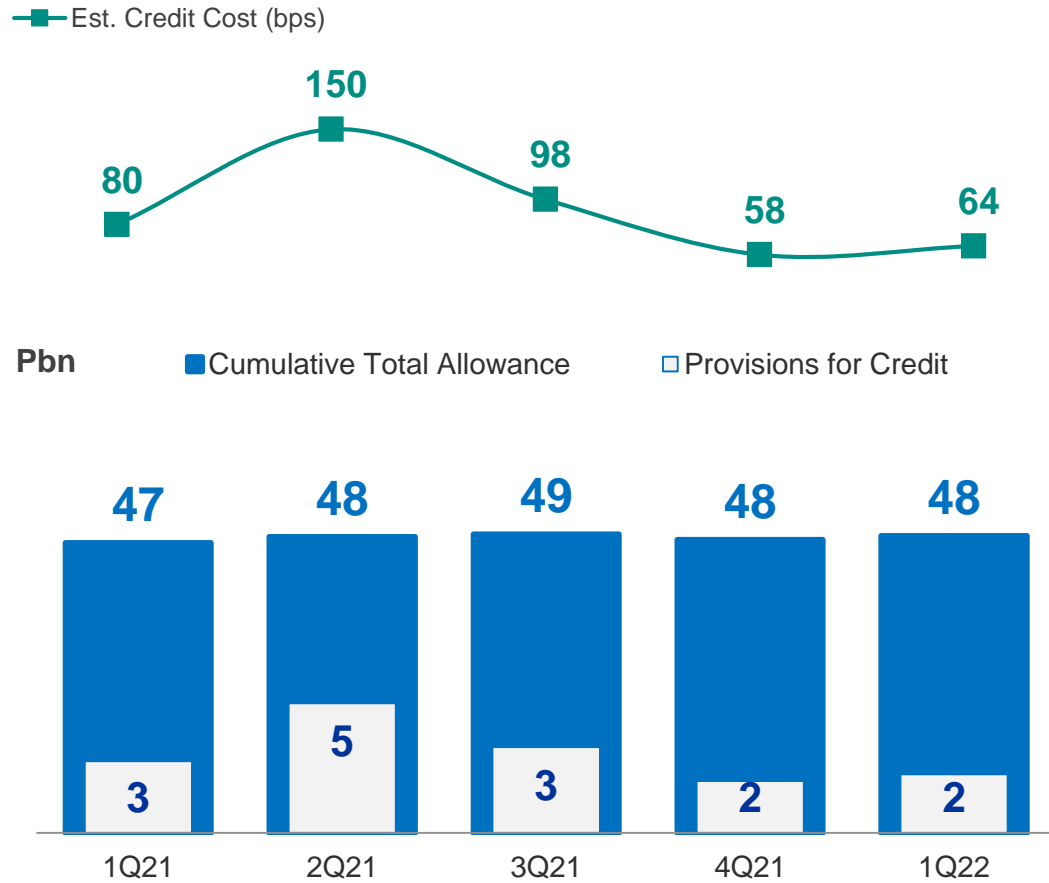
% E-Channels to Total financial transactions



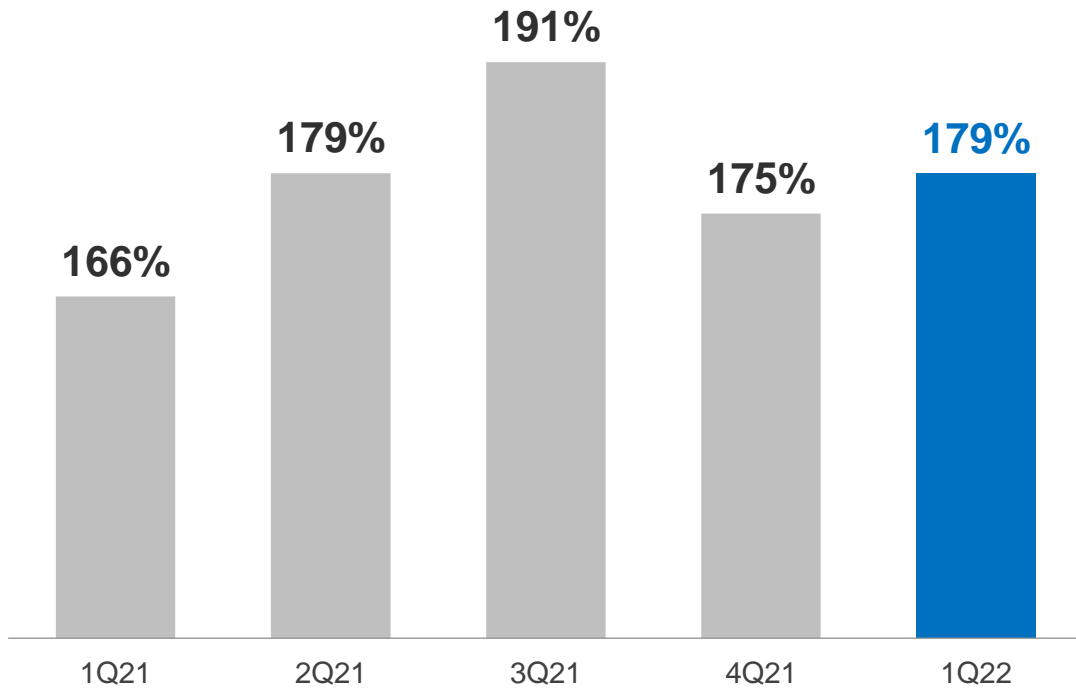
Note: Refined tracking to both incoming and outgoing e-channel transactions

