



1Q 2024 Analysts' Briefing

2 May, 2024





**FABIAN
DEE**

President



**TOTO
TANSINGCO**

Treasurer &
Head, Financial
Markets



**MYLENE
CAPARAS**

Head, Institutional
Banking



**MONJ
DEL ROSARIO**

Head, Consumer
Banking



**NELSON
SEE**

Head, Branch
Banking



**RENE
DE BORJA**

Controller



**MINDA
OLONAN**

Investor Relations

MACROECONOMIC AND INDUSTRY DEVELOPMENTS

Macro-economic backdrop

GDP

2020	2021	2022	2023
-9.5%	5.7%	7.6%	5.5%

- 4Q23 GDP settled at 5.5% with stronger recovery in capital formation and consumer discretionary spending offsetting impact of weaker government spending.
- FY23 GDP growth broadly in line driven by the recovery in investment and consumer spending

Inflation

2020	2021	2022	2023	Mar-24
2.4%	3.9%	5.8%	6.0%	3.7%

- CPI pick-up in March from 3.4% in February driven by rising food prices and transportation costs
- Core inflation still on the downtrend at 3.4% from 3.6% in the previous month

Policy rate

2020	2021	2022	2023
2.0%	2.0%	5.5%	6.5%

- Monetary Board kept RRP steady during its April 2024 meeting. Last policy rate action was a 25 bps hike last October 2023
- BSP: Monetary policy to stay tight

Unemployment rate

2020	2021	2022	2023	Feb-24
10.3%	7.8%	5.4%	3.1%	3.5%

- Feb's unemployment rate improved from January 2024's 4.5%, still below 5.1% pre-pandemic level.

Business (B) & Consumer (C) – Next Quarter Expectations (%)

4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
B: 31.3	B: 49.0	B: 46.4	B: 53.8	B: 38.2	B: 48.1
C: 9.5	C: 7.5	C: 4.6	C: 7.8	C: 5.6	C: 2.7

- B: More upbeat on expectations of higher demand, more project completions, seasonal uptick in business activities, and easing inflation
- C: Continued weakness in sentiment due to rising prices and fewer new sources of income

Capacity Utilization (%)

4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
72.1	71.5	71.0	70.5	70.9	72.3

- BSP Business expectations survey notes Industry and Construction sectors' capacity utilization continuing to expand from 4Q23, although still below 75% pre-pandemic level.

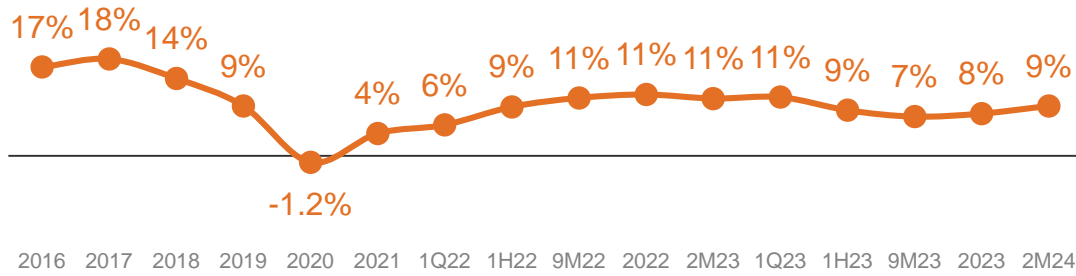
Notes: Business & Consumer Expectations; B: Business, C: Consumer, Figures Are Expectations For The Next 3 Months
Average capacity utilization in the Industry and Construction sectors, as reported in BSP's Business Expectations Survey



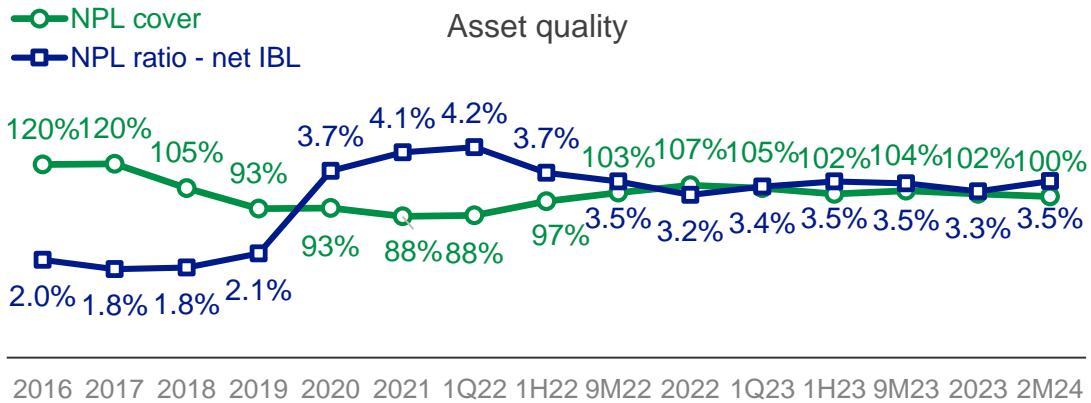
Banking Industry

Loan growth recovers up as NPL ratio picks up

Loan growth



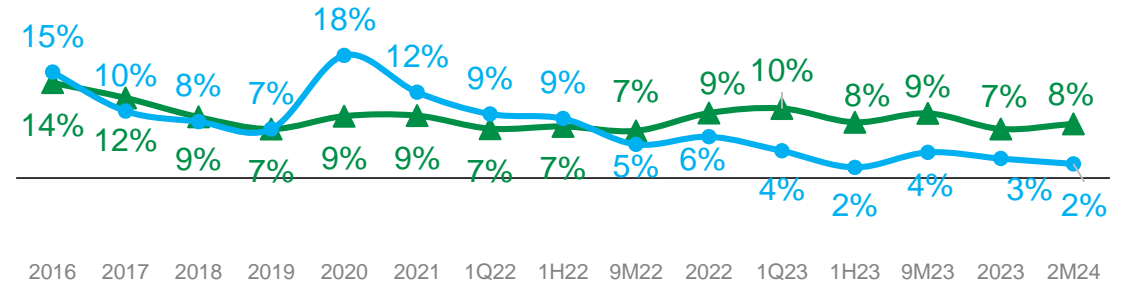
Asset quality



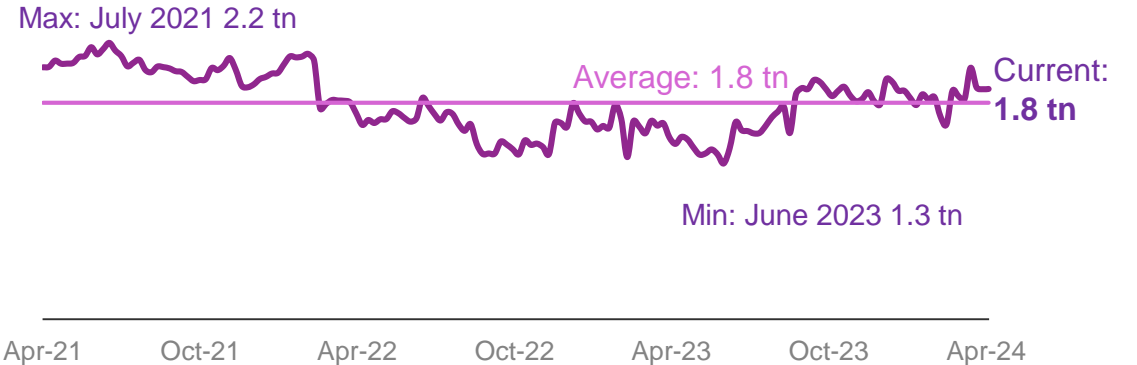
Source: BSP Philippine Banking System (PBS) data; Metrobank estimates

CASA growth remains subdued; system still liquid

Deposit growth CASA growth



Estimated excess liquidity (Php) *



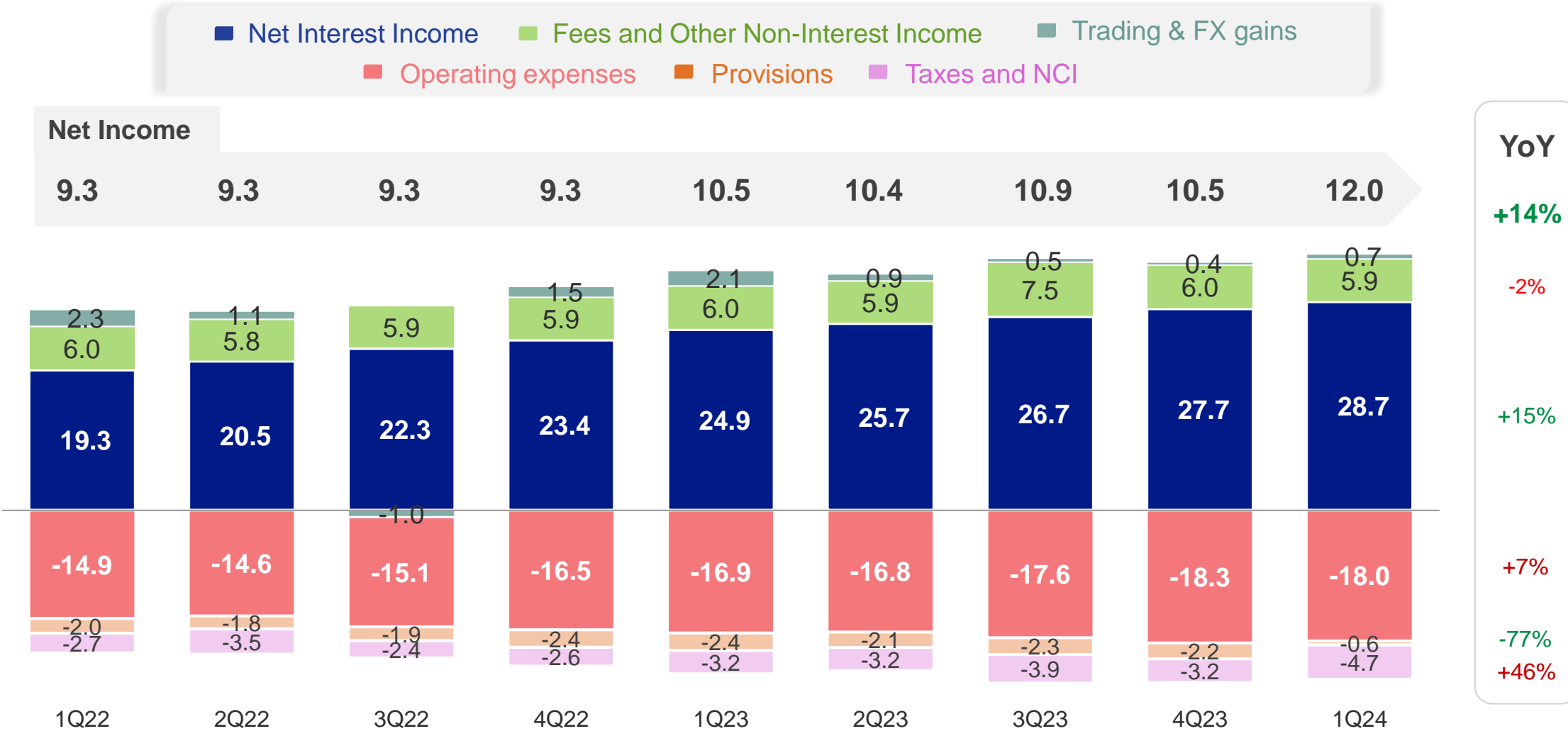
*Note: Excess Liquidity = Reverse Repurchase Facility + ODF + TDF + BSP Bills – Rediscounting – OLF



