



# Company Presentation



# MACROECONOMIC AND INDUSTRY DEVELOPMENTS

# Recent macroeconomic developments

## GDP

2020	2021	2022	2023	1Q24
-9.5%	5.7%	7.6%	5.5%	5.7%

- 1Q24 GDP rose by 5.7% YoY. While faster than 4Q23's 5.5% GDP growth, elevated inflation and interest rates dampened private consumption (+4.6%) and investment spending (+1.3%).

## Inflation

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

- CPI moderated in June from 3.9% in May driven by slower-than-expected increase in prices of housing, utilities, and other fuels
- Core inflation remained flat at 3.1%

## Policy rate

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

- Monetary Board kept RRP steady during its June 2024 meeting. Last policy rate action was a 25 bps hike in October 2023
- BSP: Signaling a more dovish stance, hinting at the possibility of rate cuts as early as August as inflation has been within target since Dec 2023.

## Unemployment rate

2020	2021	2022	2023	May-24
10.3%	7.8%	5.4%	3.1%	4.1%

- May's unemployment rate slightly rose from April's 4.0%, still below 5.1% pre-pandemic level.

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

4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
B: 31.3	B: 49.0	B: 46.4	B: 53.8	B: 38.2	B: 48.1	B: 43.7
C: 9.5	C: 7.5	C: 4.6	C: 7.8	C: 5.6	C: 2.7	C: -0.4

- B: Less buoyant outlook due to expectations of lower demand, elevated prices, and slower economic growth
- C: Weak outlook due to expectations of rising prices alongside fewer jobs

## Capacity Utilization (%)

4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
72.1	71.5	71.0	70.5	70.9	72.3	72.0

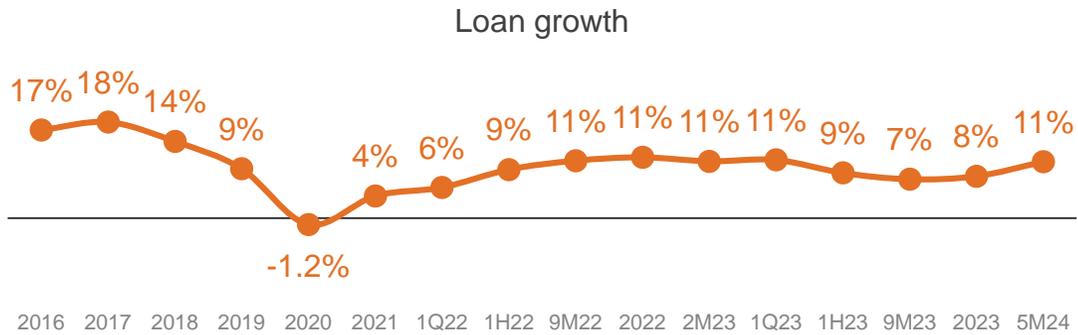
- Slight decrease from last quarter but still a substantial growth relative to 4Q23. However, these levels remain below the pre-pandemic benchmark of 75%.