Lower provisions, ample cover maintained

Easing credit costs



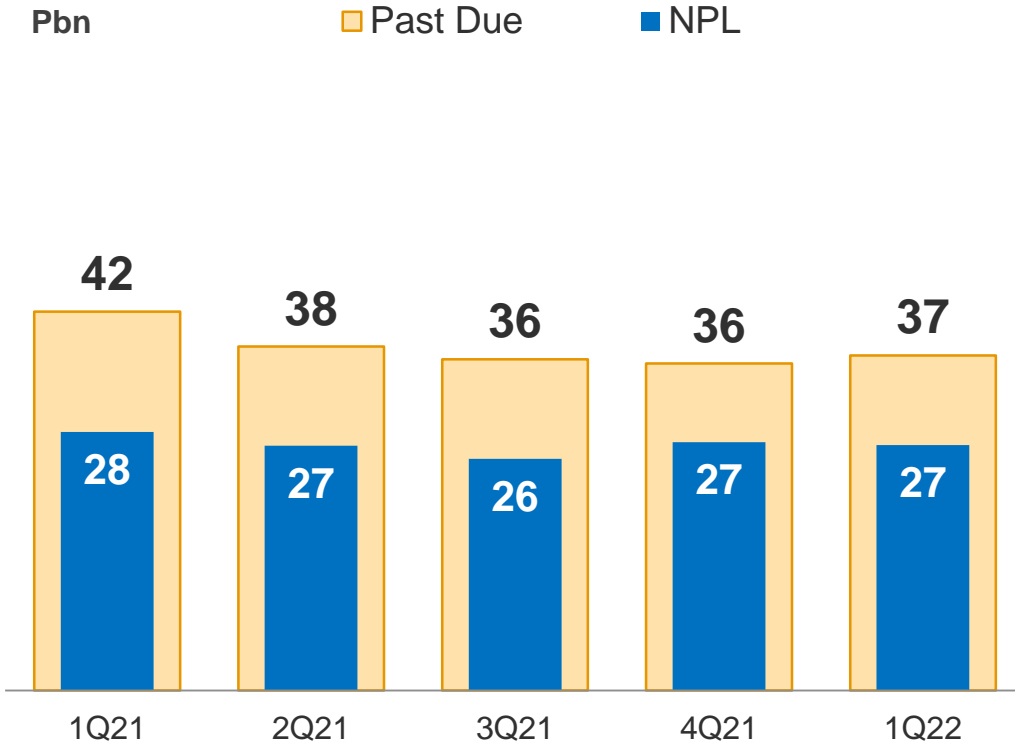
Hefty provision cover



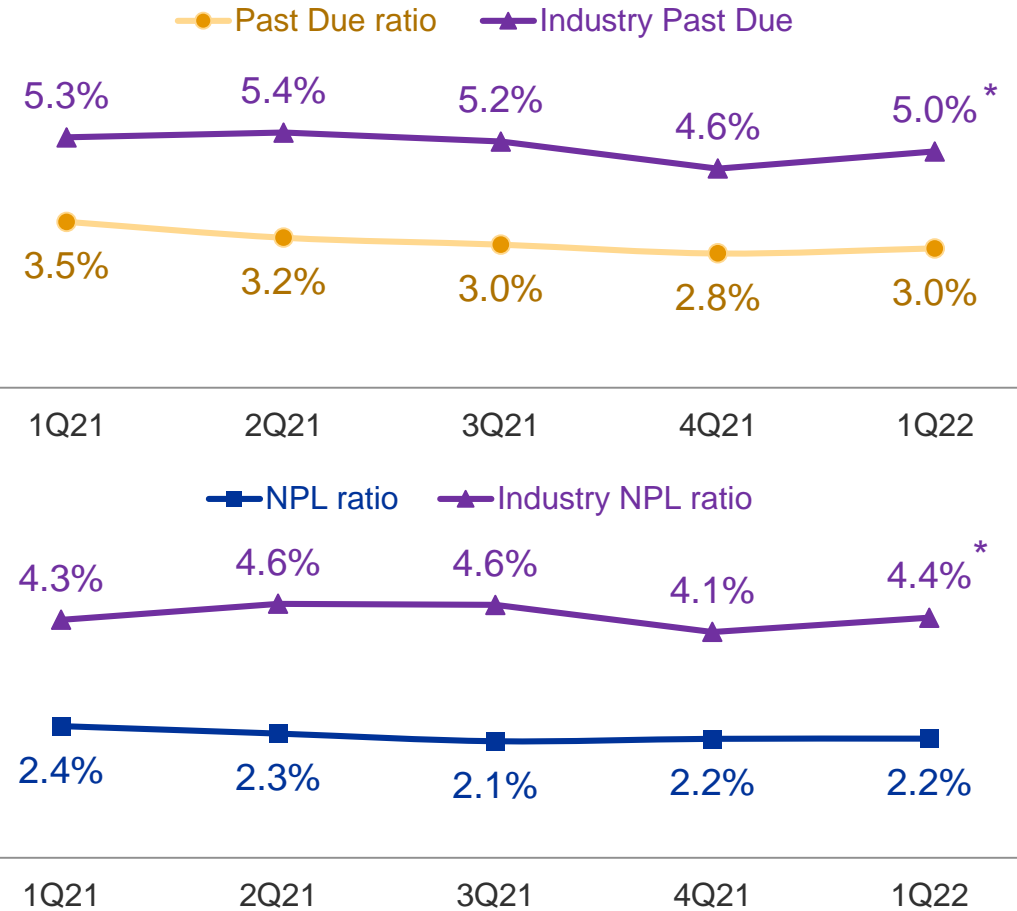
Note: Estimated credit cost = Annualized Provisions for Credit / Ave. Gross Loans & Receivables

Asset quality much better than industry

NPL and Past Due loans continue to taper off



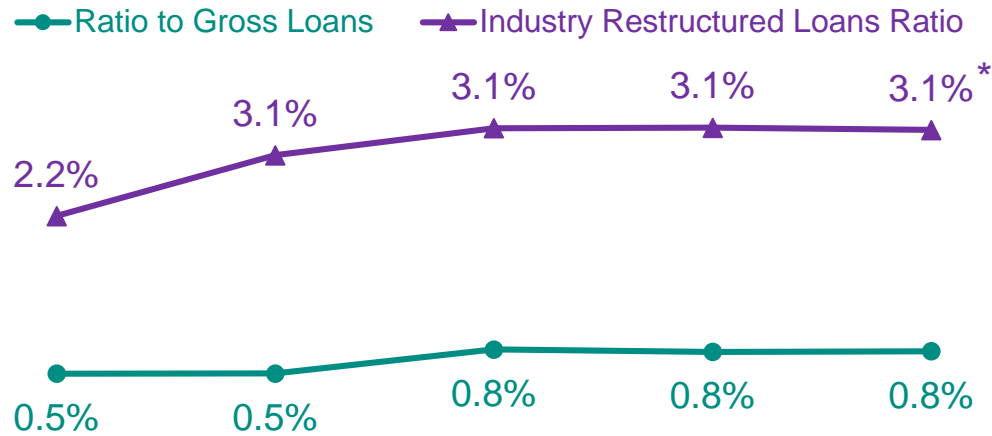
NPL and Past Due ratios much lower than industry



Note: Gross loans net of Unearned Interest and Discount (UID)
 Industry Data refers to the latest Philippine Banking Sector data from the BSP

Asset quality much better than industry

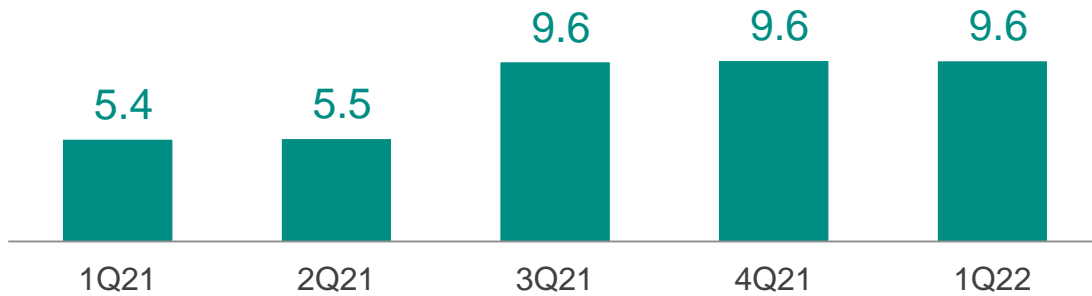
Stable restructured loans ratio, but still sub-1%



Combined NPLs/Restructured still below Industry NPL Ratio



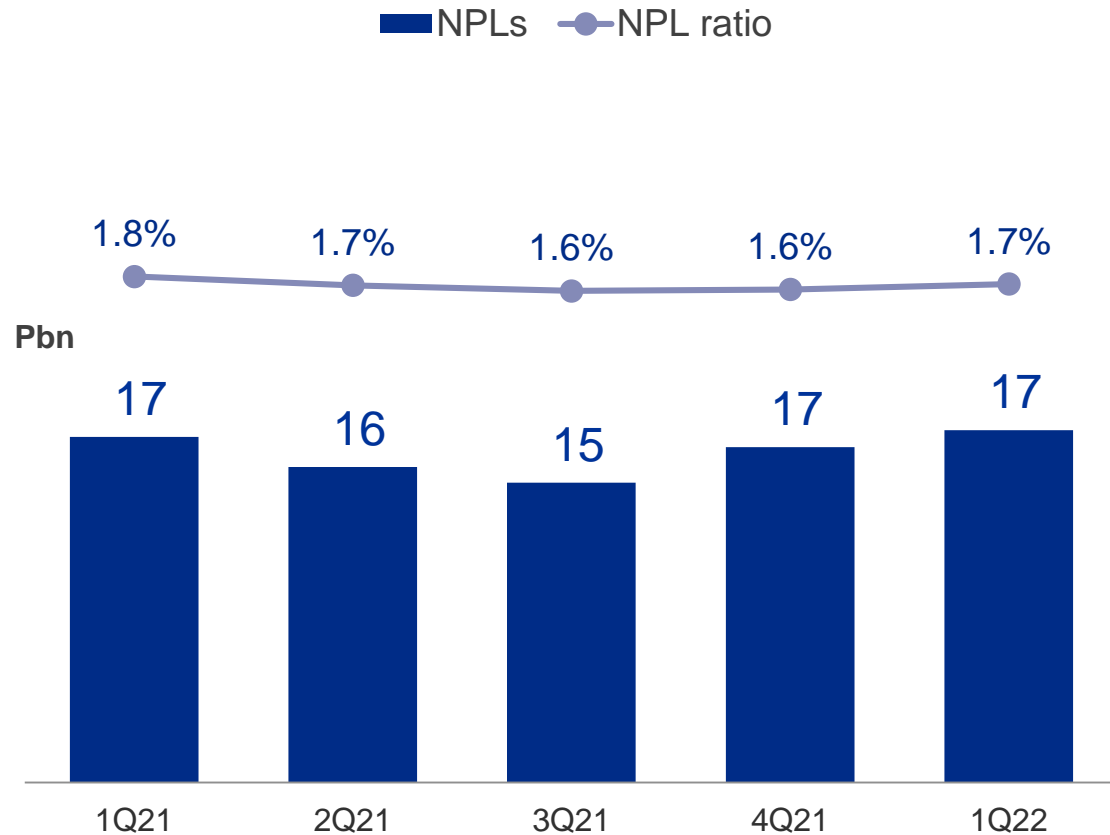
Pbn



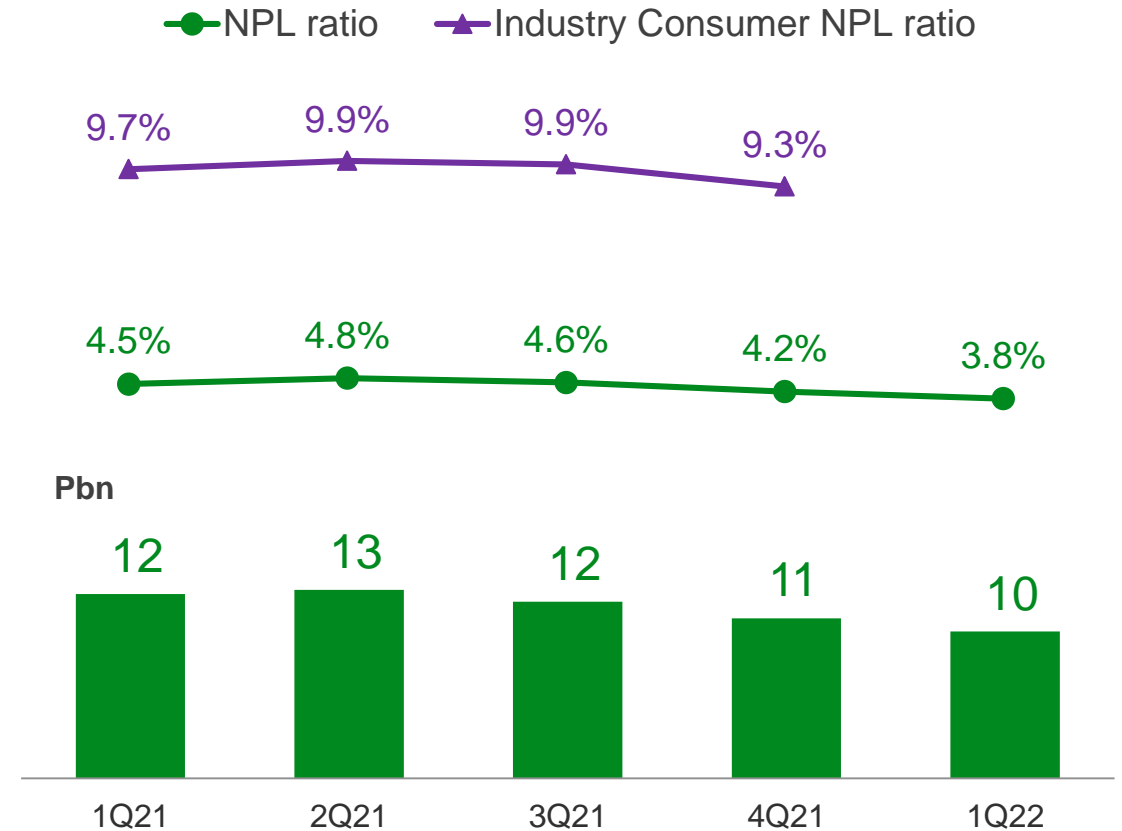
Note: Gross loans net of Unearned Interest and Discount (UID)
 Industry Data refers to the latest Philippine Banking Sector data from the BSP

Asset quality management across loan segments

Commercial NPL ratio is stable...