FINANCIAL PERFORMANCE

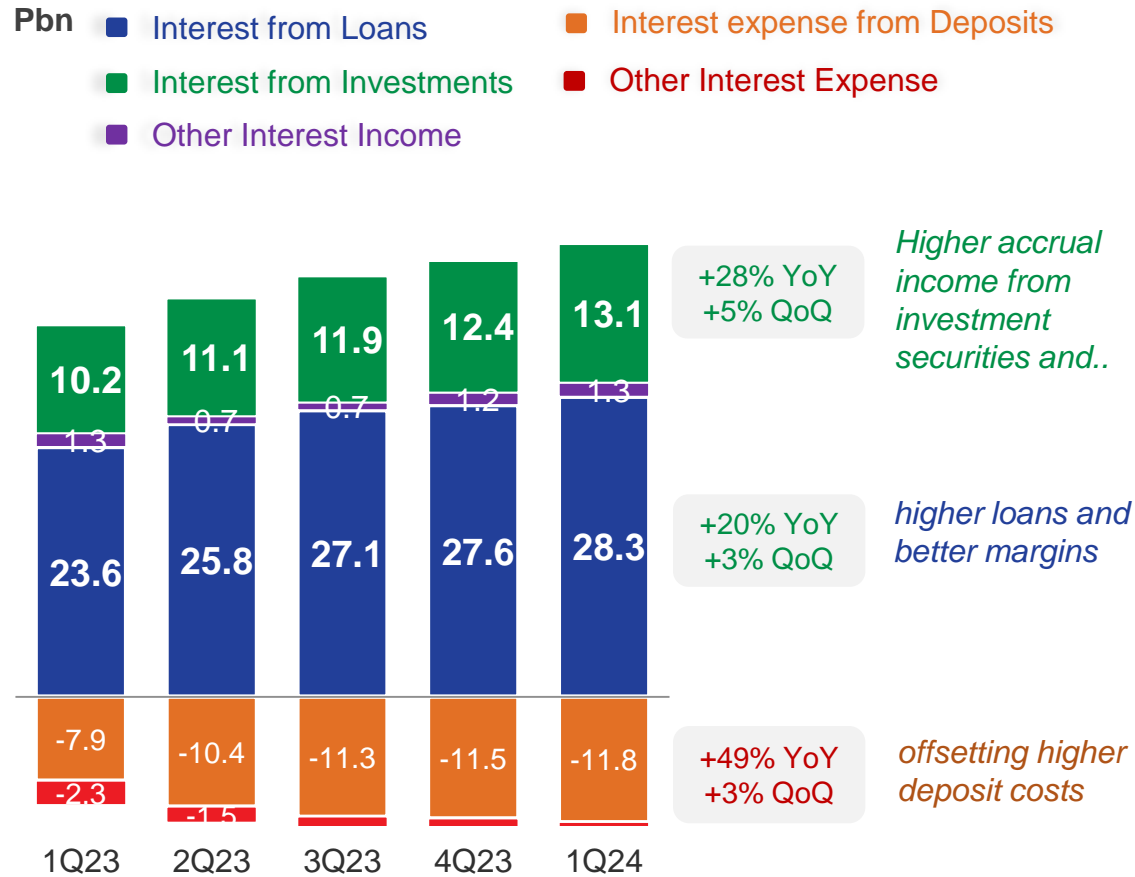
1Q 2024

Sustaining solid earnings growth

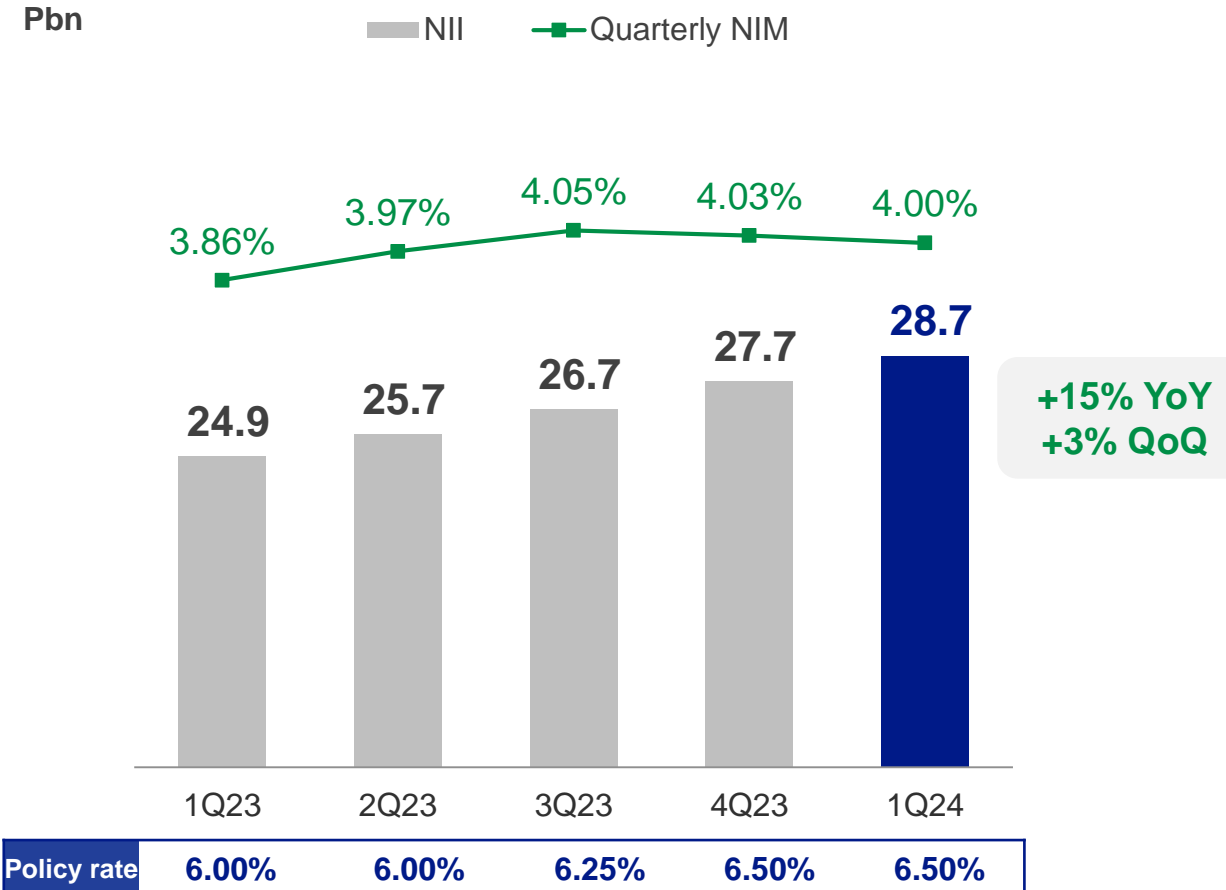


Net interest income drivers

Asset expansion sustaining build-up in interest income

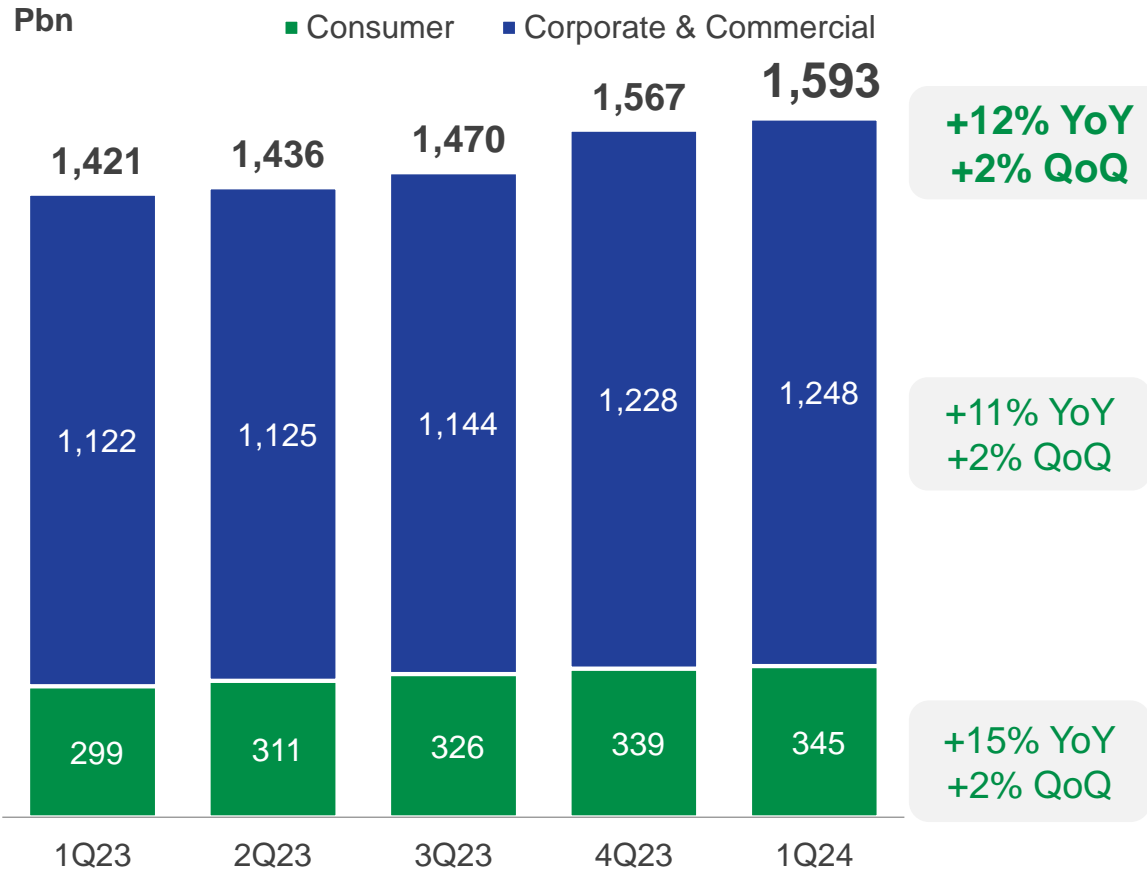


Margins easing slightly

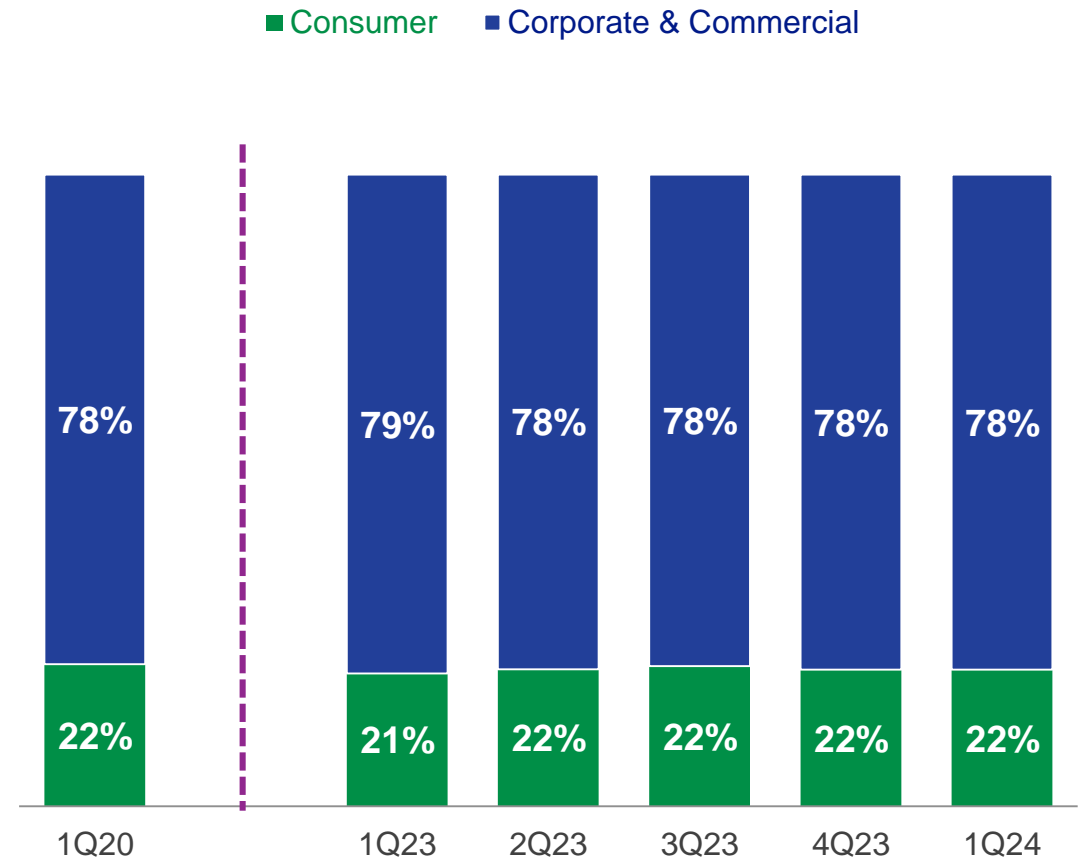


Loan portfolio profile

Healthy commercial and consumer growth



Loan portfolio mix near pre-pandemic level

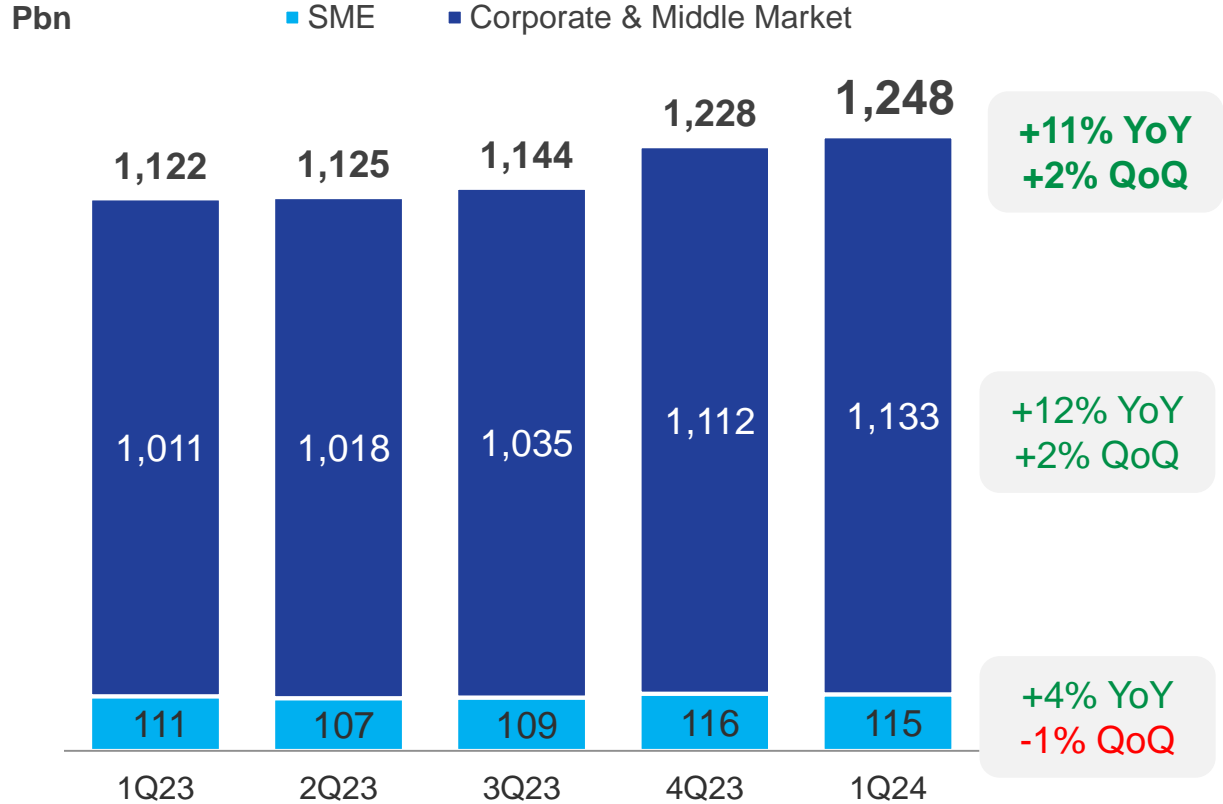


Note: Gross of Unearned Interest and Discount (UID)