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



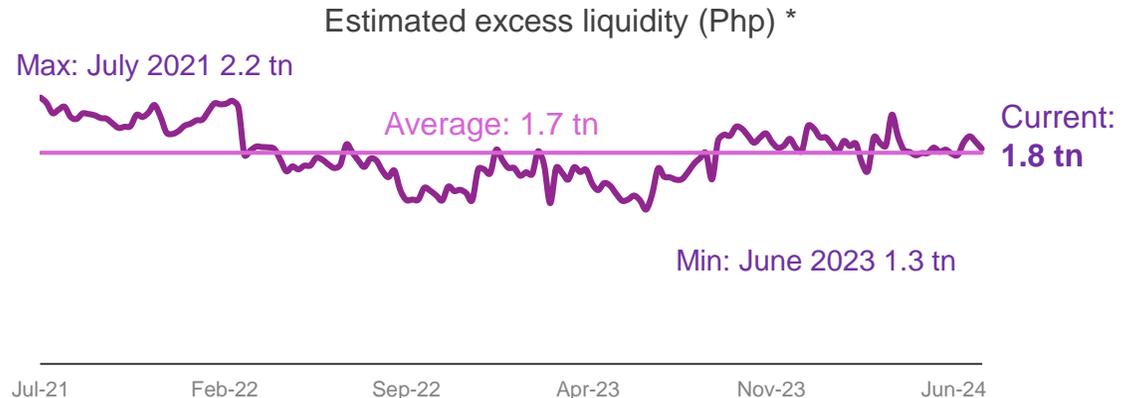
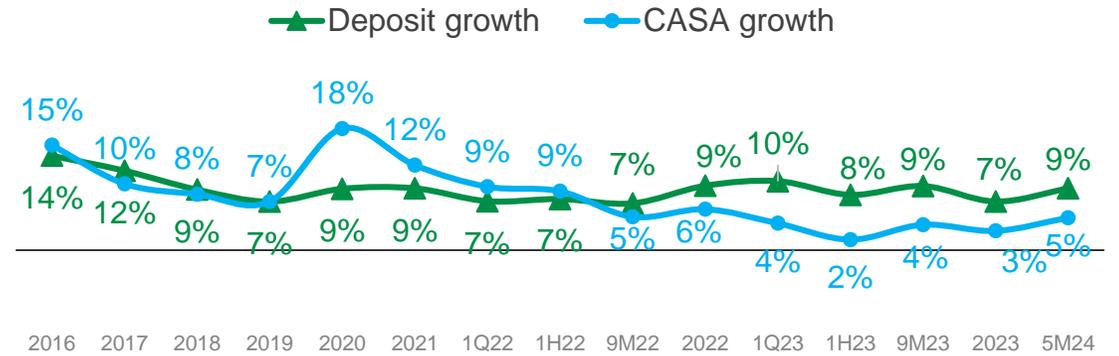
# Banking industry trends

## Loan growth recovers up as NPL ratio picks up



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

## CASA growth remains subdued; system still liquid



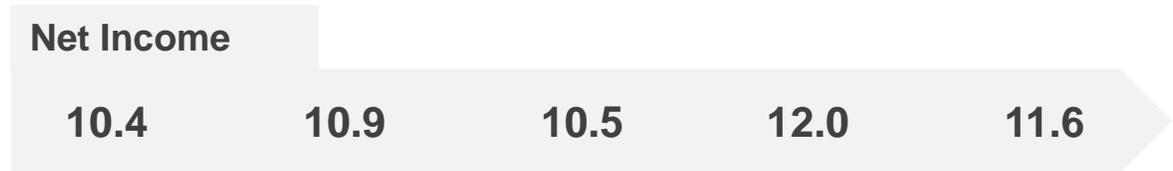
\*Note: Excess Liquidity = Reverse Repurchase Facility + ODF + TDF + BSP Bills – Rediscounting – OLF