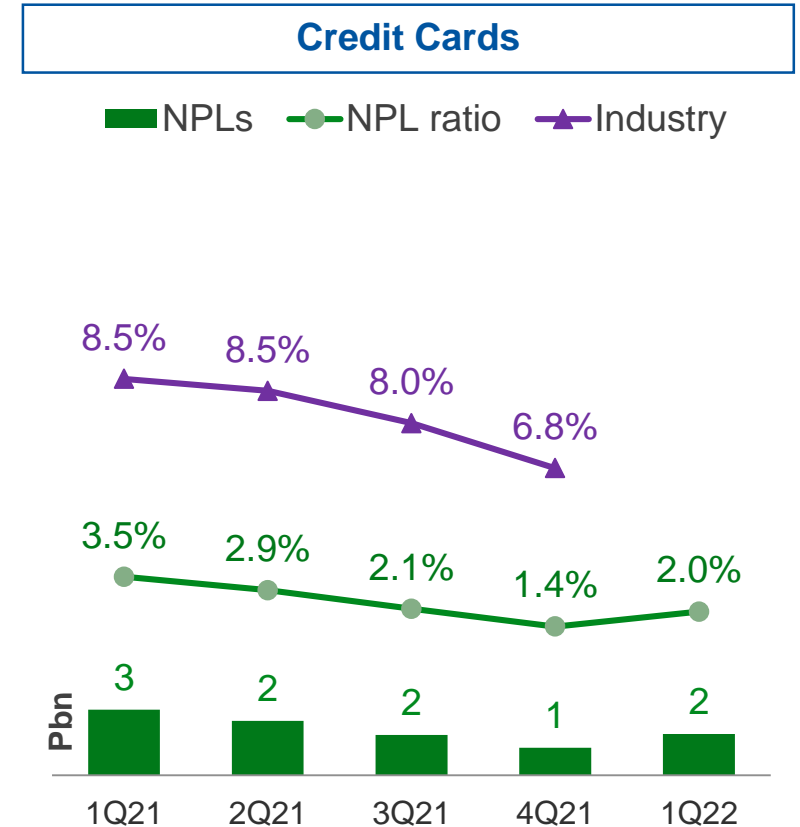
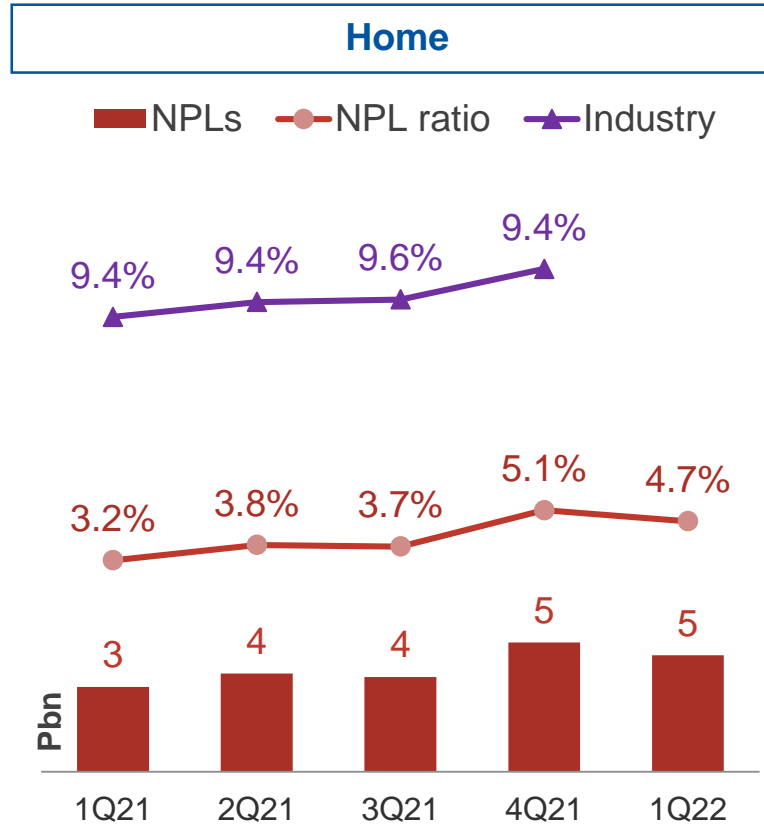
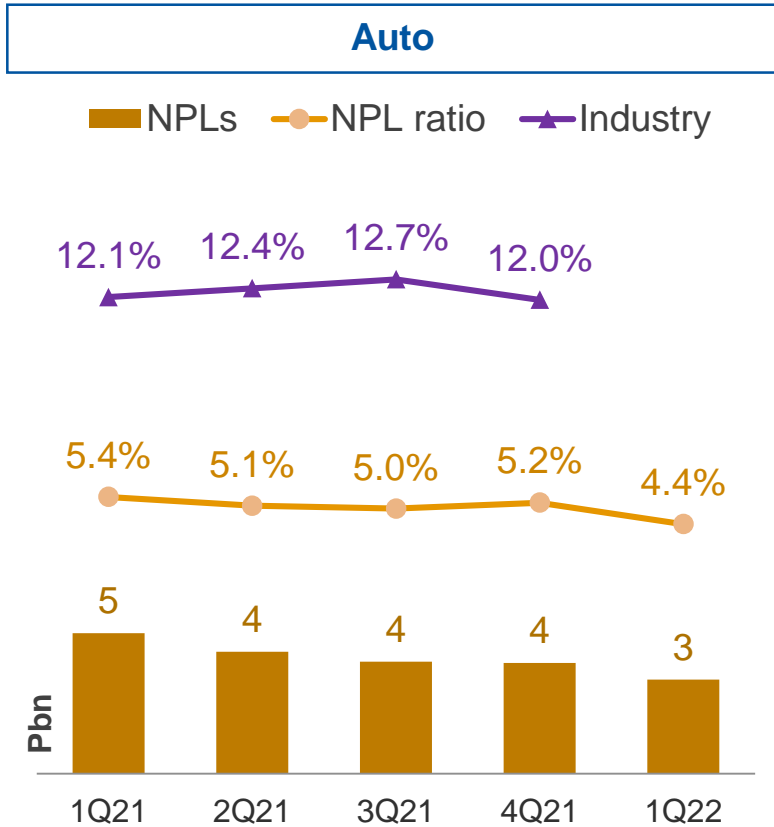


...as well as consumer NPL ratio



Note: NPL Ratios computed using Net of Unearned Interest and Discount (UID)
 *Industry Data refers to Philippine Banking Sector data from the BSP

Consumer NPLs well below industry levels



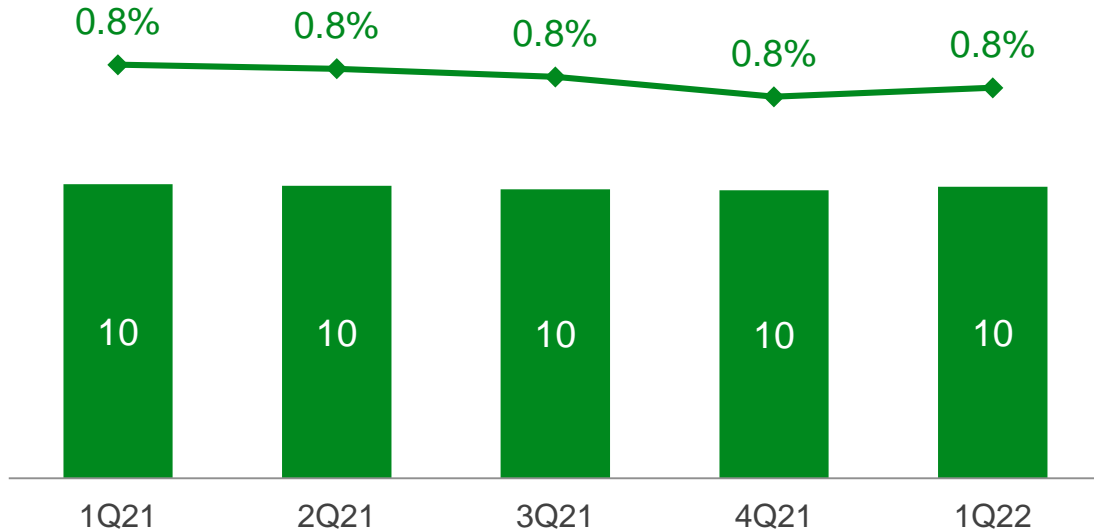
Note: NPL Ratios computed using Net of Unearned Interest and Discount (UID)
 Industry Data refers to Philippine Banking Sector data from the BSP