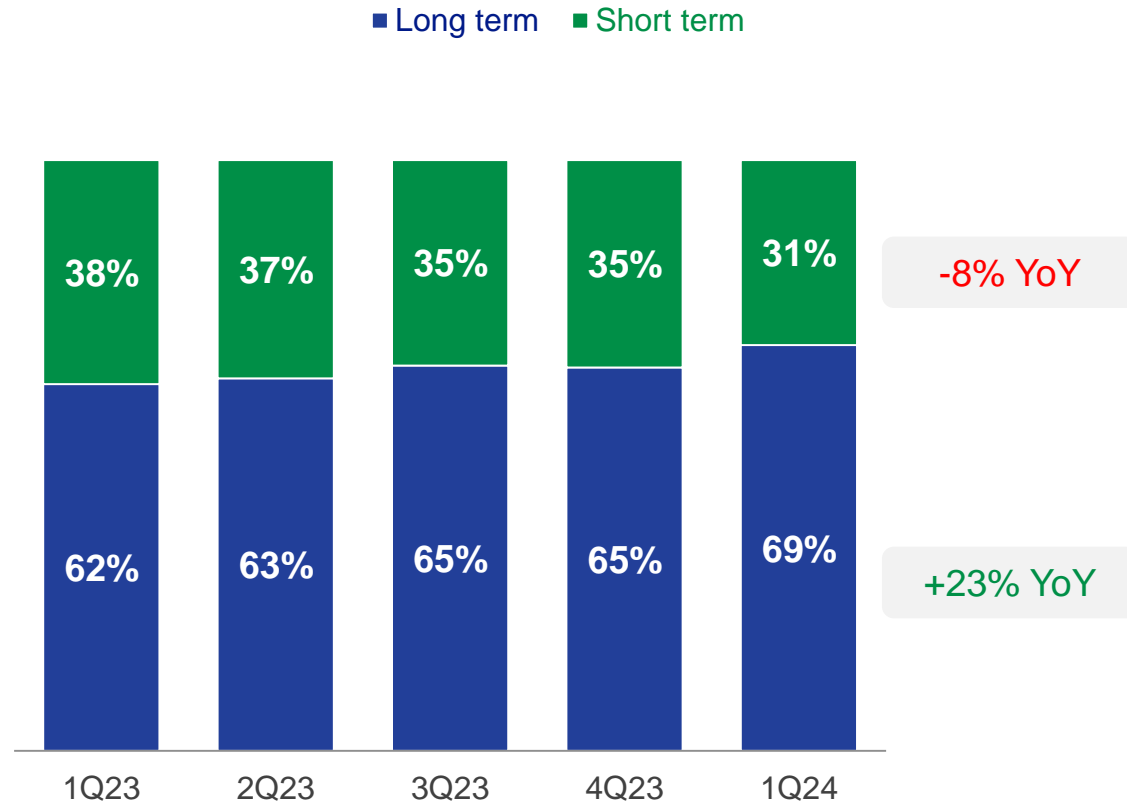


Institutional segment profile

Top and mid-sized corporates leading loan demand



Preference for term loans

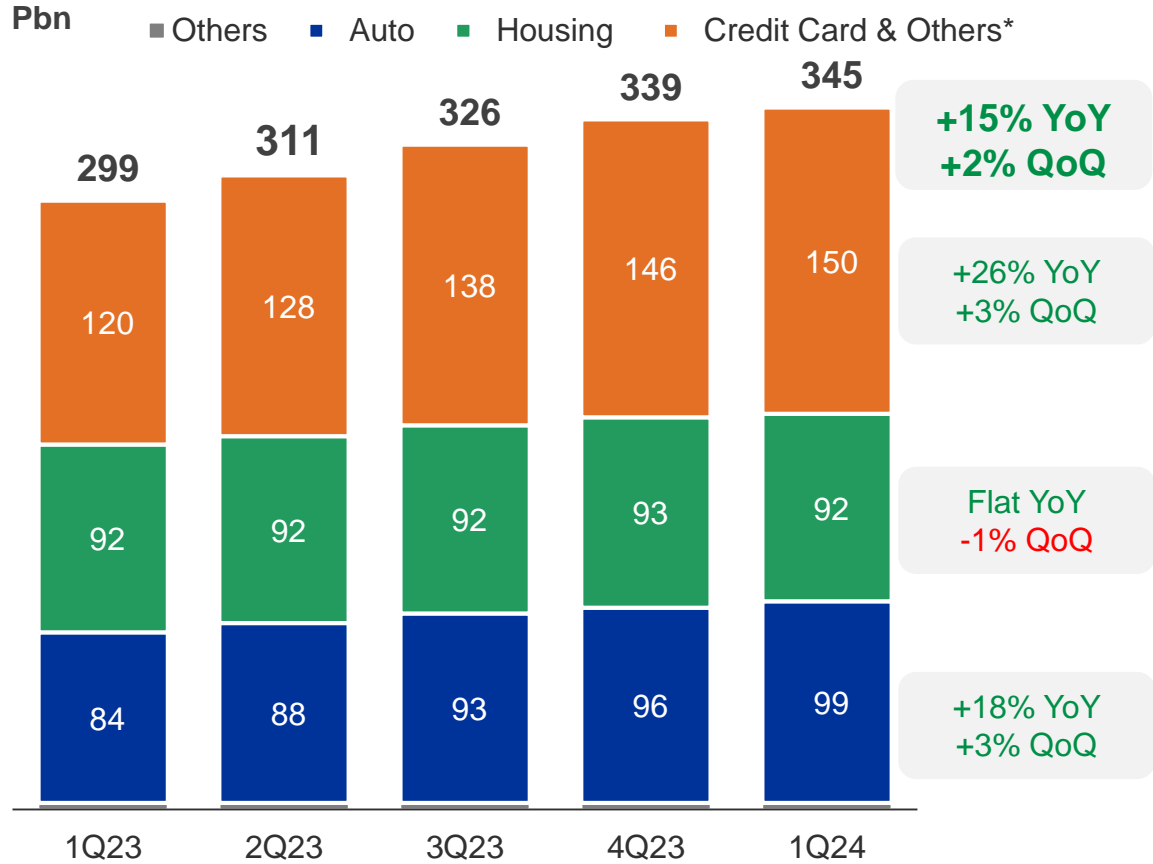


Note: BSP defines SMEs as enterprises with assets worth up to P100 mn



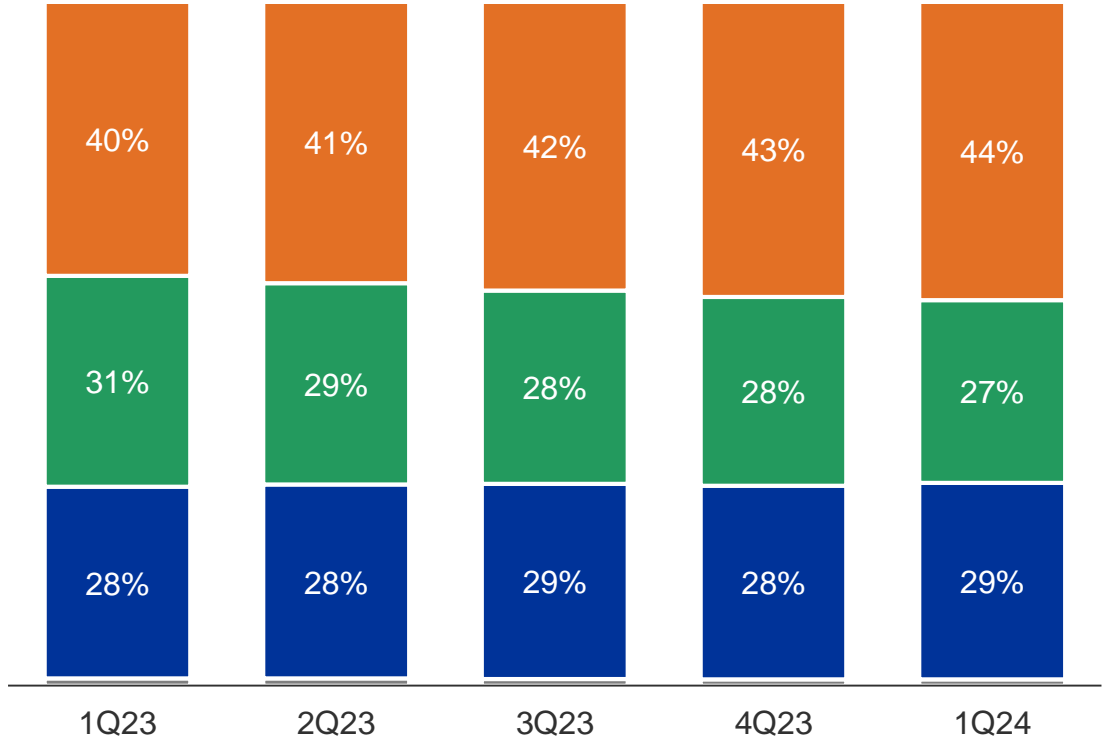
Consumer segment profile

Gross credit card receivables and auto leading retail build up



*Note: Gross of Unearned Interest and Discount (UID)
 Credit card receivables net of UID amounted to P137bn, +26% YoY

Credit card share still expanding

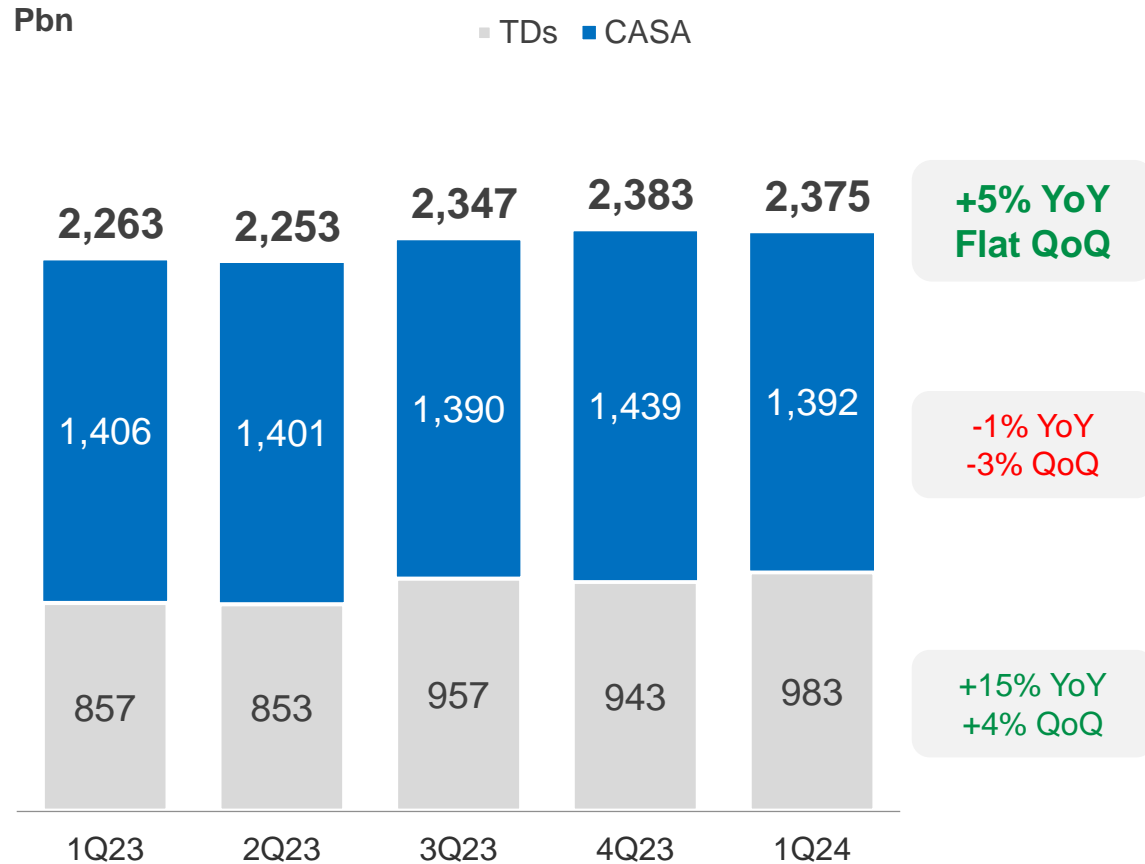


Note: "Others" make up ~1% of total consumer breakdown in all quarters

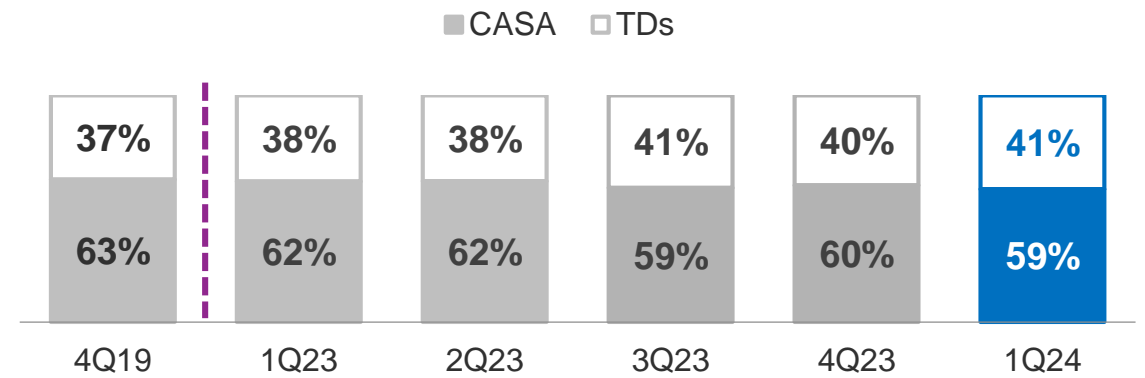


Deposit profile

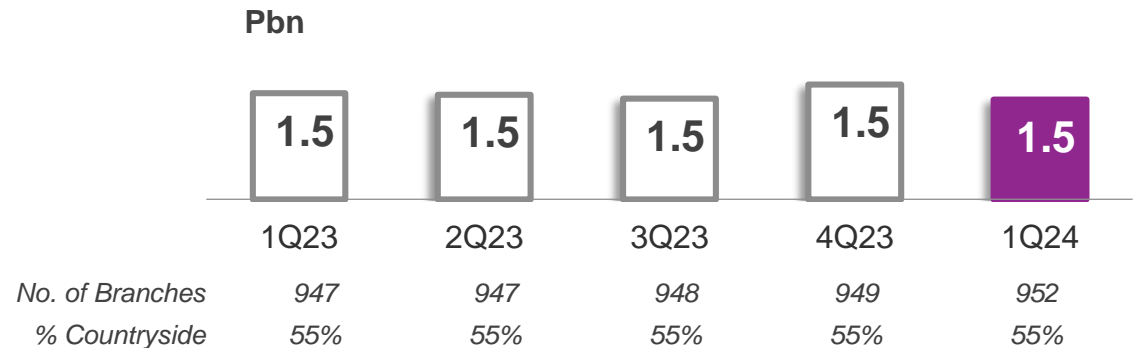
Managed deposit growth



CASA ratio eases as rates stay elevated

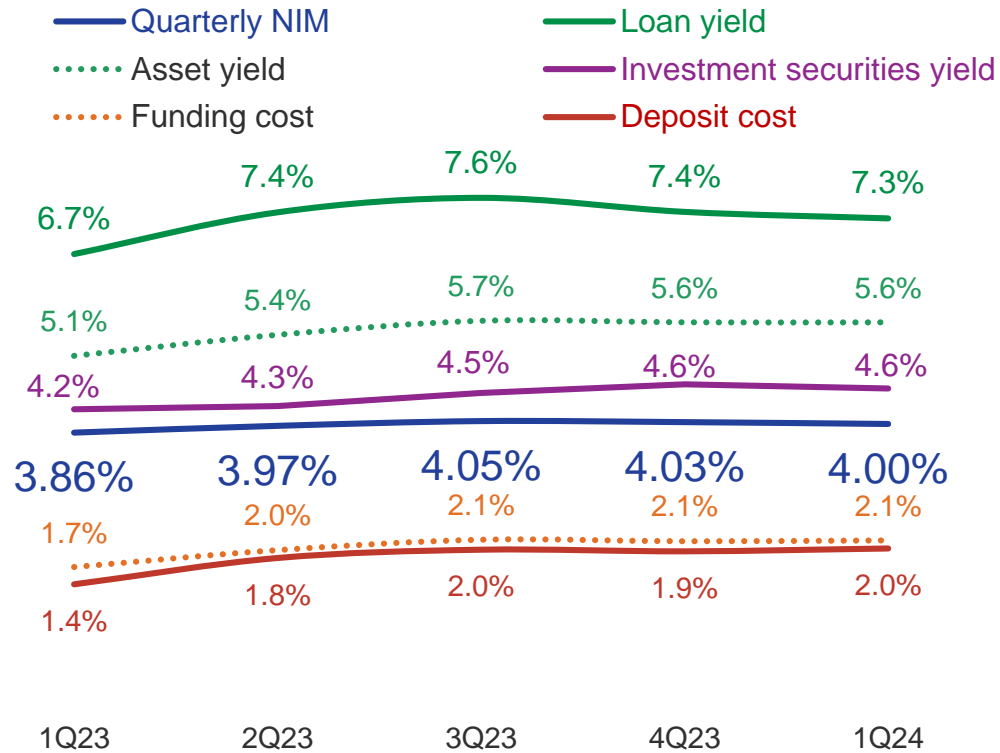


CASA deposits per branch largely stable



Margin drivers

Asset yields stable and funding costs stabilizing

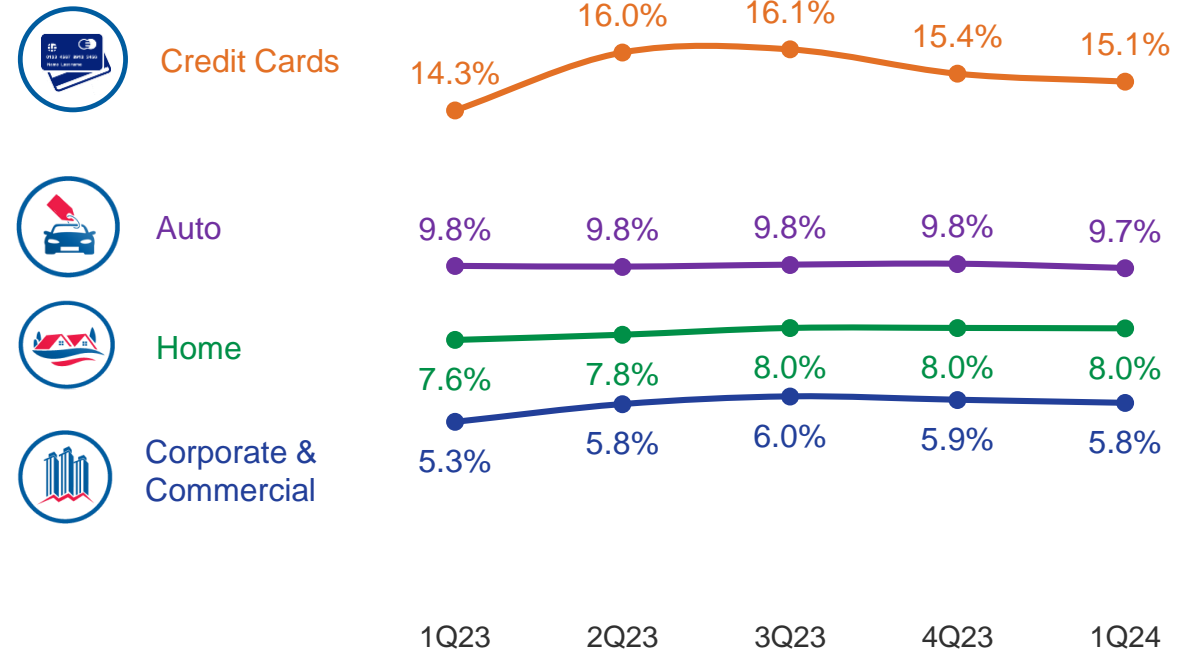


Policy rate	1Q23	2Q23	3Q23	4Q23	1Q24
	6.25%	6.25%	6.25%	6.50%	6.50%

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 steady across most segment



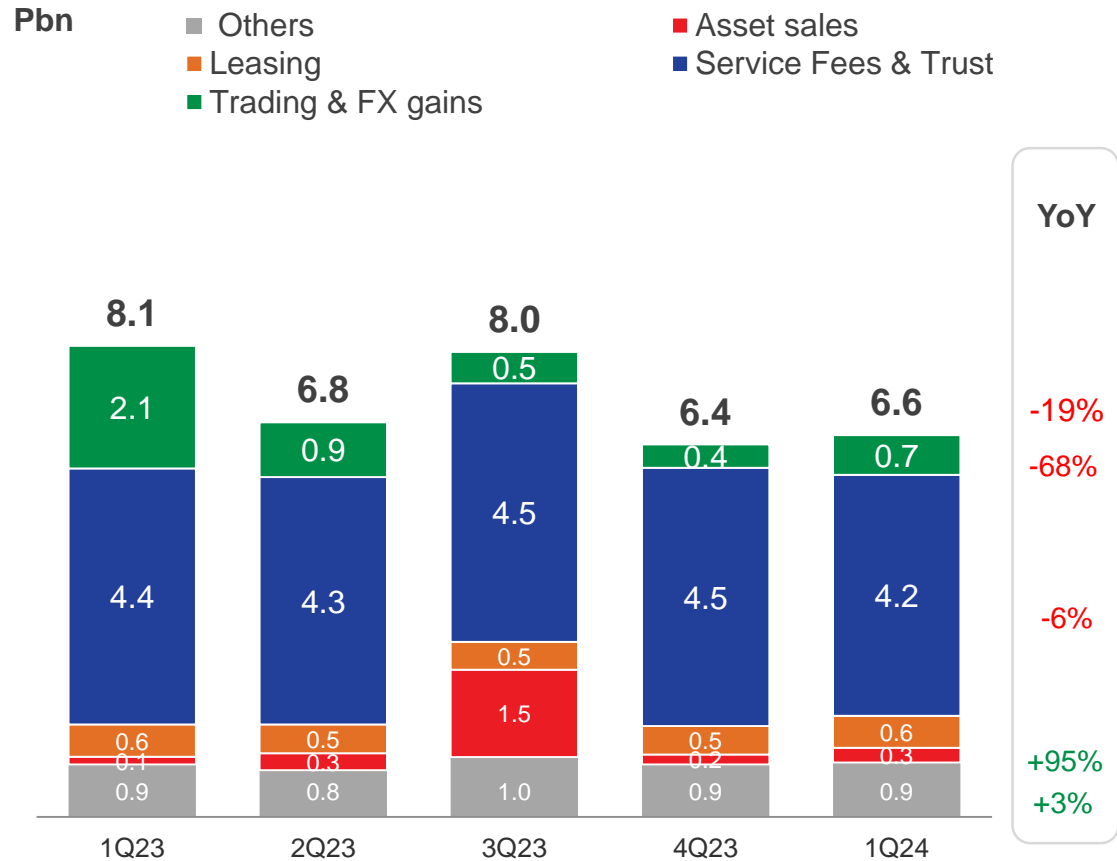
Notes:

- Gross yield on loans net of Unearned Interest and Discount (UID)
- Credit card rate cap set at 2% on Nov 2020, raised to 3% on Feb 2023



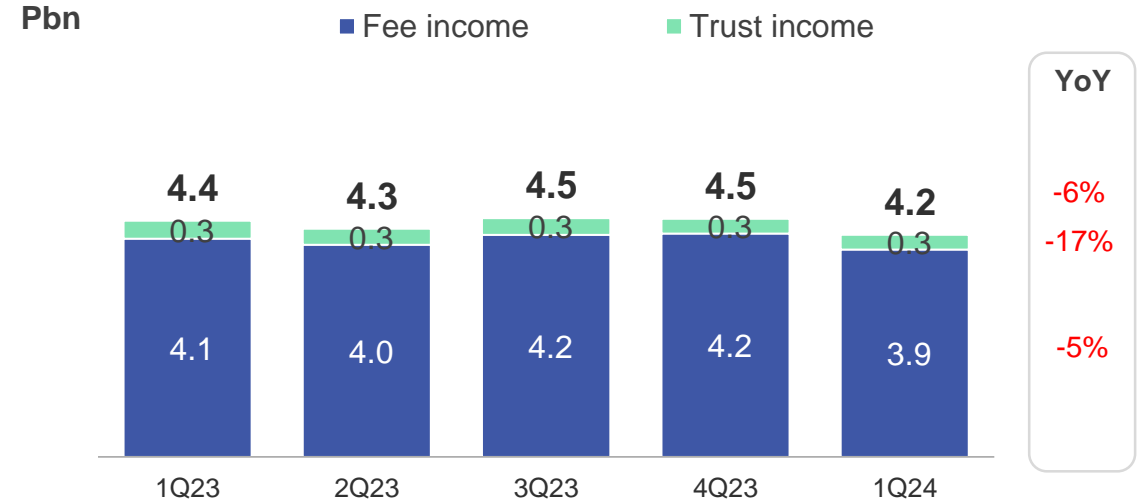
Non-interest income drivers

Overall weakness as trading income down from high base

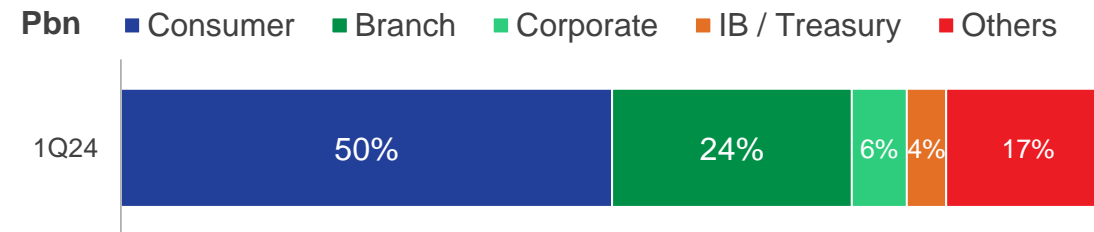


Note: Others include Dividend income, Gain on recognition of investment properties, Recovery on charged-off assets, IT and other fees

Fee Income eases



Fee income breakdown

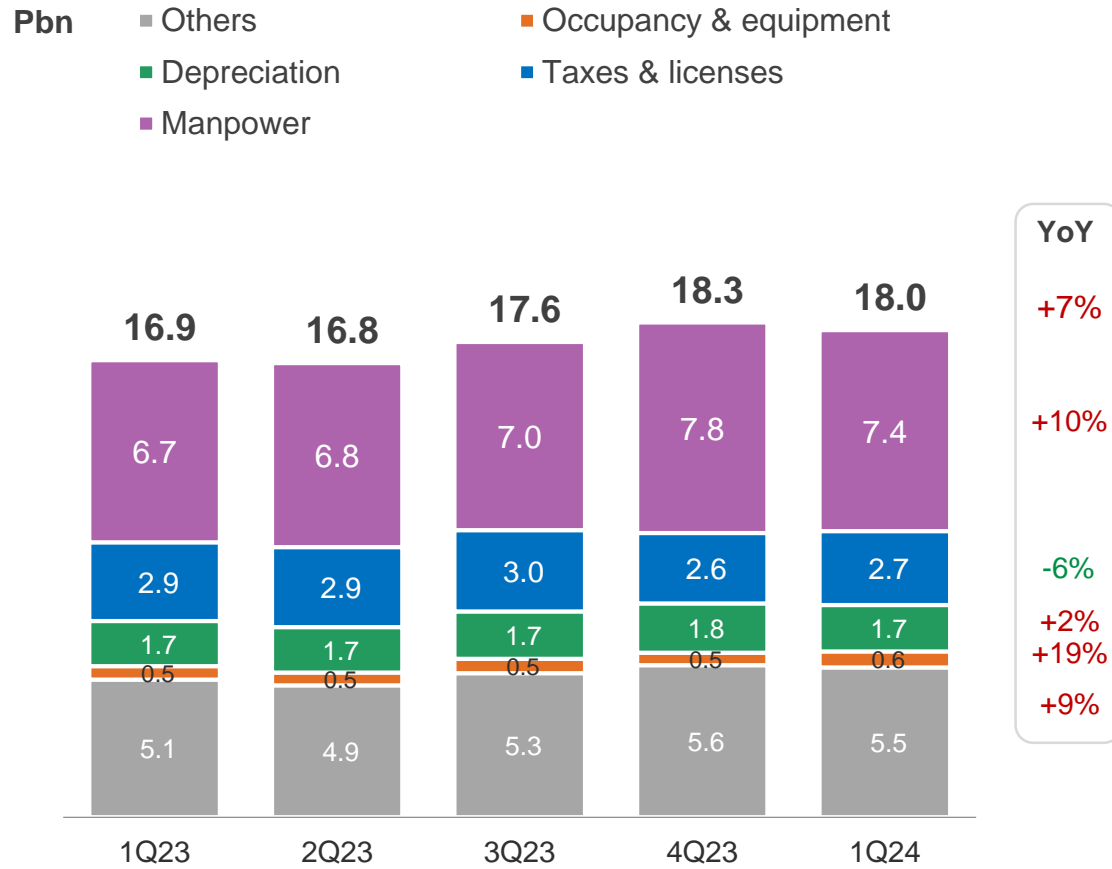


Note: Fee income includes credit card fees, trade and loan-related, fees from ATM or e-channel usage, remittance, deposit-related, product referral, etc



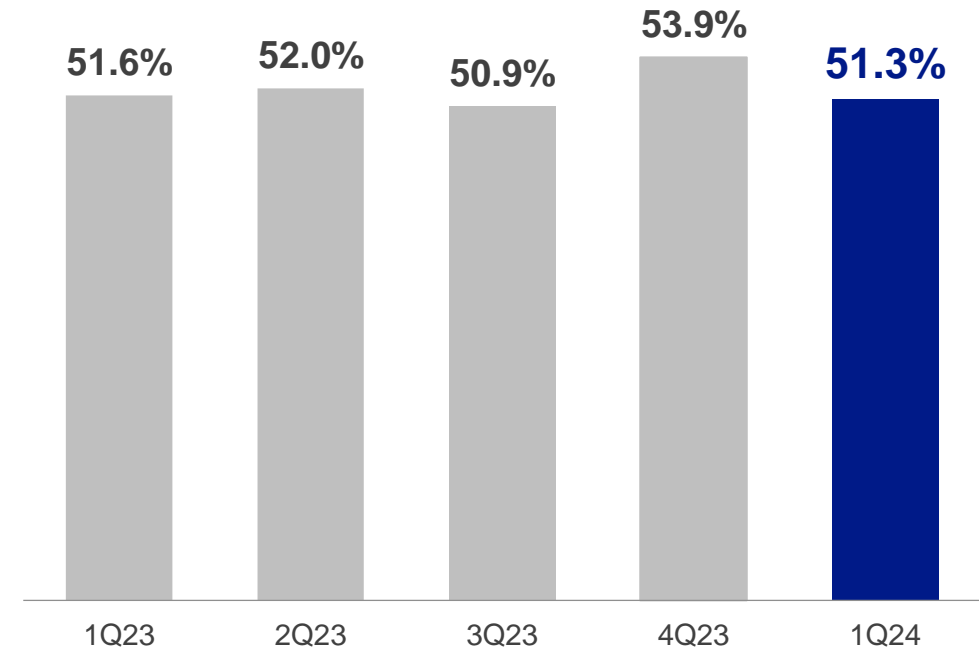
Operating expense breakdown

Moderating opex growth



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

Improving cost-to-income ratio

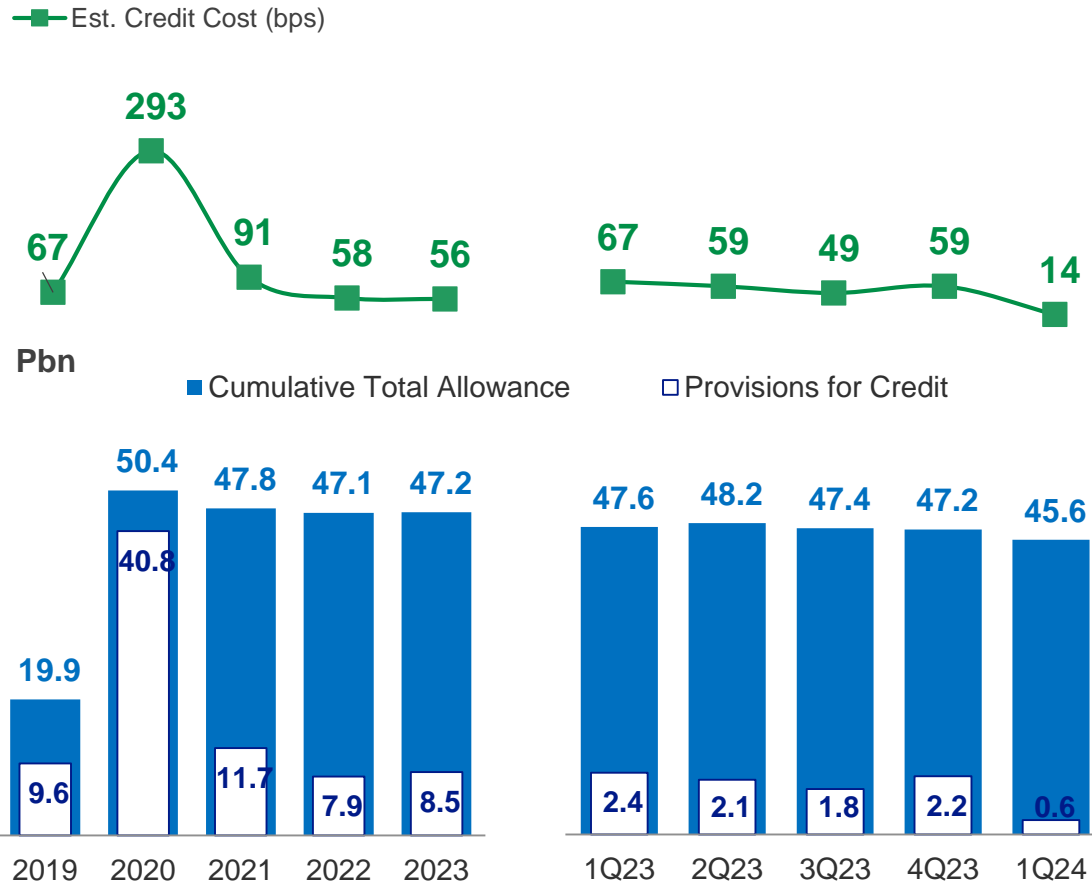


Note: Operating income used does not include MBT's share in net income of investees