# FINANCIAL PERFORMANCE

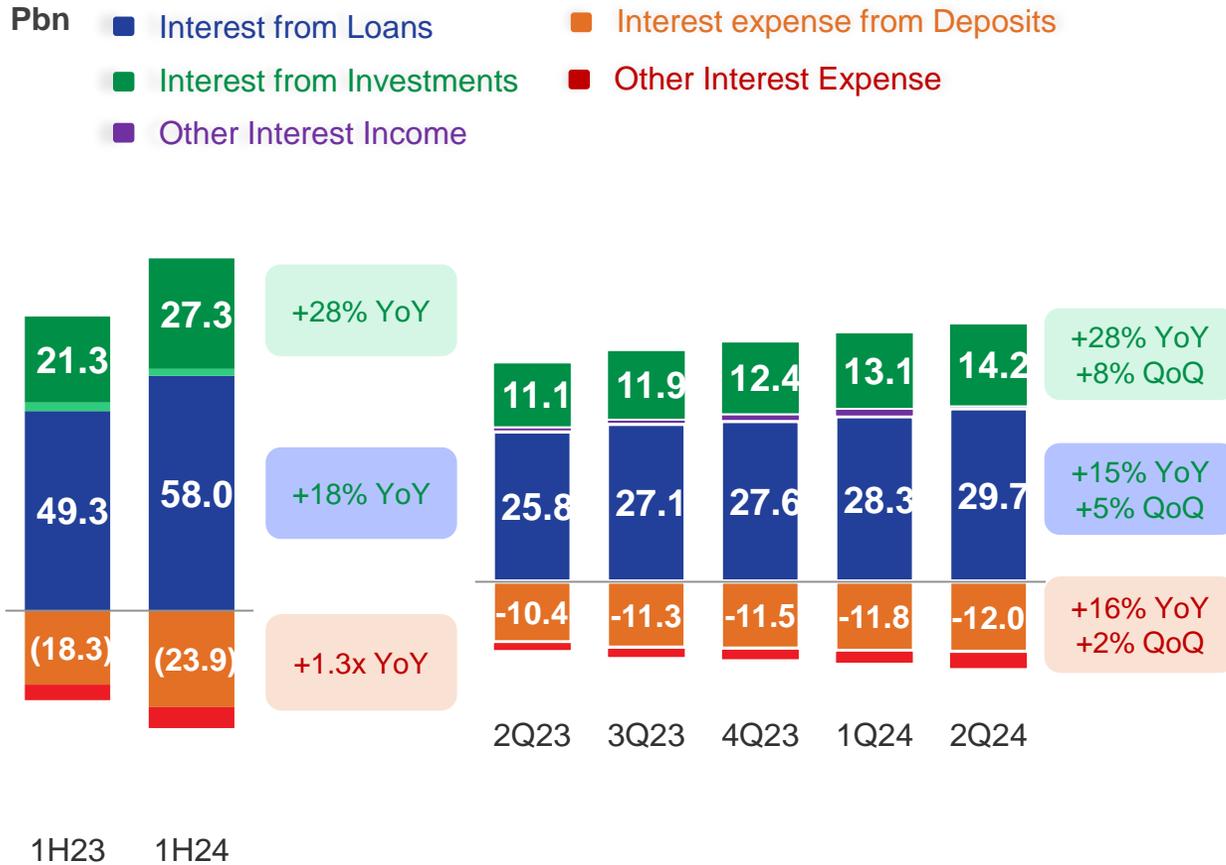
1H 2024

# Sustaining solid earnings growth

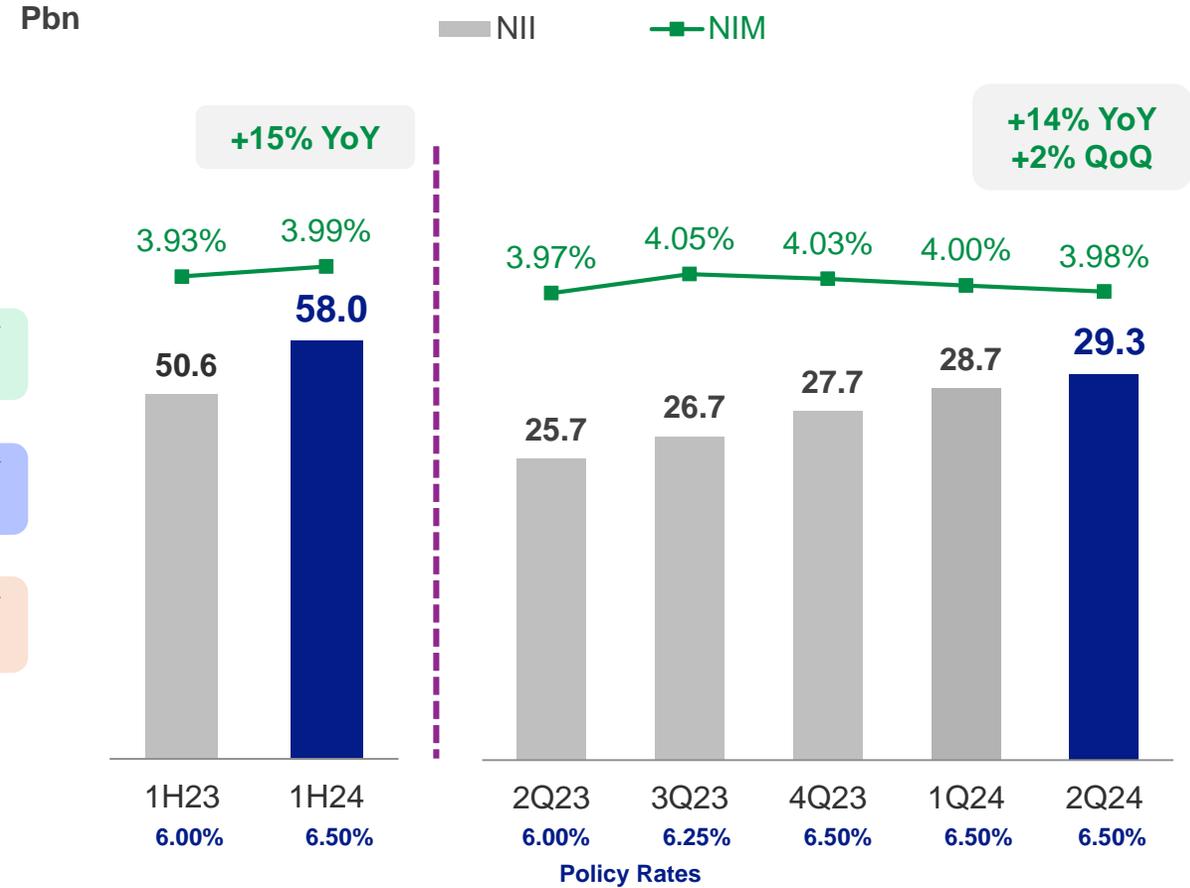