Other asset quality indicators remain stable

Real and other properties acquired (ROPA)

Pbn

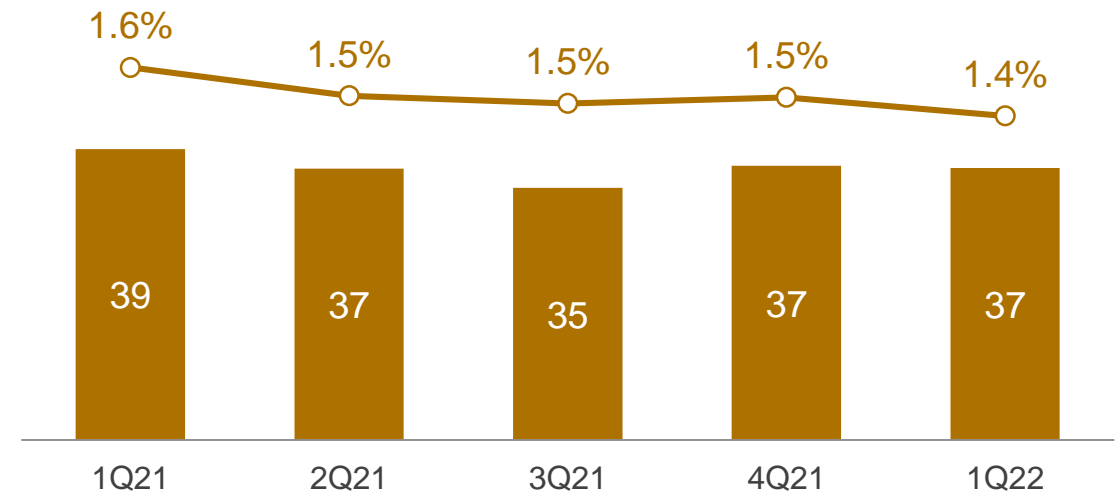
■ ROPA ◆ Ratio to Gross Loans



Non-Performing Assets (NPA)

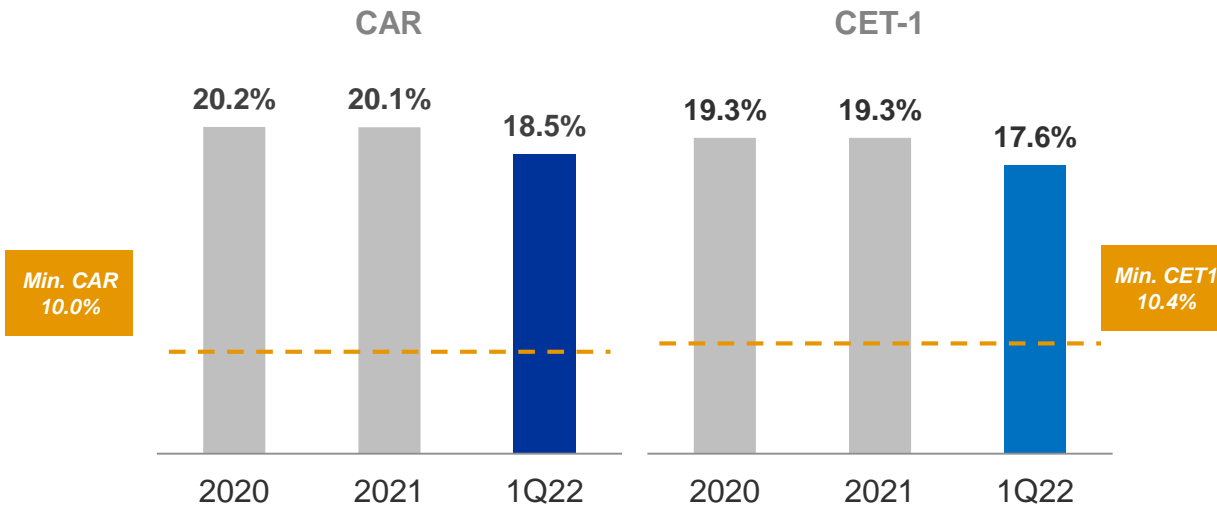
Pbn

■ NPA ○ NPA Ratio

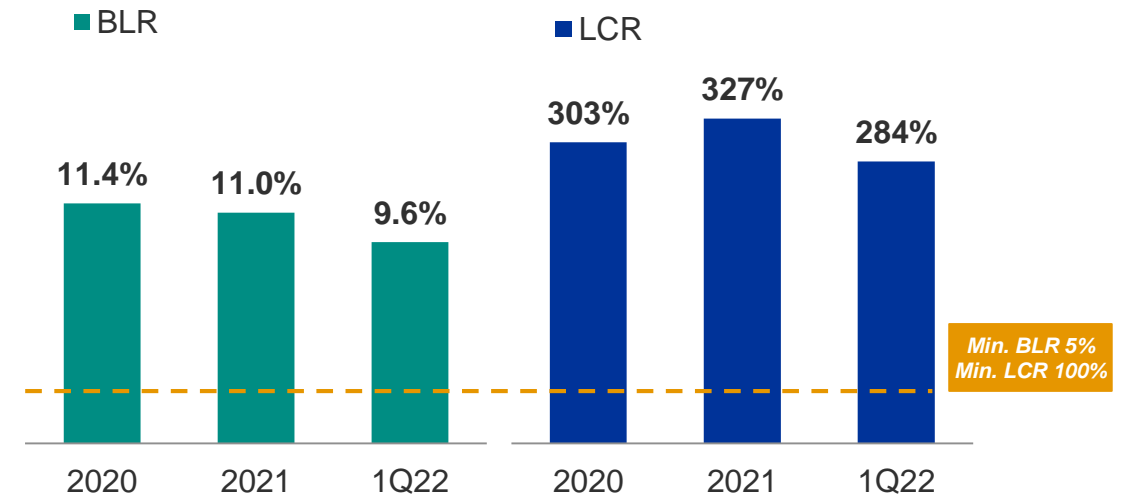


Strong balance sheet, healthy capital levels provide ample support

Capital Ratios significantly above minimum thresholds



Formidable Basel III Leverage Ratio, Liquidity Coverage Ratio



2022 Outlook – Positives and Challenges Ahead



- Recovery in loans in line with economic growth
- NIM recovery on prospects of rising benchmark rates/yields higher NIMs
- Continued recovery in fee income from higher transaction volumes and cross-selling initiatives
- Cost management to sustain single-digit Opex growth
- Lower credit costs if NPLs remain manageable
- Strong capital and liquidity position support initiatives to take advantage of market opportunities

- Delay in economic recovery due to threat of new lockdowns and global market developments
- Impending change in Administration may delay government infrastructure spending/ pandemic response/ key legislative agenda.
- Rising yields may cap trading income

SUMMARY

- ✔ Metrobank's solid performance in 1Q is on the back of stable net interest income supported by recovery in loans, modest rise in non-interest income and marginal costs growth.
- ✔ Further improvement in asset quality prompts further decline in provisions. We will continue with our prudent risk management strategy.
- ✔ Improving digitization efforts support initiatives to improve productivity and efficiency.
- ✔ High capital ratios ensure substantial buffers for potential risks. Metrobank is in a strong position to seek opportunities and support client needs as the economy continues to recover.
- ✔ We will continue to monitor economic conditions and implement strategies that will balance growth and improve returns on a sustainable basis.

Financial Summary

In PHP billion

Income Statement	1Q2021	1Q 2022	YoY
Net Interest Income	19.0	19.3	+1%
Non Interest Income	7.9	8.3	+5%
Operating Income	27.0	27.6	+2%
Operating Expenses	14.7	14.9	+1%
PPOP	12.3	12.7	+4%
Provision for Credit	2.5	2.0	-18%
Provision for Taxes	1.9	2.6	+34%
Net Income	7.8	8.9	+3%

Balance Sheet	1Q 2021	1Q 2022	YoY
Total Assets	2,372	2,644	+11%
Loans and Receivables, Gross	1,207	1,263	+5%
Total Deposits	1,738	2,042	+17%
CASA	1,307	1,443	+10%
Equity	307	304	-1%

Financial Ratios	1Q 2021	1Q 2022	YoY
NIM	3.52%	3.32%	-0.2 ppt
CIR	54.6%	54.1%	-0.5 ppts
NPL Ratio	2.4%	2.2%	-0.2 ppts
NPL Cover	166.0%	178.9%	+13.0 ppts
CAR	19.9%	18.5%	-1.4 ppts
CET-1	19.0%	17.6%	-1.4 ppts
Gross LDR	69.4%	61.9%	-7.5 ppts