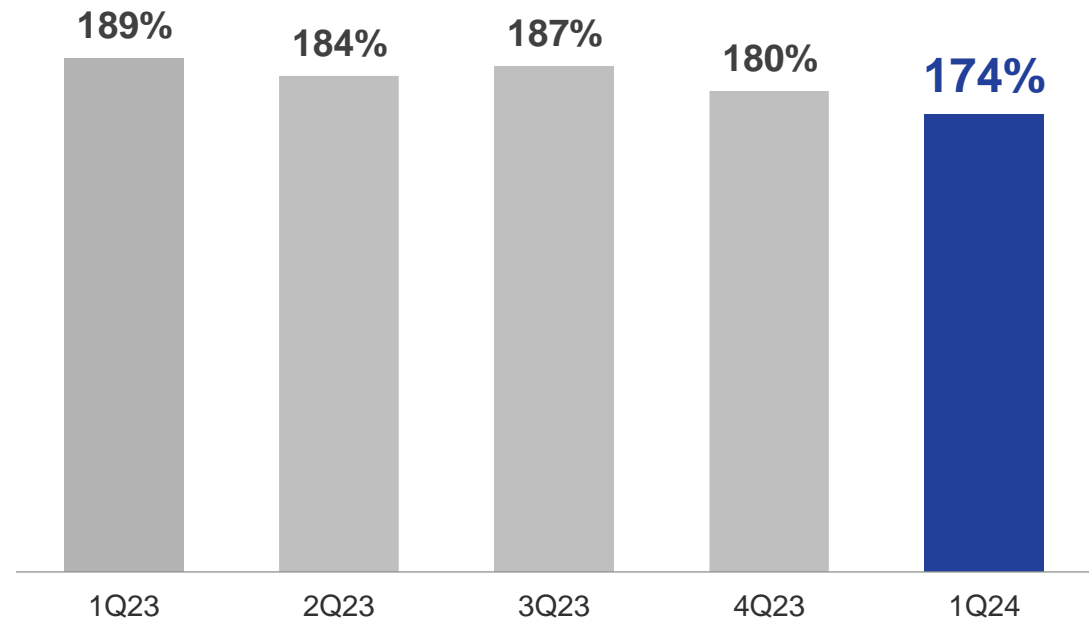


Provisions trend

Easing credit costs on better asset quality



NPL cover remains substantial



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

Excludes impairment losses on equity investments

2019: Php439.2mn

2021: Php131.5mn

2022: Php211.6mn

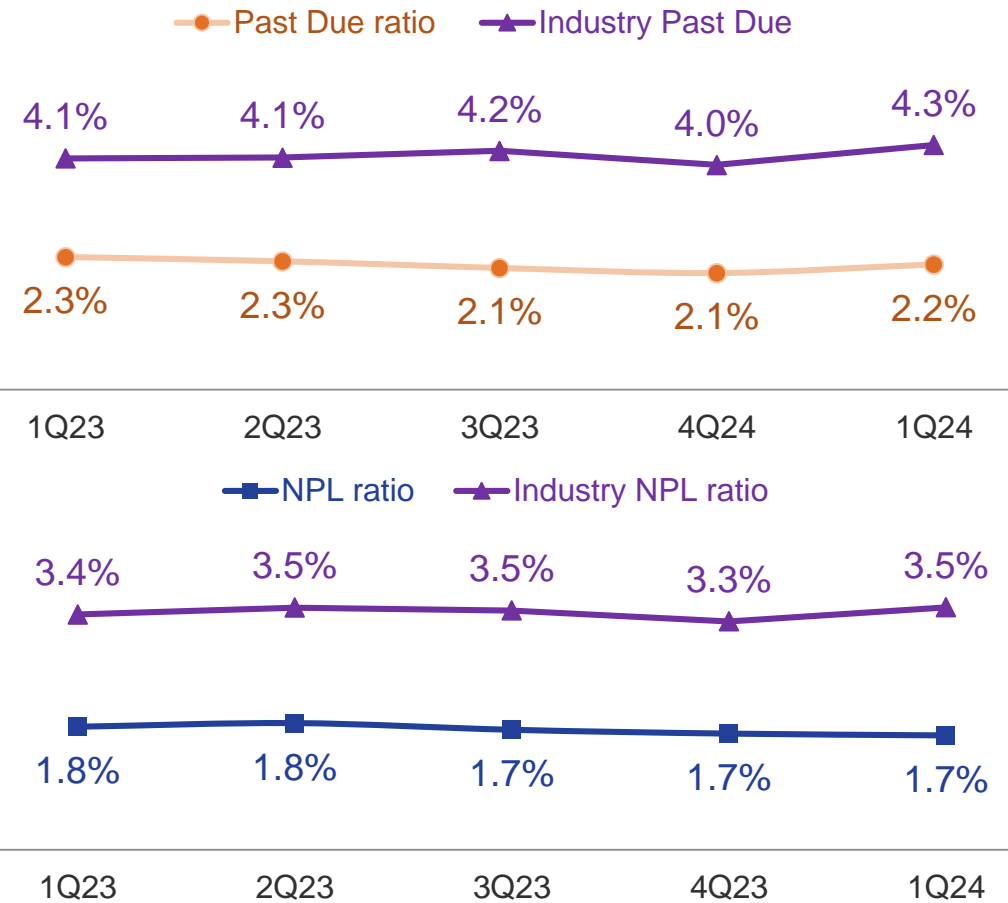
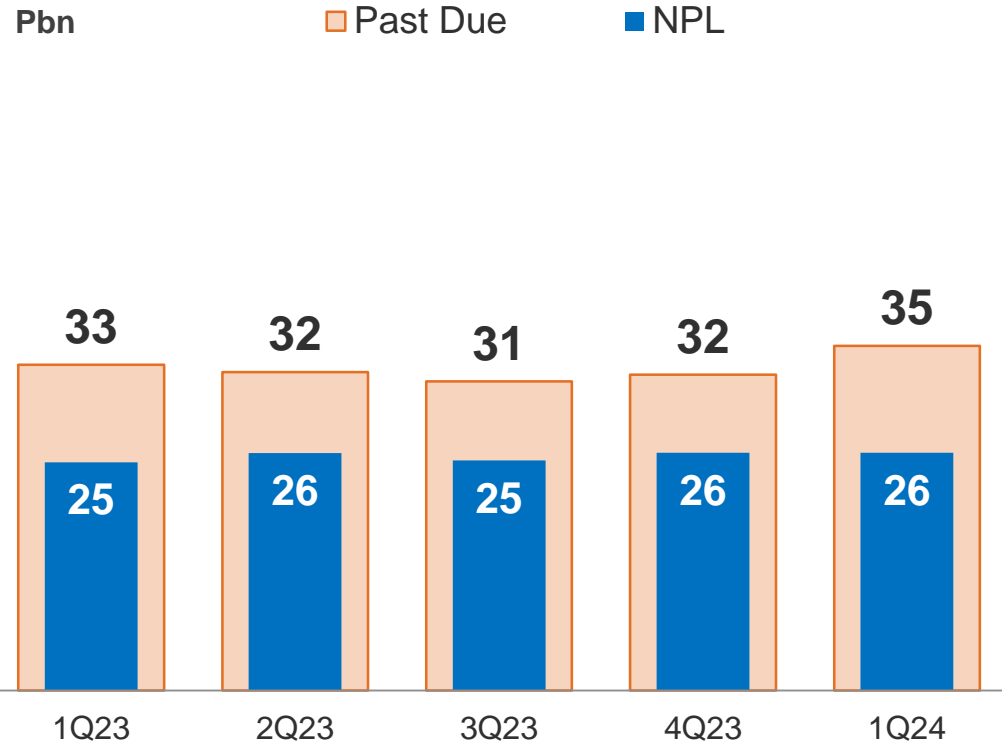
2023: Php459.0mn



Asset quality indicators

Stable NPL level

NPL/Past Due ratios well below industry level



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

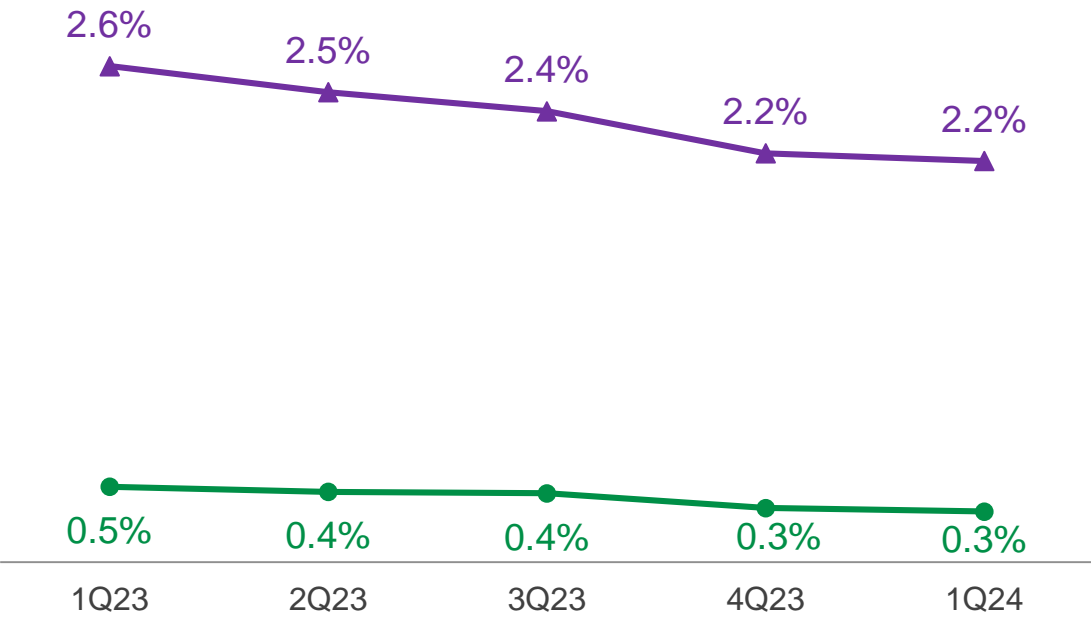
Note: Industry ratio as of February 29, 2024



Asset quality indicators

Restructured loans remain low

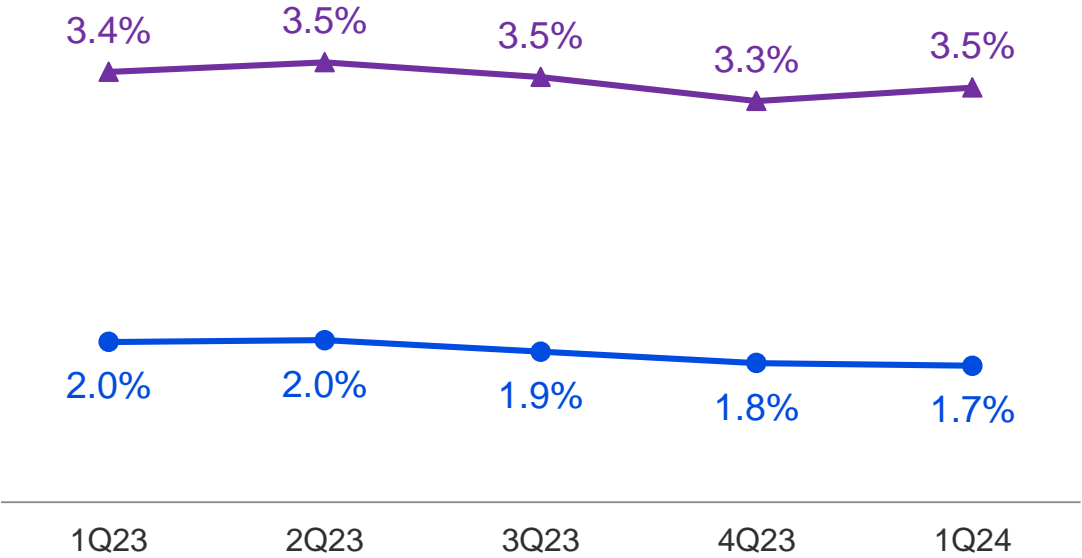
● MBT Restructured loans ratio ▲ Industry Restructured Loans Ratio



Note: Gross loans net of Unearned Interest and Discount (UID)
 *Industry Data refers to the latest Philippine Banking Sector data from the BSP
 Industry ratio as of February 29, 2024

Combined NPLs and Restructured loans well below industry NPLs

▲ Industry NPL Ratio ● MBT Combined NPL + Restructured Loans as Ratio to Gross Loans

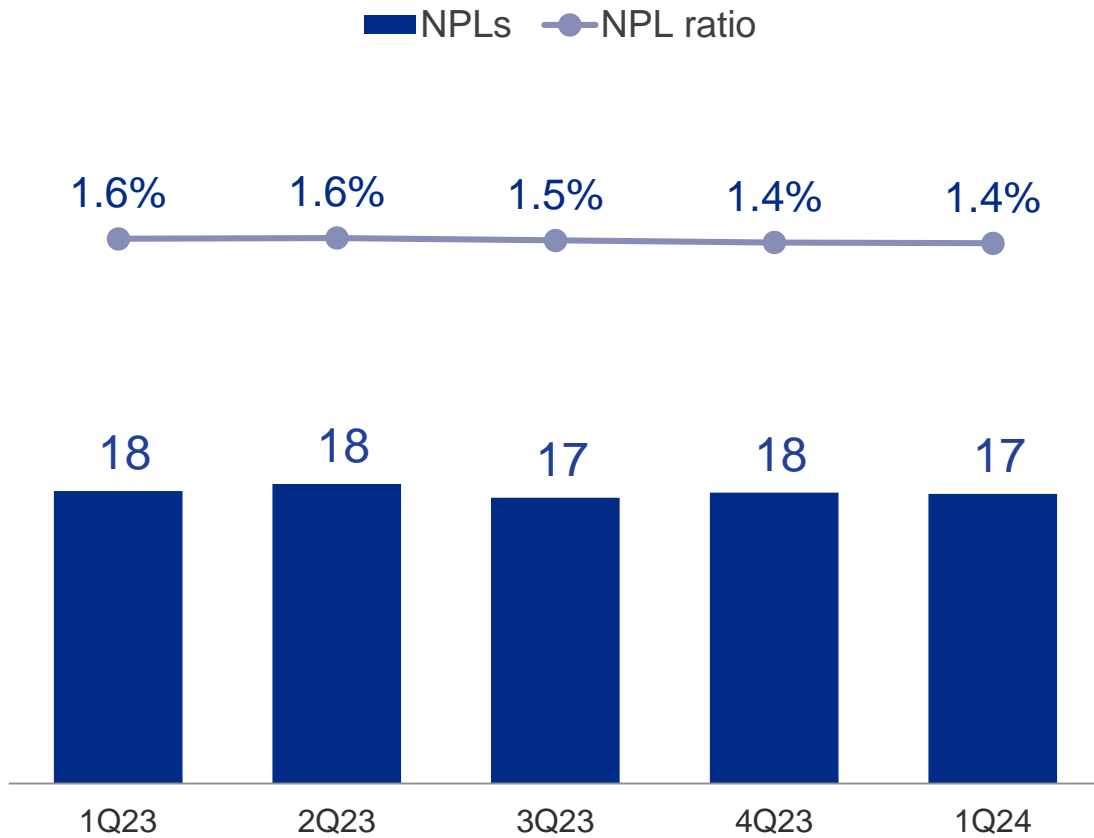


Note: Restructured Loans – Performing
 Industry ratio as of February 29, 2024

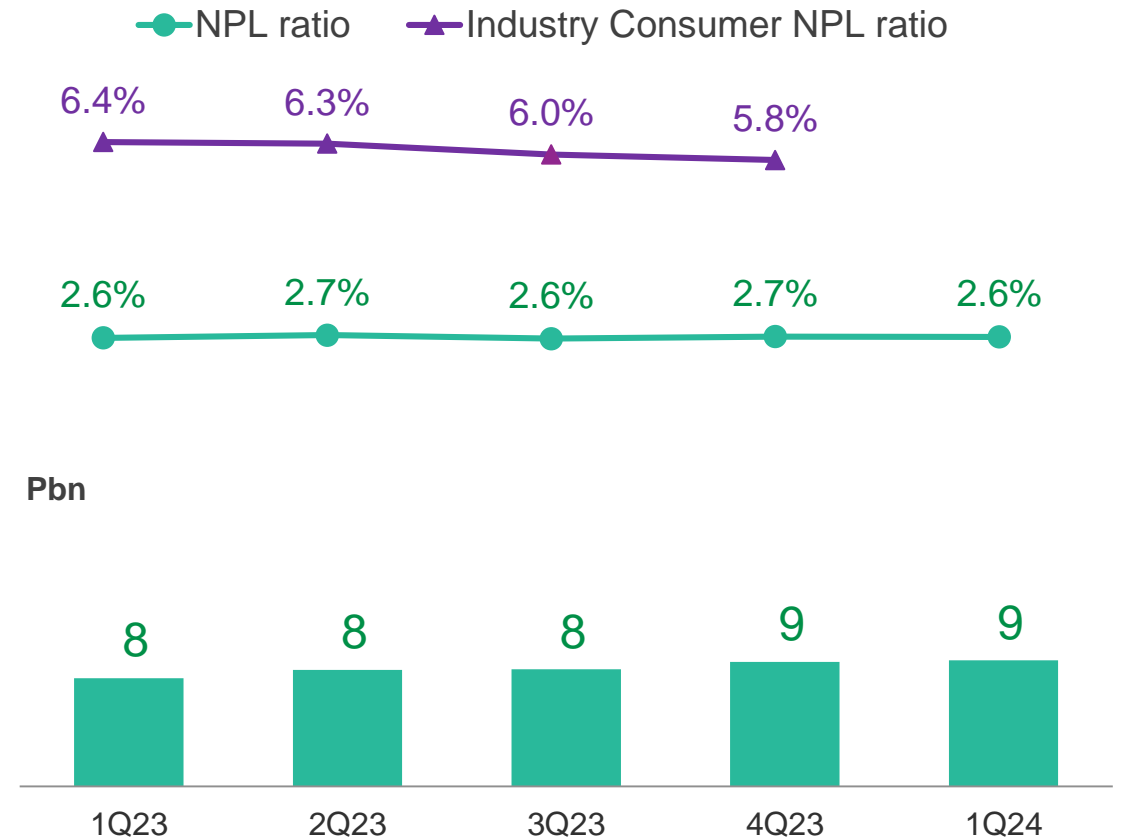


Asset quality indicators per segment

Commercial NPL ratio continue to ease



Consumer NPL ratio stable



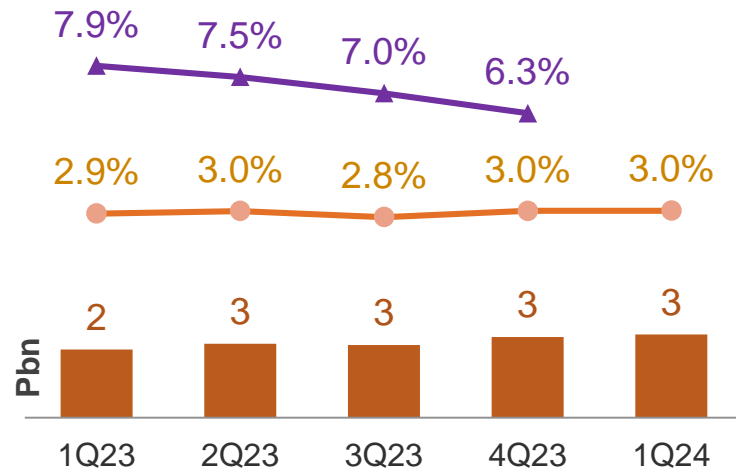
Note: NPL Ratios computed using Net of Unearned Interest and Discount (UID)
 *Industry Data refers to Philippine Banking Sector data from the BSP
 Industry ratio as of February 29, 2024