# Net interest income drivers

## Asset expansion sustaining build-up in interest income

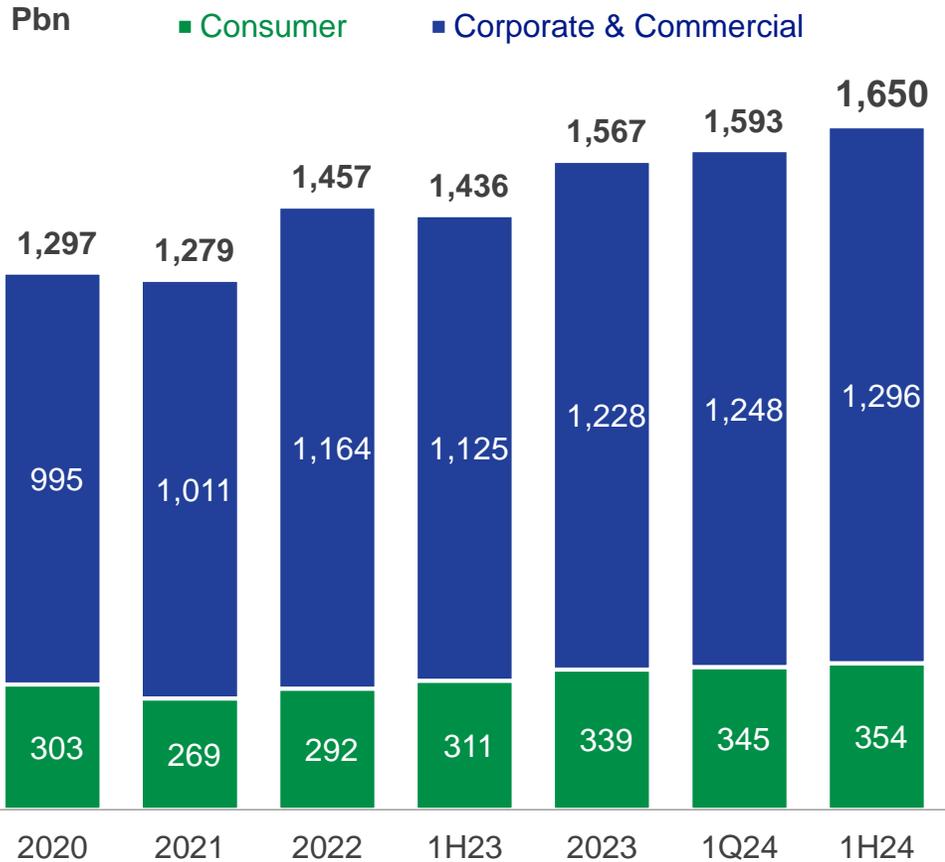


## Margins easing slightly



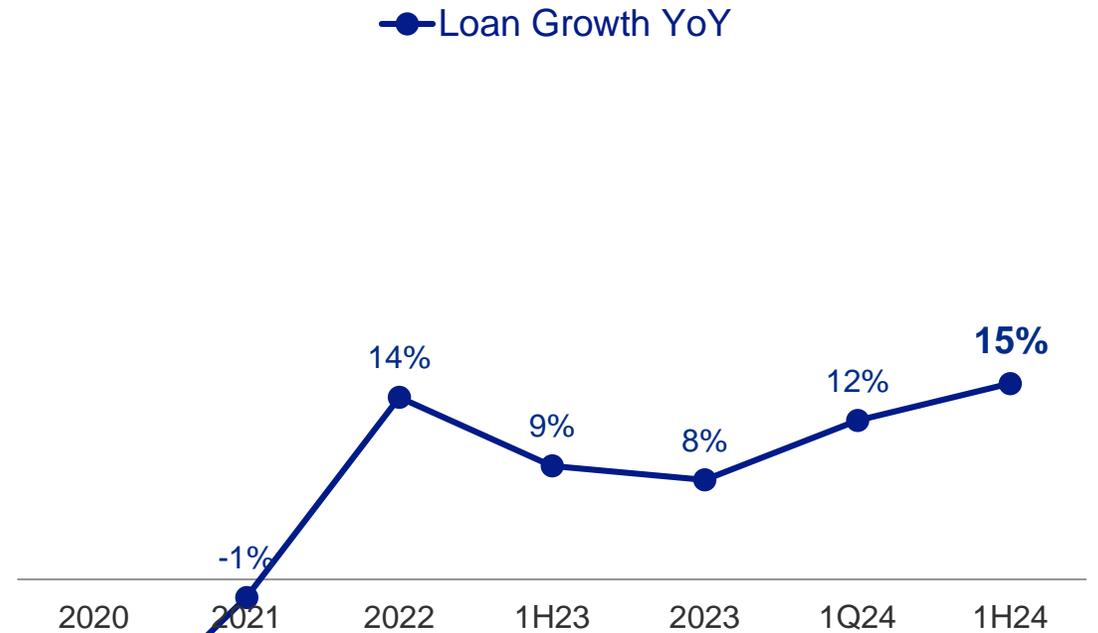