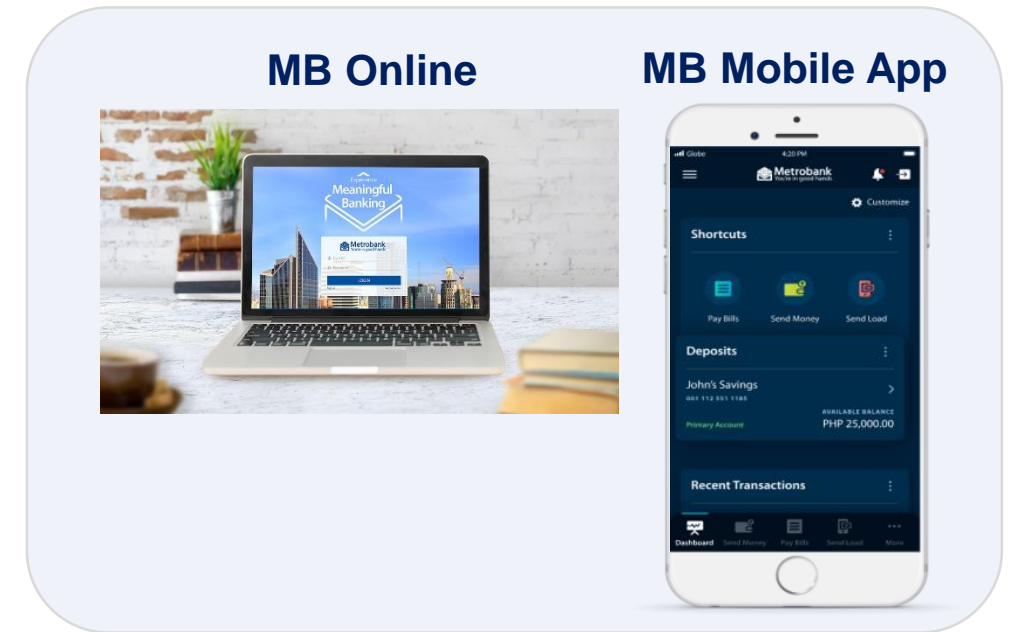


DIGITAL INITIATIVES

Metrobank digital transformation

Digital and data will radically transform the way the bank will operate:

- 1 Customer experience excellence**
- 2 Operational efficiency**
- 3 Consumer business growth**
- 4 Real-time controls**
- 5 High-touch financial advisory and education**

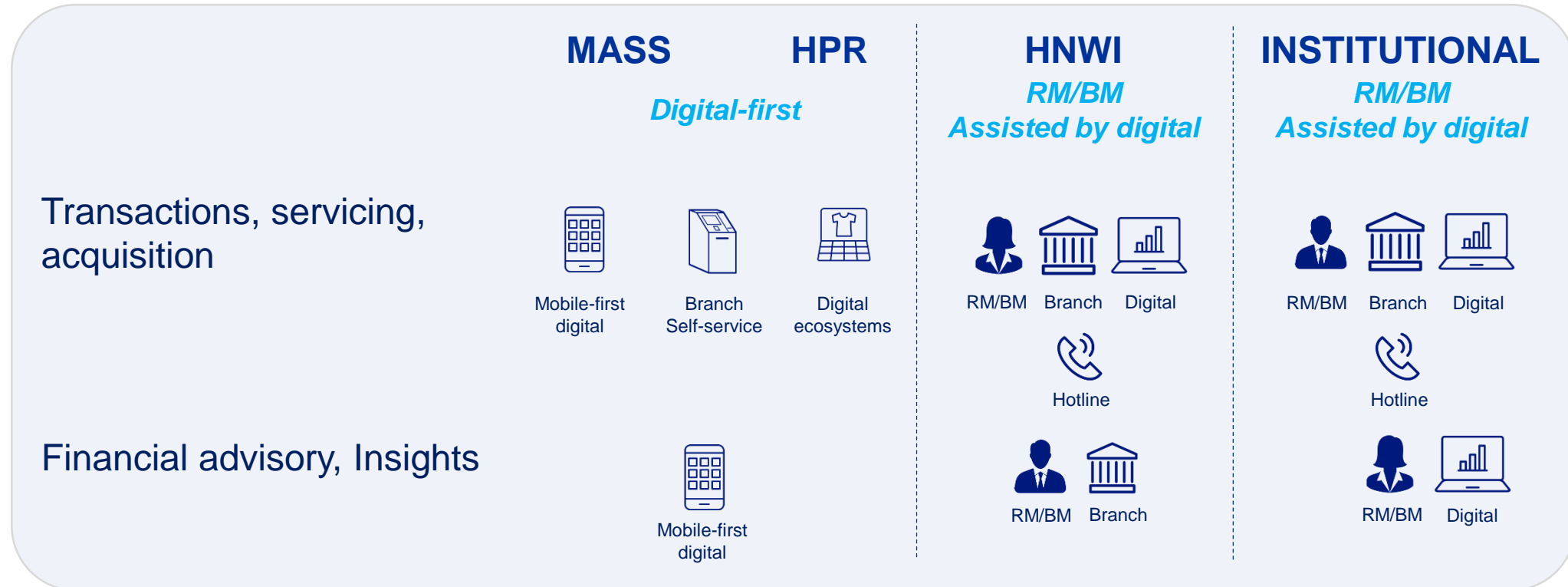


Outcomes:

- 3-5 percentage points improvement in operating efficiency
- 30% branch capacity refocus to HNWI and corporate

Best in class servicing and engagement

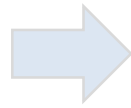
- **Drive customer financial wellness** via customized data-driven insights and advisory
- **Segment-specific**



Digital Transformation to Drive Business Transformation

Building Blocks

2019-2023



Empowerment

Enabling self-service, branch offload



Engagement and Education

Deeper engagement with existing customers, expanding into new markets, educating the market on finances

Systems Upgrade

(core banking, secured lending, ATM switch, trade and trust)

NextGen IT Infra

(APIs/reusable services & platforms, monitoring tools, internal cloud, capacity expansion)

Enhanced security

(MFA, biometrics, limits engine, fraud detection system, risk-based authentication)

Business Process Reengineering

(Application STP, RPA, branch of Tomorrow)

Data & Insights

(Business empowerment, offer personalization, fraud detection, AML monitoring)

Single customer view and Segmentation

CRM

(Salesforce, Pega, personalization)

People Upskilling & Enablement

(Design thinking, agile org, KPI realignment, targeted talent acquisition)

AVAILABLE TODAY

Personal

1. MB Online
2. Mobile app
3. Earnest
4. MIA (Chatbot)
5. MSOA

Affluent

Wealth Manager

Corporate

MBOS

FUTURE BUILDS

1. New and improved mobile app
2. Enhanced services for wealth
3. Cards application STP
4. Housing and auto loans digital application flows
5. Retail payments solutions
6. Digital self-service at the branches
7. Insurance STP, appointment setting



Additional Information

Metropolitan Bank & Trust Company (Metrobank)

Overview

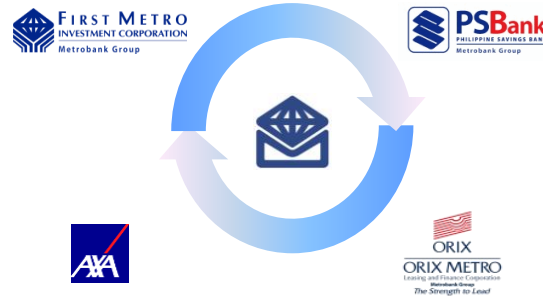
59

YEARS OF MULTI-AWARDED SERVICE EXCELLENCE

Founded in 1962 by a group of Filipino-Chinese businessmen led by Dr. George S. K. Ty

Listed in 1981 on the Philippine Stock Exchange

DIVERSIFIED FINANCIAL CONGLOMERATE



TRADING INFORMATION

MBT PM | MBT.PS Ticker

USD 4.4 Bn Market cap

USD 3.7 Mn 3M Avg Daily Value TO

20.2% Foreign Ownership

48.2% Public Float

As of 29 April 2022

Financial Data (PHP bn)

1Q22

Total Assets	2,644
Loans and Receivables, Gross	1,263
Total Deposits	2,042
CASA	1,443
Equity	304
CAR	18.5%
CET-1	17.6%

BIG 3 BANK WITH LEADING MARKET POSITION

#2 **#2** **#3** **#3**

Auto Loans Credit Card Receivables Mortgage Loans Trust AUM

STRATEGIC PRESENCE AND COVERAGE

DOMESTIC

950 branches
55% outside NCR 2,306 ATMs

OVERSEAS

30+ branches, subsidiaries, offices
150+ remittance tie-ups
150+ remittance agents

INVESTMENT GRADE

CREDIT RATINGS

MOODY'S Baa2 Stable

FitchRatings BBB- Negative

Aligned with the Philippine sovereign rating

BEST BOND BANK IN THE PHILIPPINES

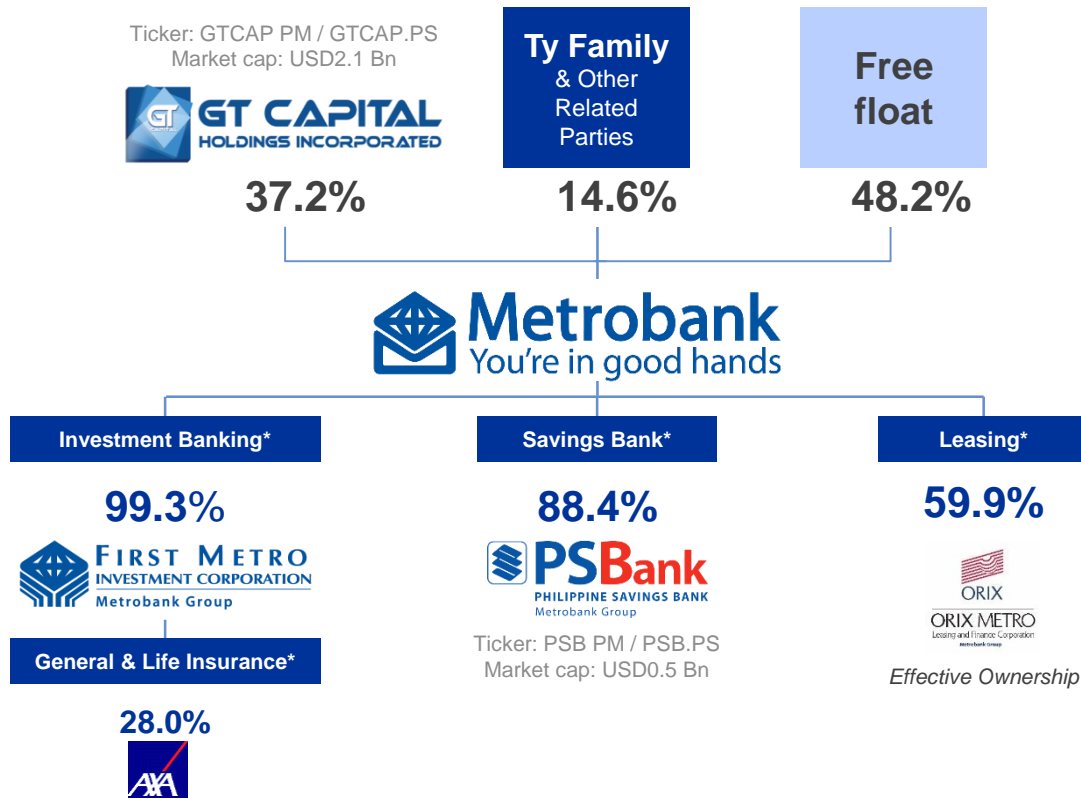
PDS Best Securities House (Bank)
2014 to 2021