Consumer asset quality trend

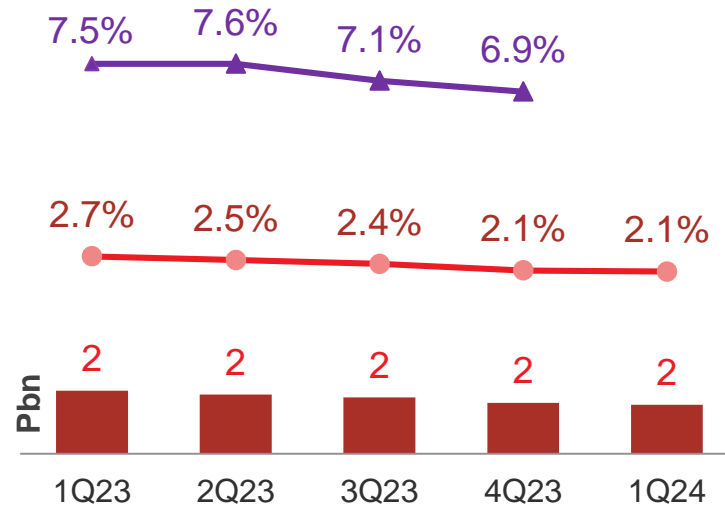
Auto NPLs largely steady

■ NPLs ● NPL ratio ▲ Industry



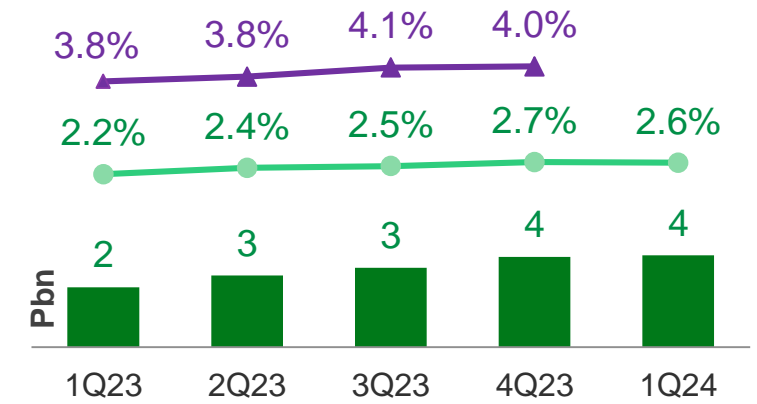
Mortgage NPLs on a declining trend

■ NPLs ● NPL ratio ▲ Industry



Recent credit card NPL pick-up stabilizing

■ NPLs ● NPL ratio ▲ Industry

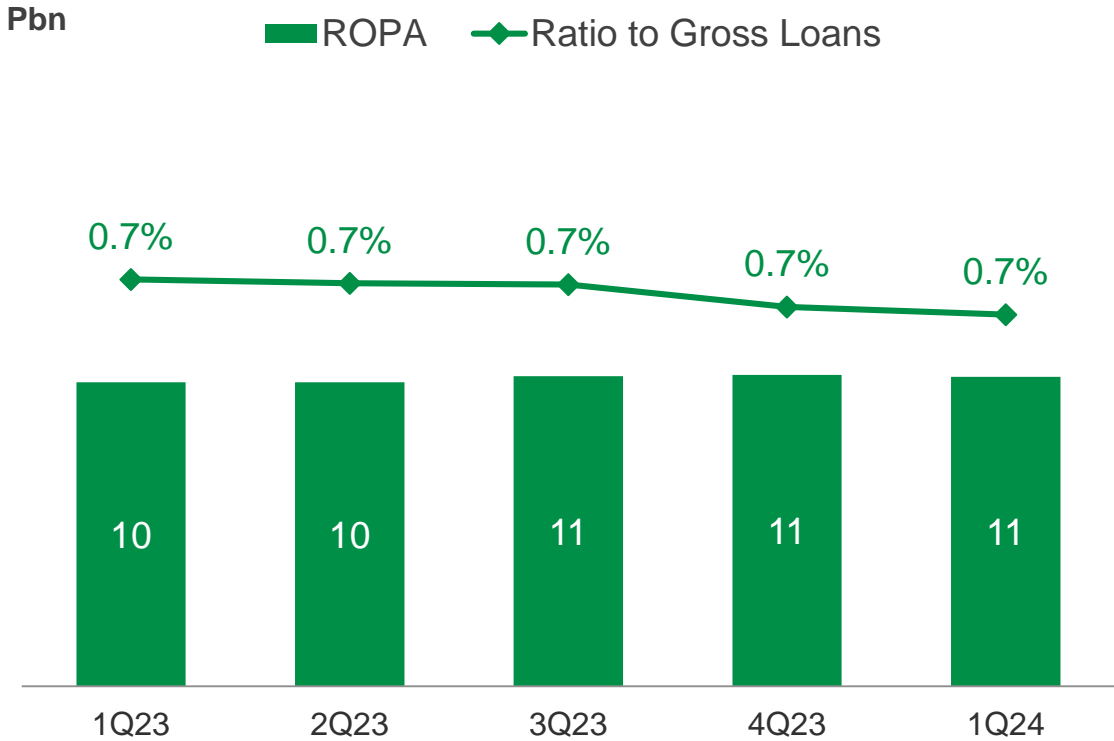


Note: NPL Ratios computed using Net of Unearned Interest and Discount (UID)
Industry Data refers to Philippine Banking Sector data from the BSP

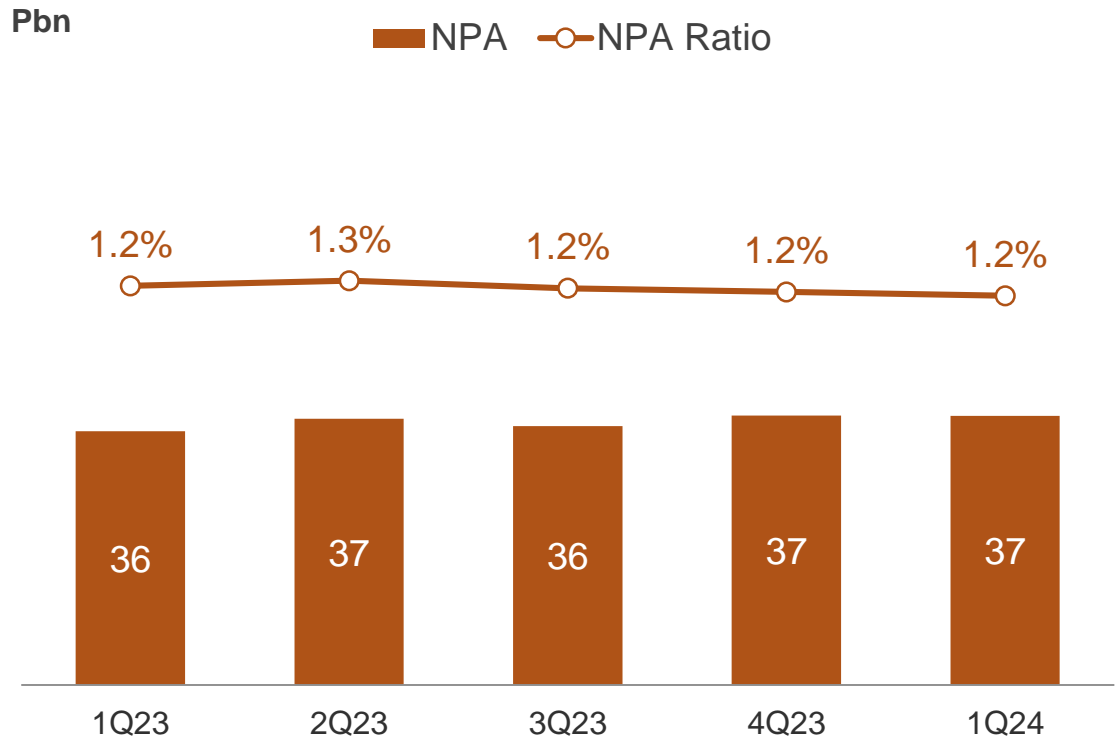


Other asset quality indicators

Real and other properties acquired (ROPA) still steady

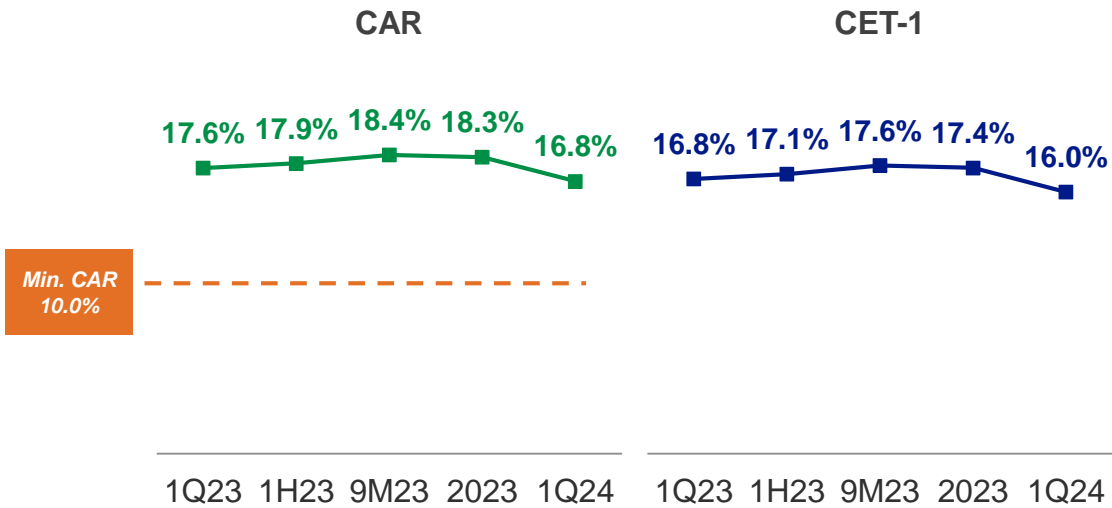


Total non-performing assets (NPA) remains low

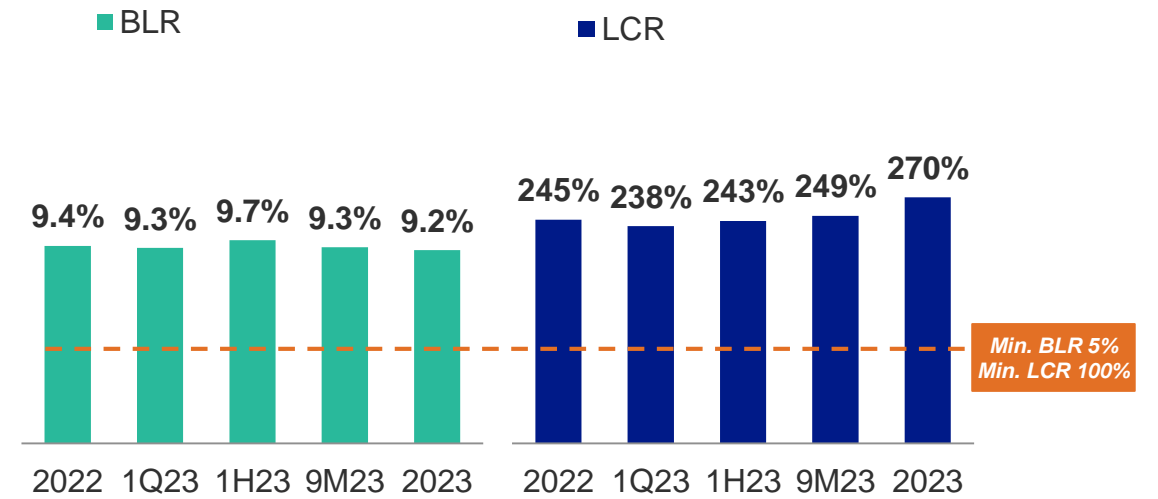


Capital and liquidity

High capital ratios offers strong buffers against risks

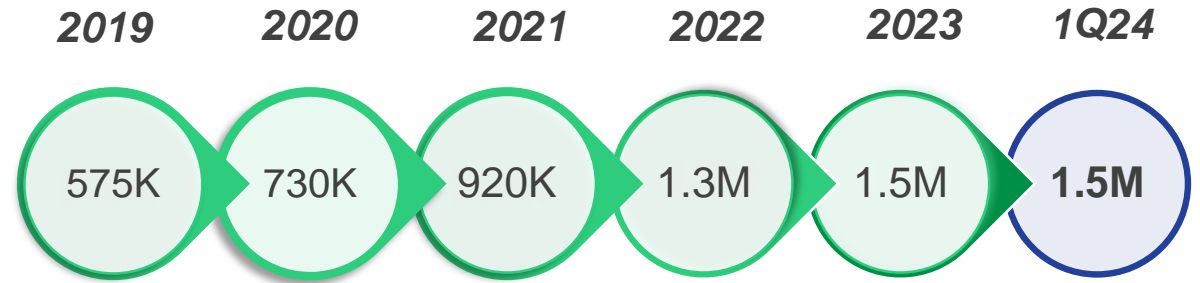
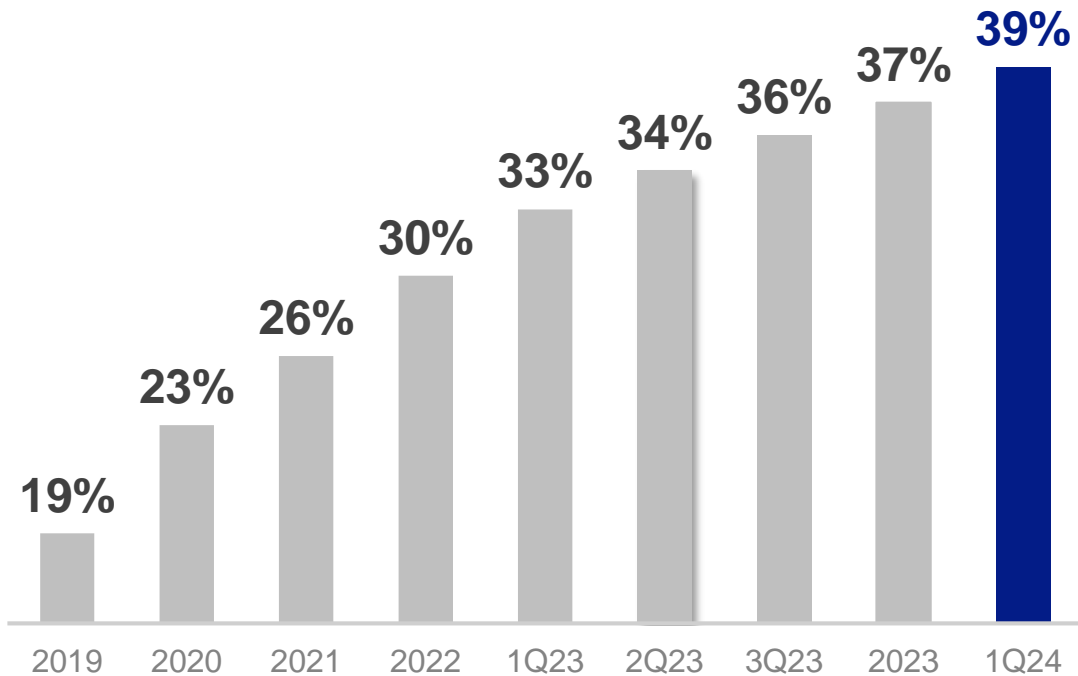


High Basel III Leverage Ratio, Liquidity Coverage Ratios

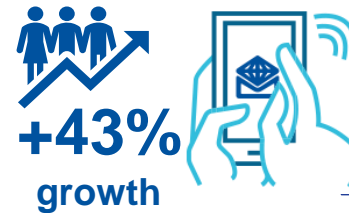


Digital metrics on retail clients

Digital penetration rate on a continuous upward trend, now at **39%**, with **2.0M** total digital users



1Q24 Active base up 10% YoY

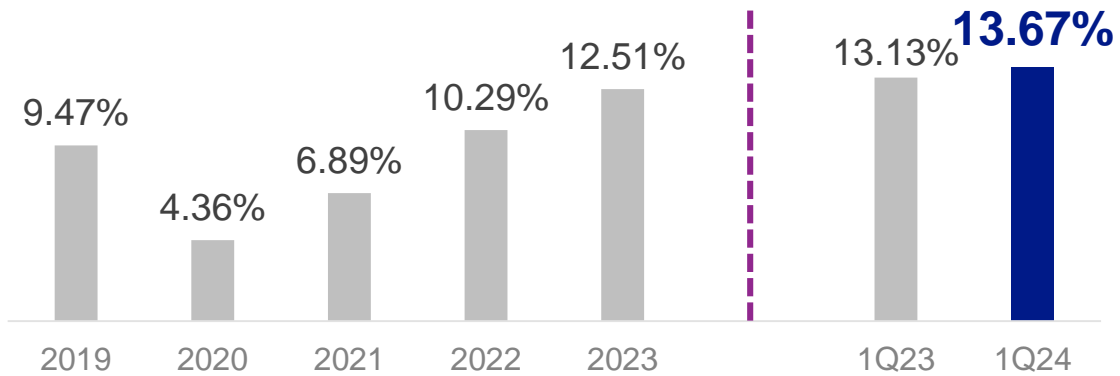


Strong growth in mobile app downloads (1Q 2024 vs 1Q 2023)

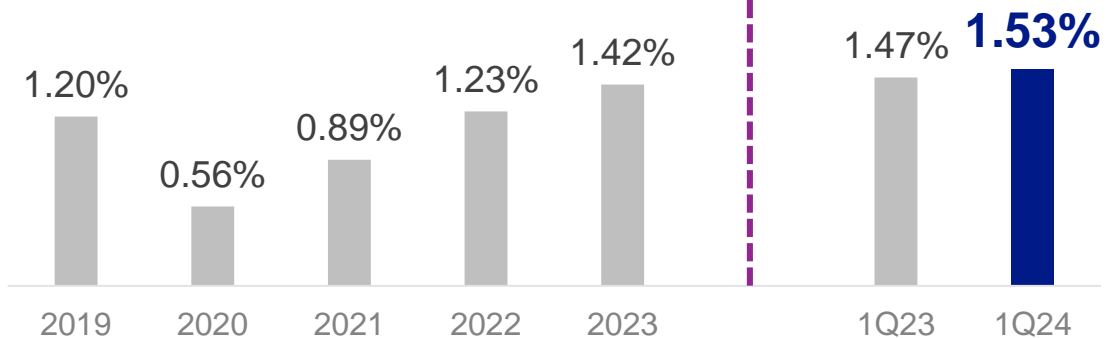


Return on Equity – Trend

Return on Equity (ROE)



Return on Assets (ROA)



Medium-term ROE drivers

Portfolio Growth

- Grow loans portfolio by 1.5x-2.0x Real GDP
- Increase consumer to 25-30% of total portfolio

Improve Operational Efficiency

- Lower CIR to below 50% as digital investments improve efficiencies

Stable Asset Quality

- Manage credit costs at below 50 bps

Capital Optimization

- Conduct annual medium term capital planning exercise and review dividend policy



Outlook – Positives and Challenges



- **Healthy discretionary spending and resumption of investments to support loan demand.**
- **Higher revenue base to support rising IT spend and capacity expansion keeping CIR at low 50s**
- **Because of our substantial NPL cover, there is flexibility in managing credit costs**
- **Healthy capital and liquidity position to support asset expansion and sustain initiatives to improve shareholder returns.**



- **Macro risks could affect demand recovery and asset quality:**
 - Global - geopolitical issues; global financial instability
 - Domestic - renewed inflation pressure/forex volatility
- **Volatility in capital markets could impact trading income**
- **Competitive pressure**
- **Any unforeseen changes in regulations (i.e. pricing)**



SUMMARY

- ✔ **Sustained solid performance** supported by asset growth, stable margins, better efficiencies and improving asset quality.
- ✔ **Strong balance sheet and liquidity ratios** continue to ensure Metrobank's ability to support client needs as the economy expands.
- ✔ Expanding revenue base will support **increased investments in IT and capabilities** that make banking easy and safe as we continue to increase customer count
- ✔ **Substantial NPL cover** serves as buffer against macro risks.
- ✔ Commitment to continue **capital planning strategies** that will balance growth and improve shareholder returns on a sustainable basis.