# Loan portfolio profile

## Strong commercial and consumer growth



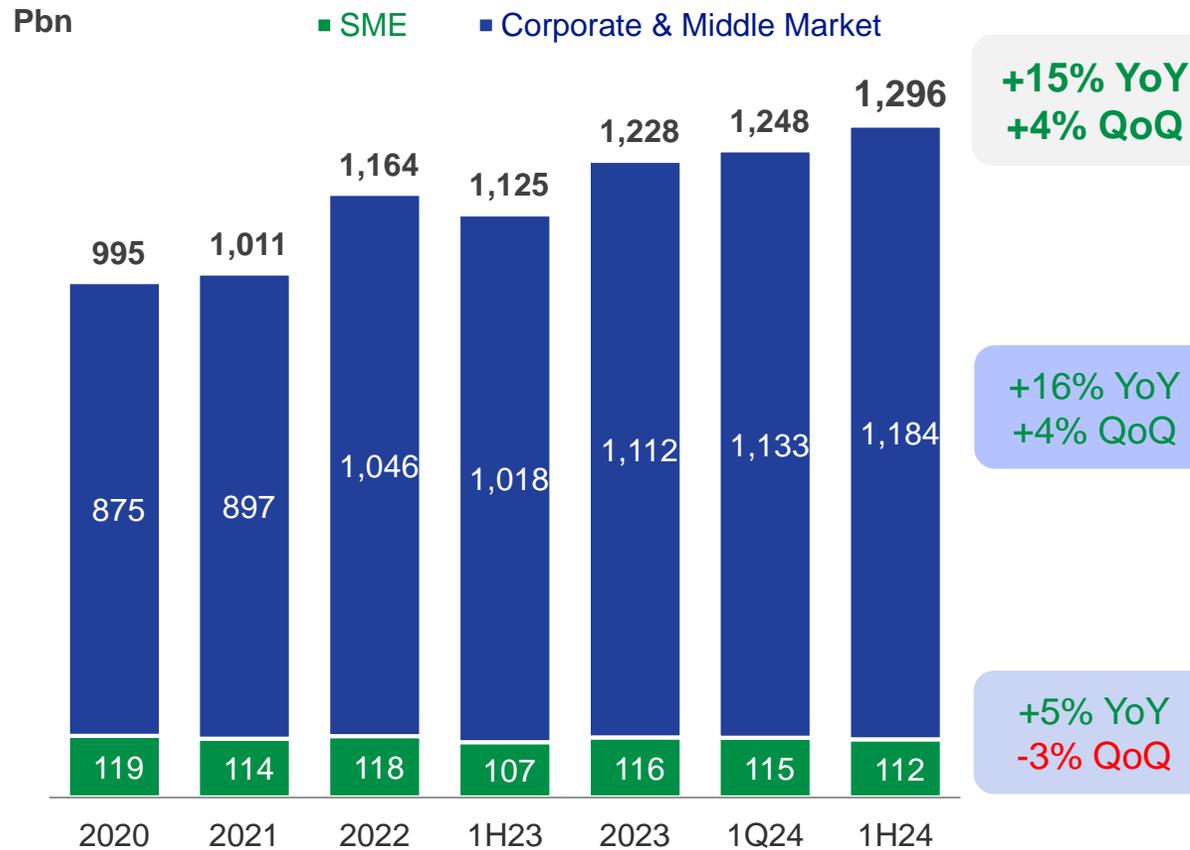
Note: Gross of Unearned Interest and Discount (UID)