2021 LARGEST TRADER
PHP Fixed Income Securities

32.0% market share in trading volume
44.2% market share in number of trades

Ownership and Investment Information

CORPORATE STRUCTURE



*Note: Domestic subsidiaries only

MARKET DATA

Trading information

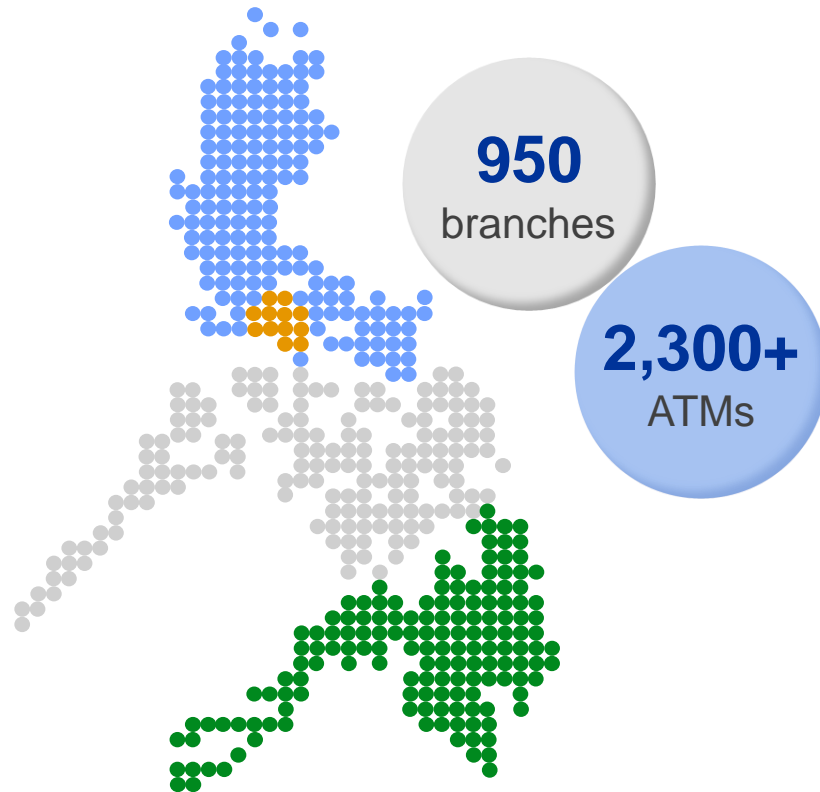
Ticker (Bloomberg Reuters)	MBT.PM MBT.PS
Par value (PHP)	20.00
Outstanding shares	4,497,415,555
Stock price as of 29 April 2022	51.10
52-Week Range (Low High)	43.00 63.50
Market cap (USD Mn)	4,406
3-Month Avg Daily Trading Value (USD Mn)	3.74
3-Month Avg Daily Trading Volume (Mn)	3.46
Public Float	48.2%
Foreign Ownership	20.2%

	2020	2021	1Q22	
BVPS (PHP)	72.10	70.84	67.58	
EPS (PHP)	3.08	4.93	7.12	<i>Annualized</i>
Trailing P/BV (x)	0.7	0.8	0.8	<i>Based on EOP share price</i>
Trailing P/E (x)	15.9	11.3	8.0	
DPS (PHP)	1.00	4.00	3.00	<i>For the year</i>

Extensive Domestic and Overseas Coverage

 **17,000+** employee base

Domestic Branch and ATM Networks



Overseas Network Coverage

30+

Branches,
subsidiaries,
offices

150+

Remittance
tie-ups

150+

Remittance
agents

Recent Awards and Recognition



Best Domestic Private Bank in the Philippines

2022




Best Multi-product Financing Deal, Best Syndicated Loan Deal

2021




Strongest Bank in the Philippines

2021




Best Domestic Bank in the Philippines

2021




Best Securities House Bank Category

2014 - 2021




Best Local Currency Bond Individuals #1 in Trading, #2 & #3 in Sales, #4 in Research

2021




8th Best Workplace to Grow Your Career – Philippines

2021




1 Gold, 2 Silver Anvils

2021




Top Division, 4 Excellence, 2 Merit Awards

2021




FIRST METRO INVESTMENT CORPORATION
Metrobank Group

Best Sovereign Bond Deal of the Year

2021




FIRST METRO SECURITIES
Brokerage Corporation
Metrobank Group

Best Online Broker; Best Online Trading Platform

2021




FIRST METRO SECURITIES
Brokerage Corporation
Metrobank Group

Best Brokerage House; Most Innovative Online Trading Platform

2021

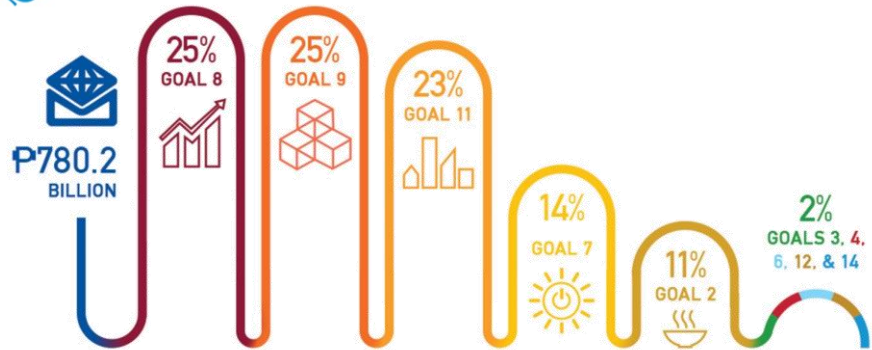


Meaningful Sustainability

Overview of Metrobank's Sustainability Framework



Breakdown of Contribution of Commercial Loans to the UN Sustainable Development Goals in 2021



GOAL 8 Decent Work and Economic Growth – Equivalent to P195 billion. Supported 206 businesses engaged in large scale retail activities, holding companies and financial institutions needing access to financial capital, hotels and restaurants, and professional and technical services | **GOAL 9 Industry, Innovation and Infrastructure** – Equivalent to P193 billion. Supported 144 businesses engaged in the development of public infrastructure such as roads and highways, establishment of commercial properties, as well as manufacturing, transportation, storage, and telecommunication activities | **GOAL 11 Sustainable Cities and Communities** | **GOAL 7 Affordable and Clean Energy** | **GOAL 2 Zero Hunger** | **GOAL 3 Good Health and Wellbeing** | **GOAL 4 Quality Education** | **GOAL 6 Clean Water and Sanitation** | **GOAL 12 Responsible Consumption and Production** | **GOAL 14 Life Below Water**

Source: [2021 Sustainability Report](#)

Sustainability Focus Areas



Sustainability: Our Progress in 2021

Formalizing the governance structure

- ✔ The **Board**, through the Executive Committee, does the oversight and **Senior Management** executes the sustainability framework.
- ✔ The dedicated **Sustainability Department**, together with the **Technical Working Group** collaborate to embed sustainability principles into the Bank's business practices.

Expanding our coverage

- ✔ As part of the baselining exercise, there has been significant progress to **broaden the scope** of our environmental data monitoring to include:
 - Corporate Centers – fuel, power, and water consumption, and waste generated
 - Domestic Branches – power and water consumption
- ✔ Disclosed our **Scope 1 and 2 GHG emissions**

Promoting the sustainability culture

- ✔ Defined the Bank's **Sustainability Framework** and **Focus Areas**
- ✔ Launched **internal sustainability awareness campaign**
- ✔ Assessment and enhancement of existing **policies to integrate sustainability practices**

Improving our disclosures: Our 2021 Sustainability Report



- ✔ Our **2021 Sustainability Report** is the Bank's **first stand-alone** report to underscore our increasing **commitment on sustainability**.
- ✔ It has been prepared in accordance with the **Global Reporting Initiative (GRI) Standards**.
- ✔ The Report is already available in our website via the following link: <https://www.metrobank.com.ph/about-us>
- ✔ A dedicated sustainability section in our official website will be launched in April 2022.