Financial Summary

In PHP billion

Income Statement	1Q 2023	1Q 2024	YoY	FY 2022	FY 2023	YoY
Net Interest Income	24.9	28.7	15%	85.5	105.0	23%
Non Interest Income	8.1	6.6	-19%	27.5	29.4	7%
Operating Income	33.0	35.3	7%	113.0	134.3	19%
Operating Expenses	16.9	18.0	7%	61.0	69.5	14%
PPOP	16.1	17.3	7%	52.0	64.8	25%
Provision for Credit	2.4	0.5	-77%	8.1	9.0	11%
Provision for Taxes	3.1	4.5	46%	10.6	12.9	21%
Net Income	10.5	12.0	14%	32.8	42.2	29%

Balance Sheet	1Q 2023	1Q 2024	YoY
Total Assets	2,879	3,186	11%
Loans and Receivables, Gross	1,421	1,593	12%
Total Deposits	2,263	2,375	5%
CASA	1,406	1,392	-1%
Equity	320	346	8%

Financial Ratios	1Q 2023	1Q 2024	YoY
NIM	3.86%	4.00%	+0.14 ppt
CIR	51.6%	51.3%	-0.26 pts
NPL Ratio	1.8%	1.7%	-0.13 pts
NPL Cover	189.3%	180.3%	+9.0 pts
CAR	17.6%	16.8%	-0.80 pts
CET-1	16.8%	16.0%	-0.83 pts
Gross LDR	62.8%	67.1%	+4.27 pts



ADDITIONAL INFORMATION

Metropolitan Bank & Trust Company (Metrobank)

Overview

60

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 5.5 Bn Market cap

USD 4.0 Mn 3M Avg Daily Value T/O

20% Foreign Ownership

48% Public Float

As of 30 April 2024

Financial Data (PHP bn) 1Q 2024

Total Assets	3,186
Loans and Receivables, Gross	1,593
Total Deposits	2,375
CASA	1,392
Equity	346
CAR	16.8%
CET-1	16.0%

BIG 3 BANK WITH LEADING MARKET POSITION

#1 **#3** **#3** **#3**

Auto Loans Credit Card Receivables Mortgage Loans Trust AUM

As of FY23

STRATEGIC PRESENCE AND COVERAGE

DOMESTIC

952 branches
55% outside NCR 2,325 ATMs

OVERSEAS

30+ branches, subsidiaries, offices
110+ remittance tie-ups
160+ remittance agents

INVESTMENT GRADE

CREDIT RATINGS

MOODY'S Baa2 Stable

FitchRatings BBB- Stable

Aligned with the Philippine sovereign rating

BEST BOND BANK IN THE PHILIPPINES

TOP MARKET MAKER

GOVERNMENT SECURITIES – BTr (2022)

LARGEST TRADER

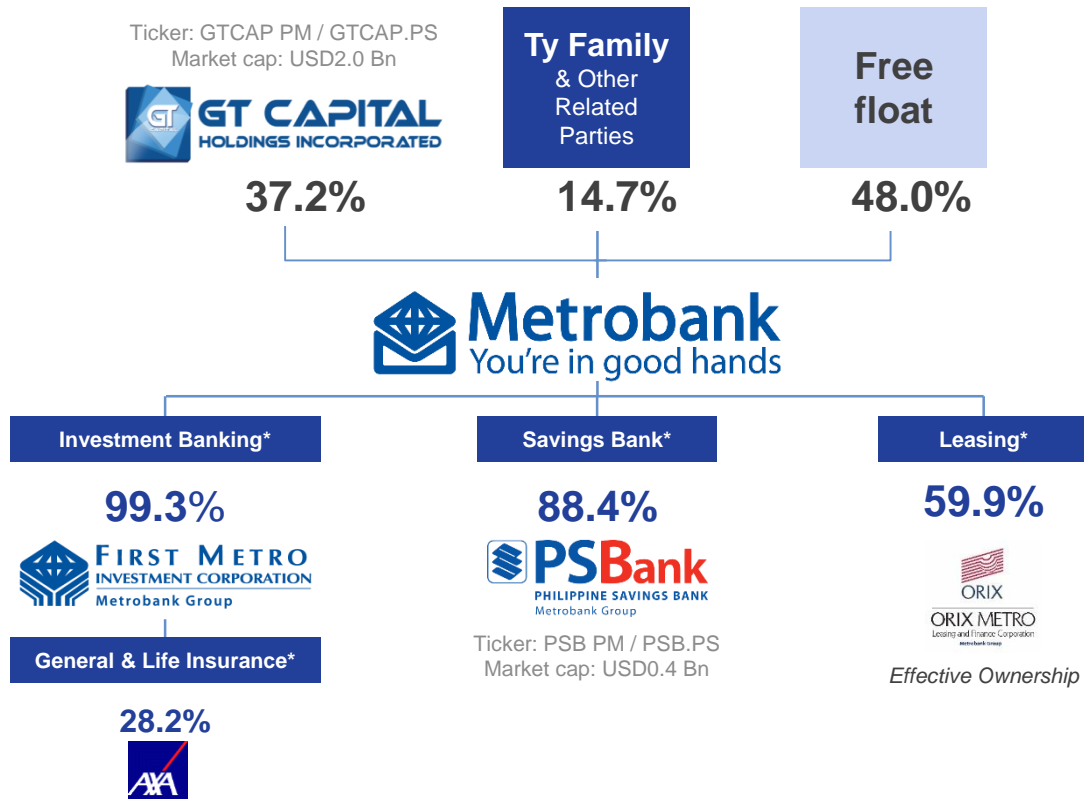
PHP FIXED INCOME SECURITIES

35.3% market share in trading volume
47.6% 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 30 April 2024	70.00
52-Week Range (Low High)	49.20 71.60
Market cap (USD Mn)	5,456
3-Month Avg Daily Trading Value (USD Mn)	3.99
3-Month Avg Daily Trading Volume (Mn)	3.59
Public Float	48%
Foreign Ownership	20%

	2022	2023	1Q24	
BVPS (PHP)	70.84	79.33	76.89	
EPS (PHP)	7.29	9.39	9.73	Last 4 quarters
Trailing P/BV (x)	0.8	0.6	0.8	Based on EOP share price
Trailing P/E (x)	7.4	5.5	6.7	
DPS (PHP)	3.00	3.00	5.00	For the year



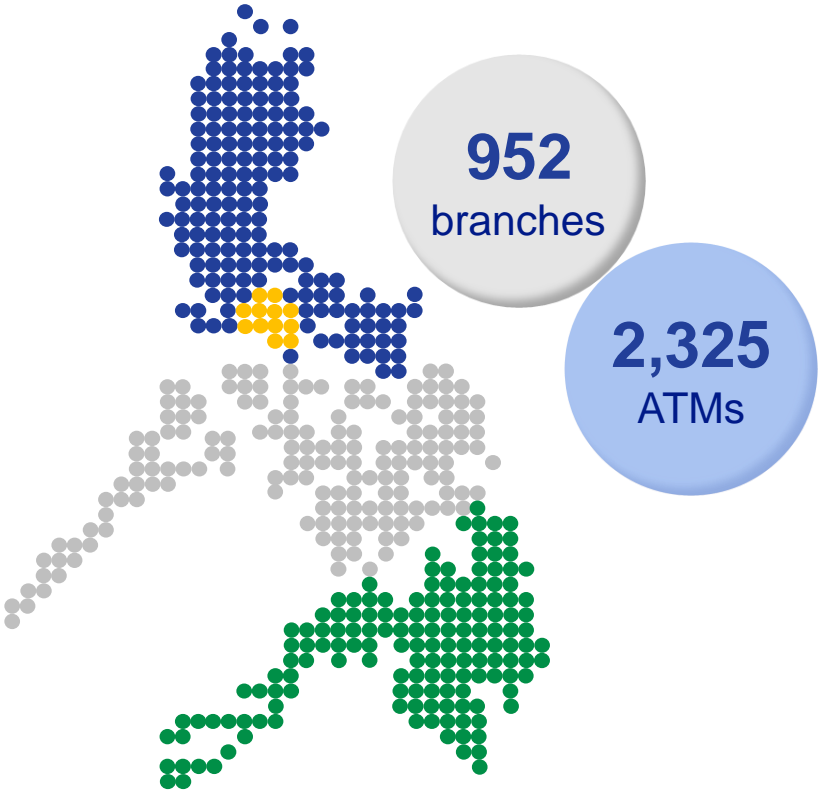
Extensive Domestic and Overseas Coverage

 **18,000+**

Total Group employee base

Note: Includes Parent + Major Subs of the Bank

Domestic Branch and ATM Networks



Overseas Network Coverage

30+

Branches, subsidiaries, offices

110+

Remittance tie-ups

160+

Remittance agents



Sustainability Journey: Our Progress in 2023

Enhancing the ESRM Framework:

We are guided by our E&S Risk Appetite Statement (RAS)

- ✓ We have **low tolerance** for E&S risks that adversely affect the business, and are committed to mitigating the negative impact of these risks in order to contribute positively to social development goals.
- ✓ We accept that our lending and investment operations are exposed to E&S risks that may cut across principal material risks, including credit, operational, and strategic risks. We employ an **Environment and Social Risk Management (ESRM) framework**, as well as a **three-lines-of-defense mechanism** to manage these risks and to ensure adherence to our E&S risk appetite.
- ✓ We **support counterparties and activities that add value to the economy**: a) by aiding in the national goal of jobs creation, and b) via the production of goods and services that are needed and sustainable.
- ✓ We seek to **promote sustainable business practices** by supporting customers who: a) earn from their businesses legitimately, b) choose legitimate counterparties, and c) manage their finances responsibly by practicing sound risk management.

Our approach to Sustainable Finance



DO NO HARM

[Do No Harm] Rationalize exposure to controversial sectors

- Plan for gradual wind down of exposure to activities that may be assessed to be environmentally and socially harmful
- Align with Government goals (Philippine Development Plan) towards exposure targets for controversial sectors

[Do Some Good] Support transition finance for hard-to-abate sectors

- Consider the provision of transition finance to borrowers to support their sustainability journey
- Identify high E&S risk clients that require enhanced due diligence, create roadmap to reduce high-risk exposure

[Do More] Accelerate growth of sustainable portfolio

- Identify and assess opportunities for growth of a sustainable loan book
- Where applicable, strengthen sustainable products portfolio



DO SOME GOOD



DO MORE

Improving our sustainability disclosures:

We are working towards being more transparent

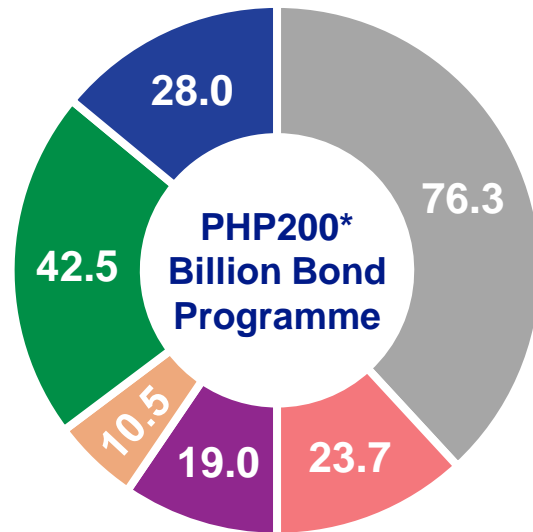
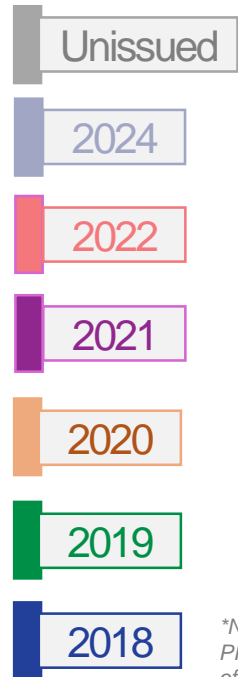
- ✓ We showcased our contributions to enabling communities prosper – nearly 230 billion in infrastructure development, more than 5,000 MSME and countryside clients supported, and various highlights on improving customer experience.
- ✓ We declared that Metrobank is already subjected to external assurance audit through GT Capital and will establish its baseline Scope 3 GHG emissions inventory this 2024 to support the bank's continuing climate risk assessments exercises.
- ✓ We addressed disclosure gaps identified by ESG ratings agencies and NGO assessments, such as more details on stakeholder engagement frequency, improvement in employee training hours, alignment to the principles of the UN Global Compact.
- ✓ We expanded our discussions on the Bank's environmental and social risk management systems, particularly our stance on certain industries and sectors as well as those that the Bank will proactively support. Our environmental and social responsibility extends to our customers, clients, and vendors.

Our commitment to sustainable development

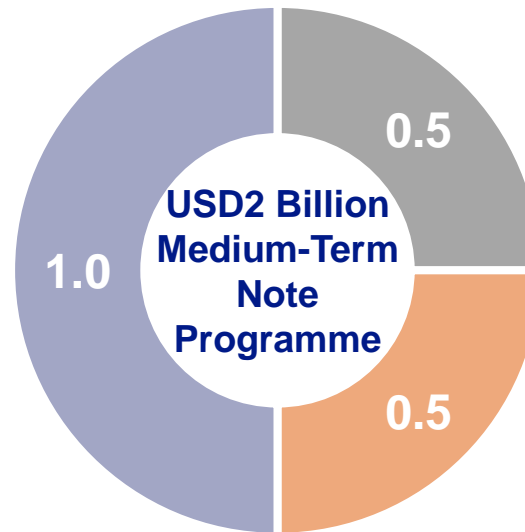
- | | |
|---|---|
| 1 No Poverty | <ul style="list-style-type: none"> • PHP4.3 billion loans extended to micro and small enterprises • Over 19,000 care packages to various beneficiaries under the Shoebox Project |
| 2 Zero Hunger | <ul style="list-style-type: none"> • PHP92.5 billion in commercial loans to enable production and trade of food and agricultural activities |
| 4 Quality Education | <ul style="list-style-type: none"> • PHP276.5 million in commercial loans to support development of educational facilities and services of academic institutions |
| 8 Decent Work and Economic Growth | <ul style="list-style-type: none"> • PHP196.2 billion in commercial loans to stimulate trade activities, operations of holding companies and other financial intermediaries, hotels and resorts, and professional and technical services |
| 9 Industry, Innovation, and Infrastructure | <ul style="list-style-type: none"> • PHP228.7 billion in commercial loans to develop public infrastructure projects such as roads and highways and commercial properties, support manufacturing and operations of transportation, storage, telecommunication activities • 8% of loan portfolio supports MSMEs via various products and services |



Debt Issuances



**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*



Bond Issuance

USD1 billion

5-Y and 10-Y USD Notes

Listed March 2024

5-Y: 5.375%
10Y: 5.50%
interest rate p.a.