## Loan growth gaining momentum



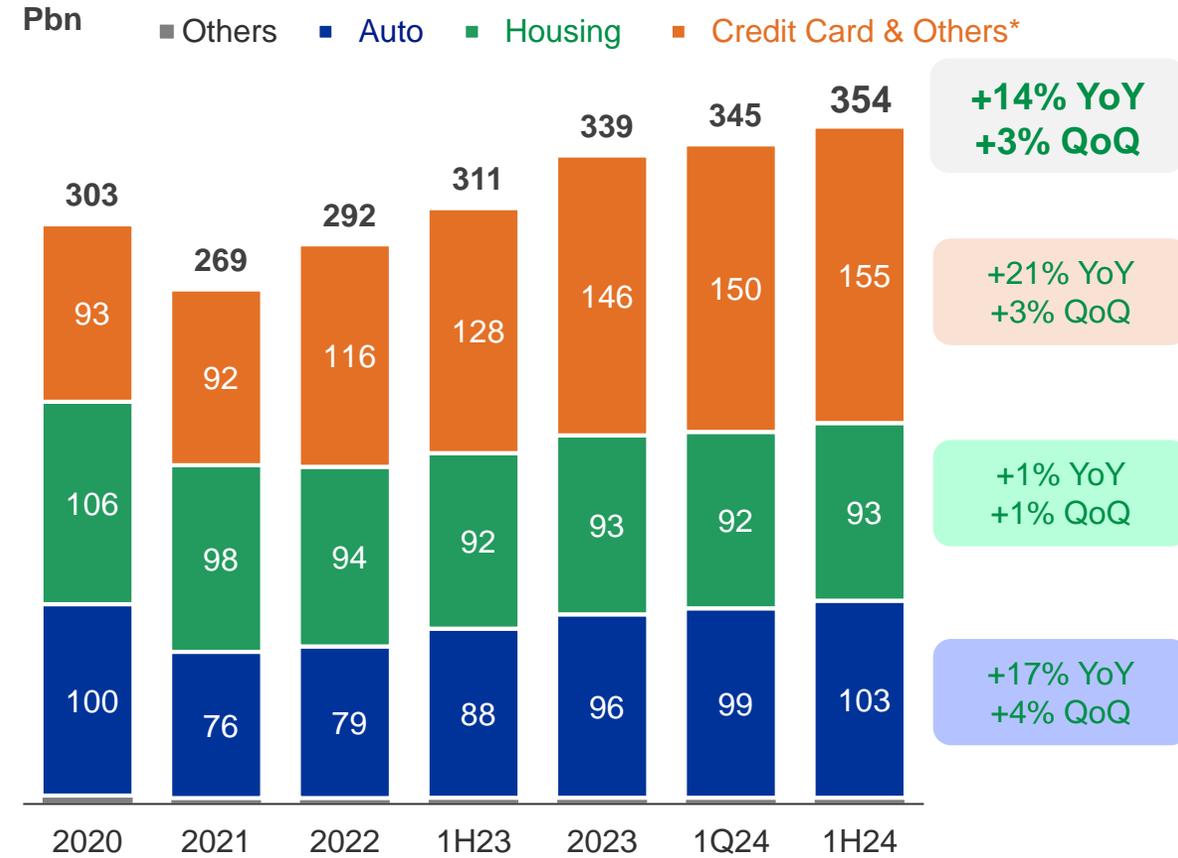
# Institutional and commercial loans breakdown