Contact Information

For comments and queries: **Sustainability Department**
sustainability@metrobank.com.ph

Special Dividend Declaration in 2022

1. Tempered near-term growth prospects

Demand is modest in 2022, with pre-pandemic double-digit growth possible by year 2023 onwards

2. Strong NPL risk buffers already in place

NPL cover remains ample, a sizeable buffer vs. risk of rising NPLs

3. Medium term prospects support higher internal capital generation

Current capital still allows for robust expansion as economy rebounds

4. Post-special dividend, CET1 Ratio is robust

- Well clear minimum CET1 Ratio for D-SIBs
- Still significantly better than peers

5. Lift to ROE

- Higher payout reflects better profitability levels
- Supportive of ROE recovery

Key information

Regular Cash Dividends per share

- Php1.60
- Semi-annual payout

Special Cash Dividends per share

- Php1.40
- To be paid out in the 1st semester

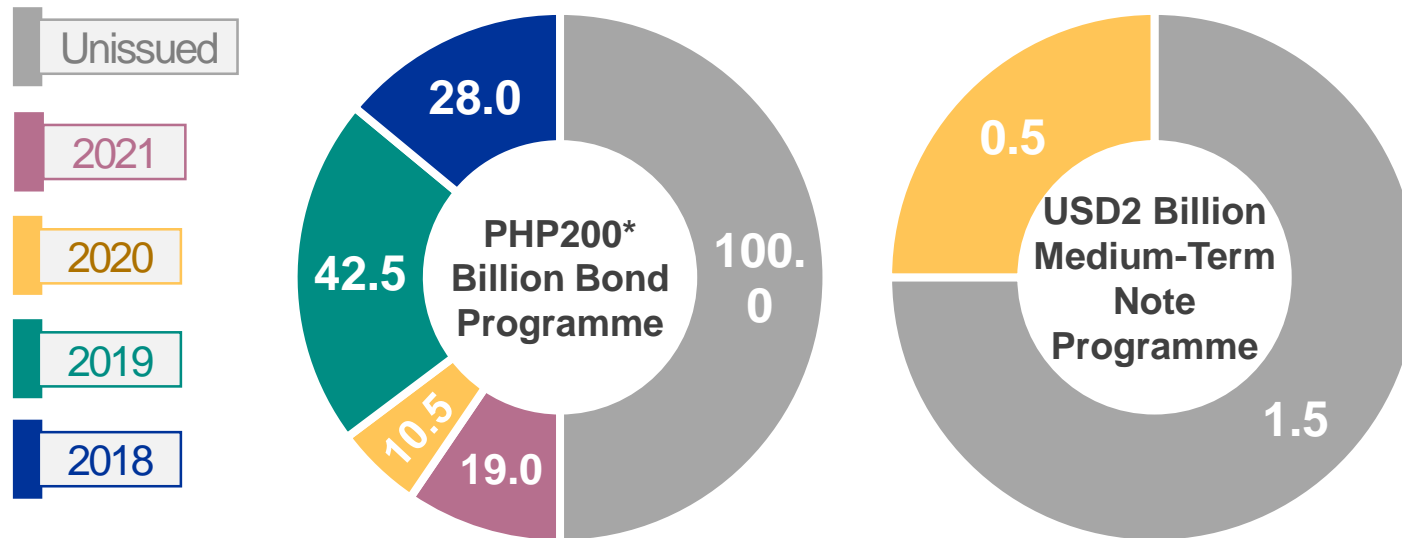
Record Date (1st payout)

17 March 2022

Payment Date (1st payout)

31 March 2022

Debt Issuances



Bond Issuance
PHP19.0 billion
5.25Y Peso Notes
Listed June 2021
 1.9x oversubscribed
 3.60% interest rate, 35bps above benchmark rate

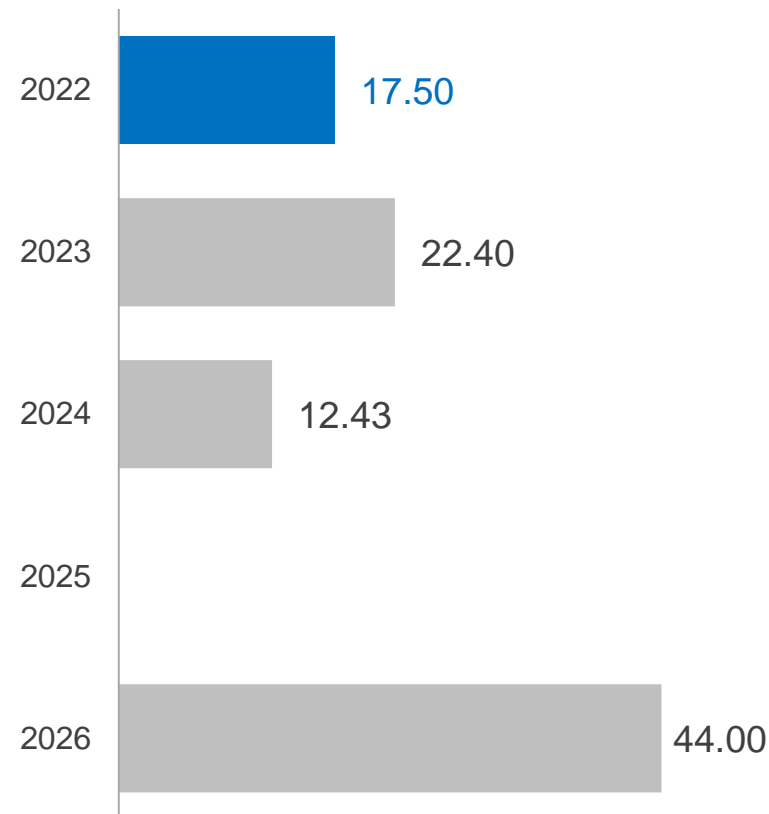
**Note: The Board of Directors of Metrobank approved to update its PHP Bond and Commercial Paper Program to Up to PHP200 Billion of Issuances on 15 December 2021*

Outstanding Debt Issuances & Investment Grade Credit Ratings

Debt Issuance Details

Type	Issue Date	Coupon Rate	Maturity Date	Amount (PHP Bn)
LTNCD	Sep-16	3.500%	Sep-23	8.65
	Jul-17	3.875%	Jul-24	3.75
	Oct-18	5.375%	Apr-24	8.68
PHP Bond	Apr-19	6.300%	Apr-22	17.50
	Oct-19	4.500%	Apr-23	13.75
	Jun-21	3.600%	Sep-26	19.00
MTN	Jul-20	2.125%	Jan-26	USD500Mn*

Debt Maturity Profile (PHP Bn)



MOODY'S

**Baa2
Stable**

Dec-21

- Highly correlated with sovereign rating as exposures are largely domestic
- Robust capitalization, with a proven history of support from shareholders
- Strong funding and liquidity, supported by a leading domestic franchise

FitchRatings

**BBB-
Negative**

May-22

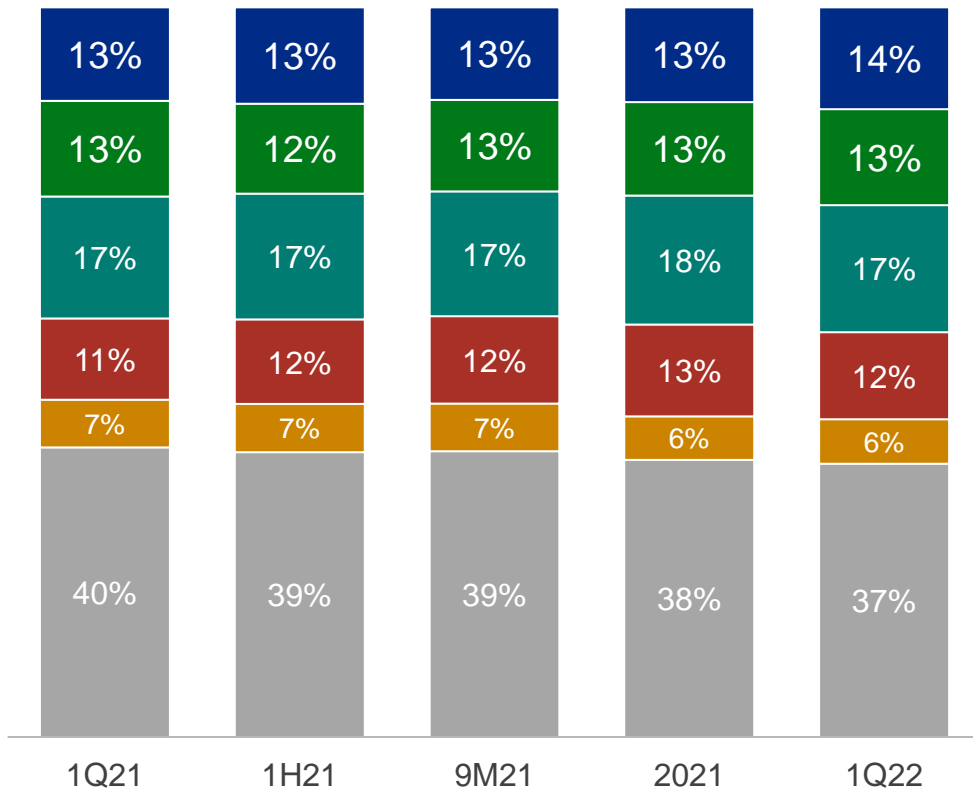
- High systemic importance; high loss-absorption buffers, established franchise, and steady risk controls
- Revenue is likely to improve as the bank ramps up loan growth amid improving economic outlook
- Bank to maintain superior capital buffers relative to peers

*Assuming USDPHP 50.00;