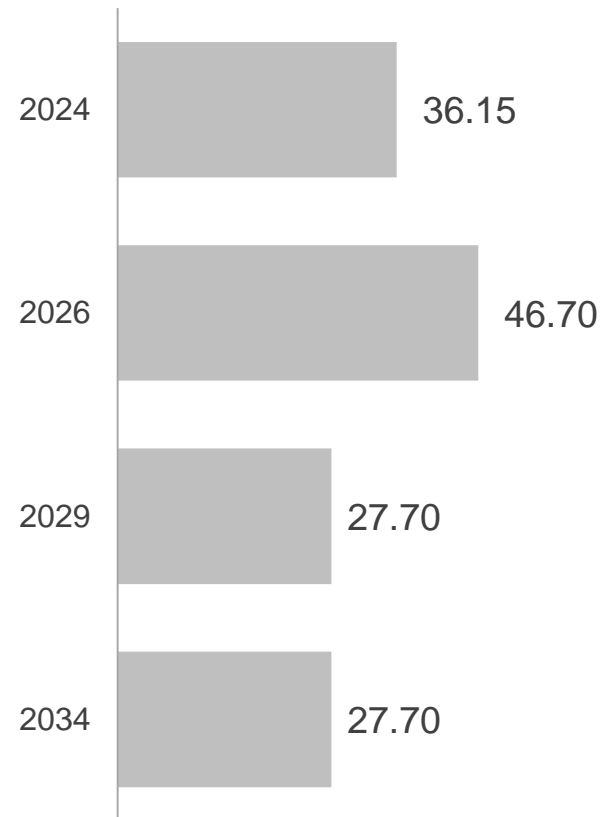
Outstanding Debt Issuances & Investment Grade Credit Ratings

Debt Issuance Details

Type	Issue Date	Coupon Rate	Maturity Date	Amount (PHP Bn)
LTNCD	Jul-17	3.875%	Jul-24	3.75
	Oct-18	5.375%	Apr-24	8.68
PHP Bonds	Jun-21	3.600%	Sep-26	19.00
	Oct-22	5.000%	Apr-24	23.71
MTN	Jul-20	2.125%	Jan-26	USD500Mn*
	Mar-24	5-Year: 5.375% 10-Year: 5.50%	5-Year: Mar-29 10-Year: Mar-34	USD1Bn*

*Assuming USDPHP 55.3980 (March 14, 2024);
Note: Above table includes only MBT Parent Bank issuances

Debt Maturity Profile (PHP Bn)



MOODY'S

**Baa2
Stable**

Jul-23

- Robust capitalization, with a proven history of support from shareholders
- Strong funding and liquidity, underpinned by a leading domestic franchise
- Highly correlated with sovereign rating; Asset quality and profitability will improve as the economy recovers

FitchRatings

**BBB-
Stable**

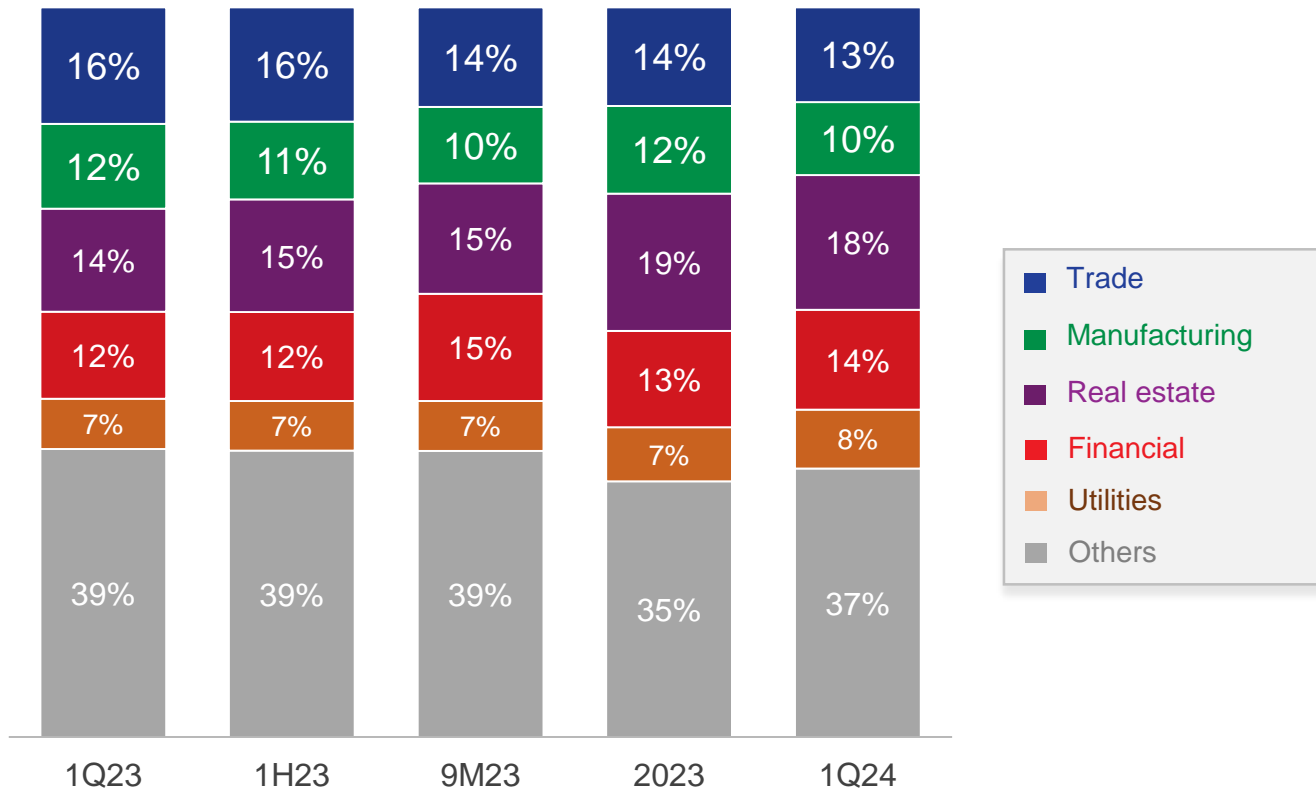
Apr-24

- High systemic importance; adequate capital buffers and leading market franchise supporting its funding profile and helping it to attract better-quality customers
- Leading local franchise with superior asset quality relative to the industry
- Sound capital buffers and robust internal capital generation

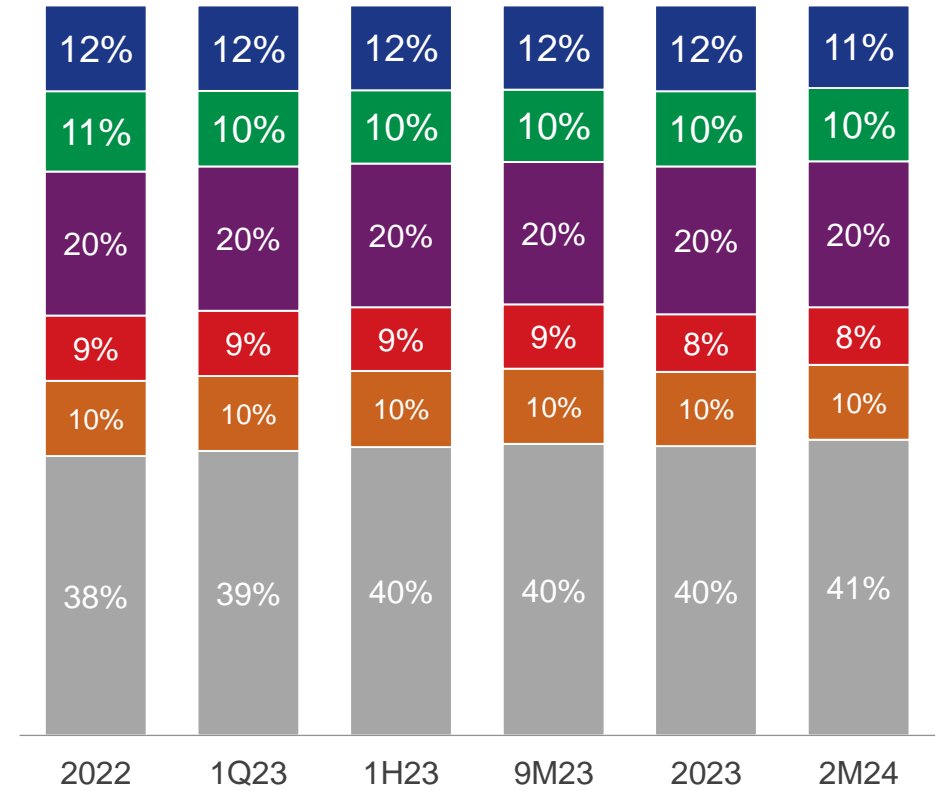


Loan Portfolio Breakdown

MBT Loan Portfolio By Industry



Philippine Banks Loan Portfolio By Industry

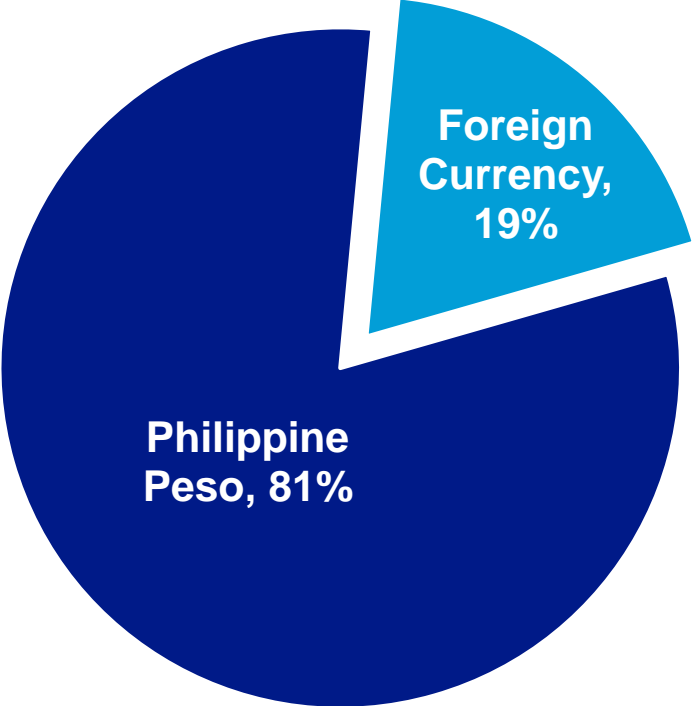


Based on Philippine Standard Industrial Classification
 Others include Transport & storage, Construction, Agricultural, forestry and fishing; Accommodation & food service activities

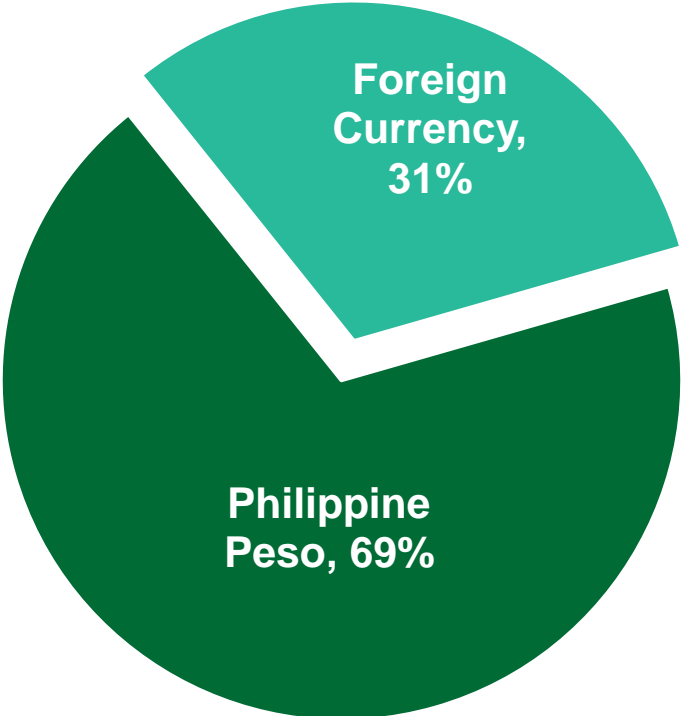


Currency Breakdown

LOAN PORTFOLIO



DEPOSITS



New Dividend Policy

1. Growth prospects intact

Sufficient buffer to meet healthy loan demand sustainably over the medium term

2. Robust NPL risk buffers already in place

NPL cover continues to remain ample vs. risk of rising NPLs

3. Sustainable medium-term CET1 Ratio

Special dividend of Php2.00 to calibrate Bank's medium term CET1 ratio to sustainable levels of ~15% to support asset expansion strategies

4. Post-special dividend, CET1 Ratio still strong

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

5. Boost to ROE

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

Key information

Regular Cash Dividends per share

- Php3.00
- Semi-annual payout

Special Cash Dividends per share

- Php2.00
- To be paid out in the 1st semester

Record Date

1st payout: 8 March 2024
2nd payout: Exact Date TBD
(in September 2024)

Payment Date

1st payout: 25 March 2024
2nd payout: Exact Date TBD
(in September 2024)



Recent Awards and Recognition



**Bank of the Year
in the Philippines**

2023, 2022





**Strongest Bank
in the Philippines**

2023, 2022, 2021





**Best
Domestic Bank in
the Philippines**

2023, 2021

**Best Bank for Ultra-
High-Net-Worth**

2024, 2023




**Best Domestic
Private Bank
in the Philippines**

2023




**Most
Recommended
Retail Bank in the
Philippines**

2024

Annual BankQuality™
ConsumerSurvey
The Asian Banker



**Best Bank
in the Philippines**

2022




**Best Service
(Asian Bank)
for the Philippines**

2023

Trade Finance Survey 2023
ASIAMONEY



**Best
Securities House
Bank Category**

2023, 2014-2021




**Grand Anvil,
2 Gold Anvil**

2022




**Best Investment
Bank in the
Philippines**

2023



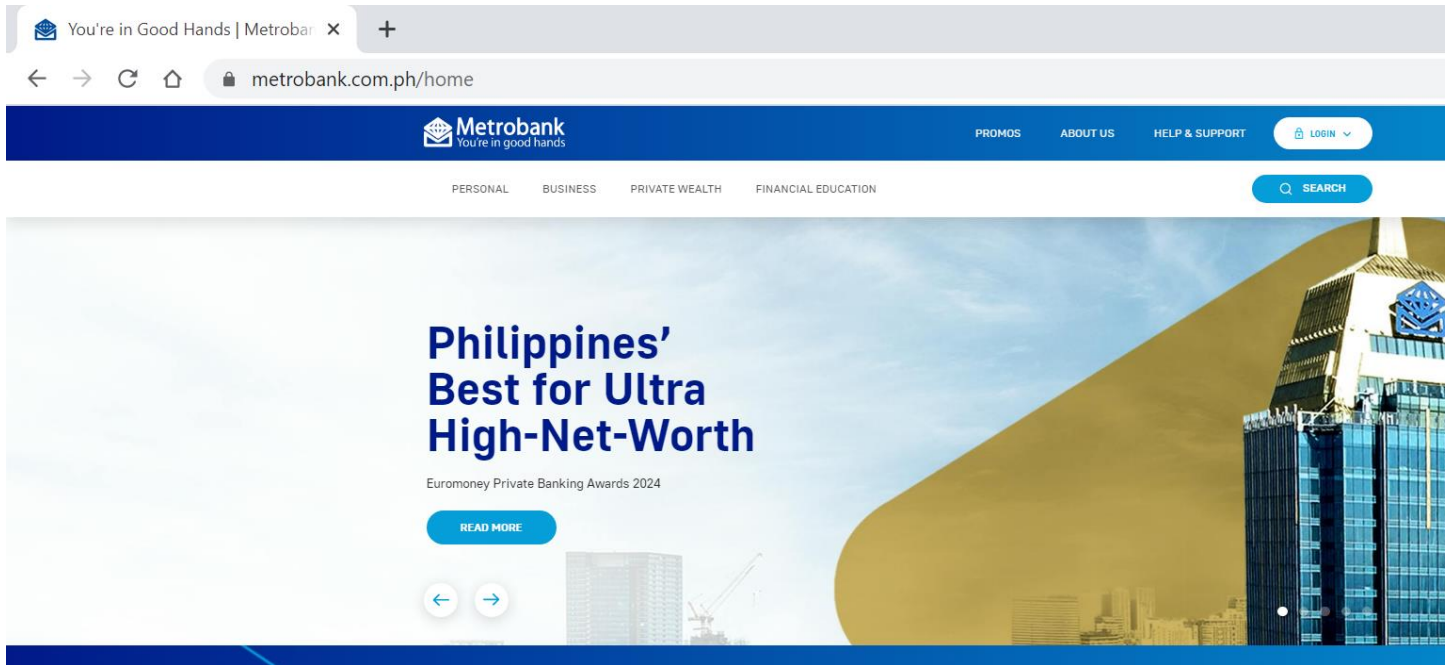

**Best Online Broker;
Best Online Trading
Platform**

2023

International Finance
2023



For more information, please visit our website:



For your comments and queries contact us via:

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Tel: (632) 8857 5348

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

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

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