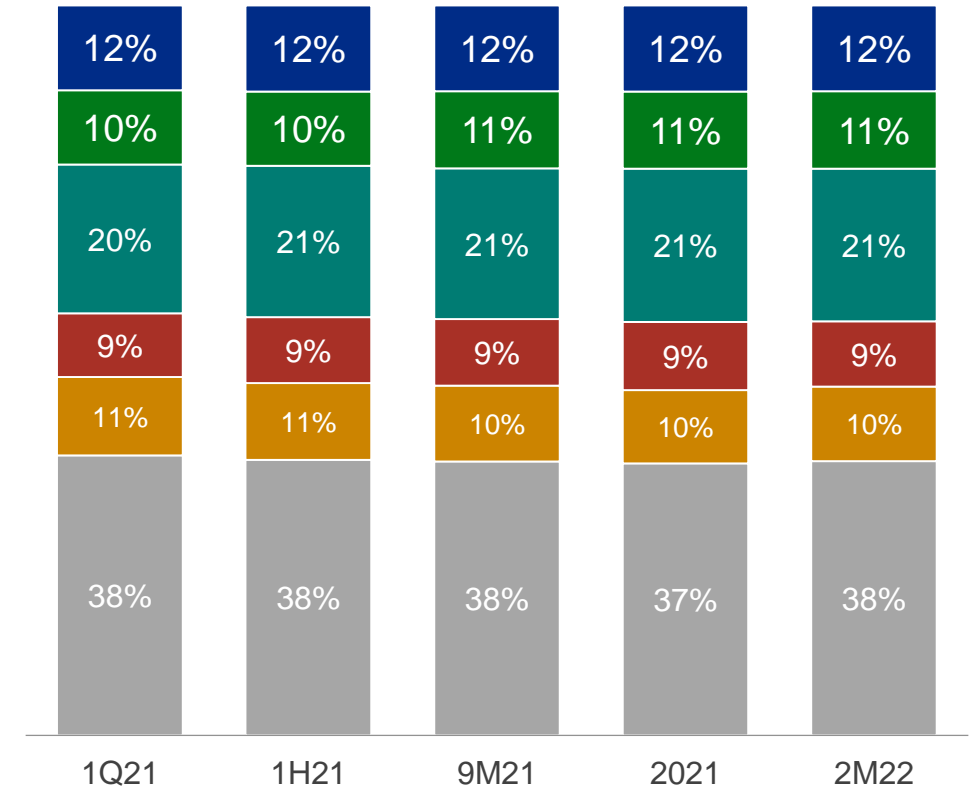
Note: Includes only MBT Parent Bank issuances

Loan Portfolio Breakdown

MBT Loan Portfolio By Industry



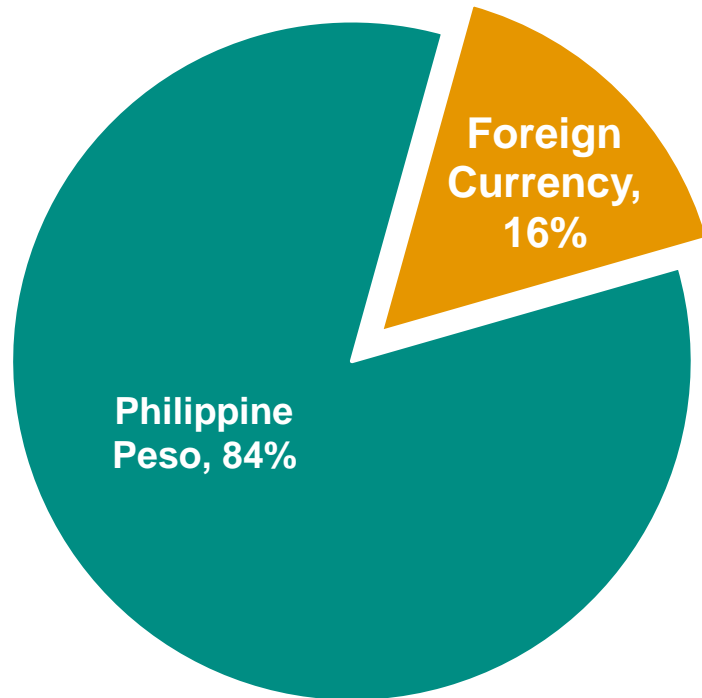
Philippine Banks Loan Portfolio By Industry



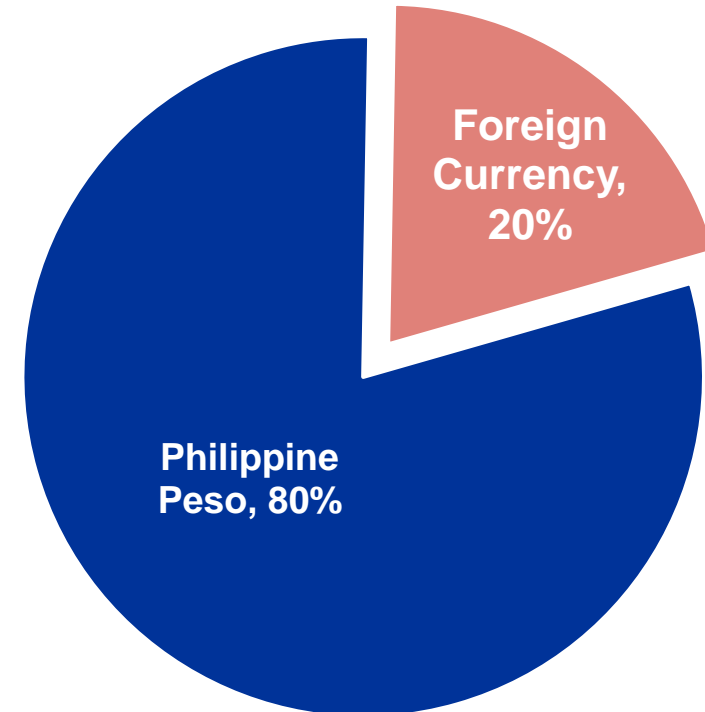
Based on 2009 PSIC
 Others include Transport & storage, Construction, Agricultural, forestry and fishing; Accommodation & food service activities

Currency Breakdown

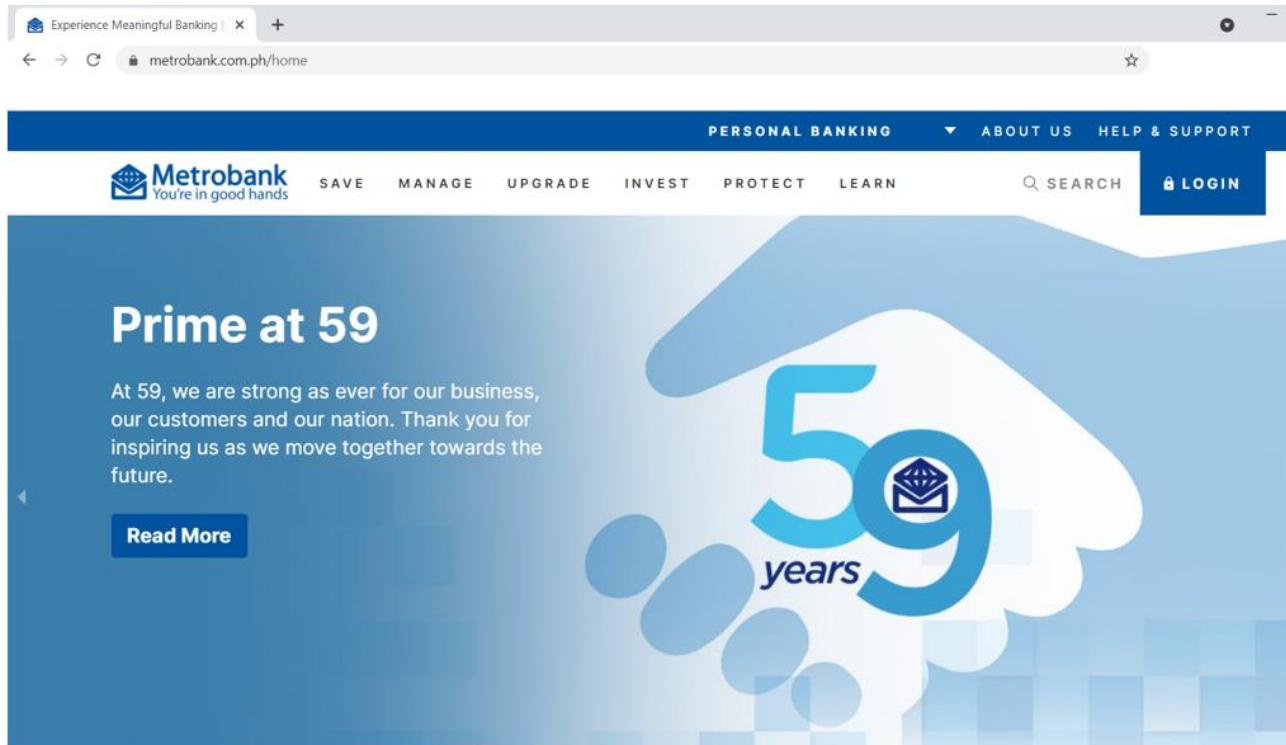
LOAN PORTFOLIO



DEPOSITS



For more information, please visit our website:



For your comments and queries contact us via:

investor.relations@metrobank.com.ph

Tel: (632) 8857 5348

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[SEC 17-Q](#)

[BSP SOC](#)

Investor Relations

<https://metrobank.com.ph/about-us/investor-relations-program>

Annual Corporate Governance Report

<https://metrobank.com.ph/about-us/corporate-governance-report>

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Meaningful Banking

by