## Top and mid-sized corporates leading loan demand



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

## Gross credit card receivables and auto leading retail build up

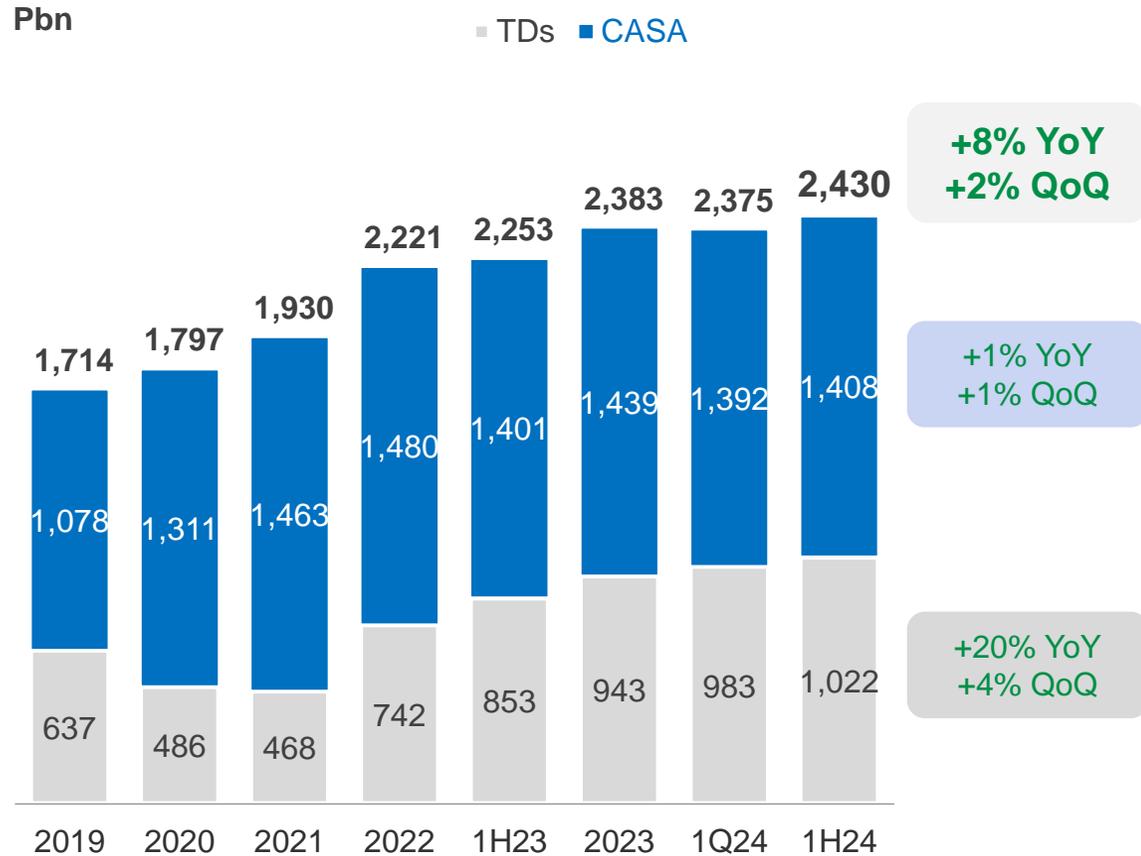


\*Note: Gross of Unearned Interest and Discount (UID)  
 Credit card receivables net of UID amounted to P141bn, +21% YoY

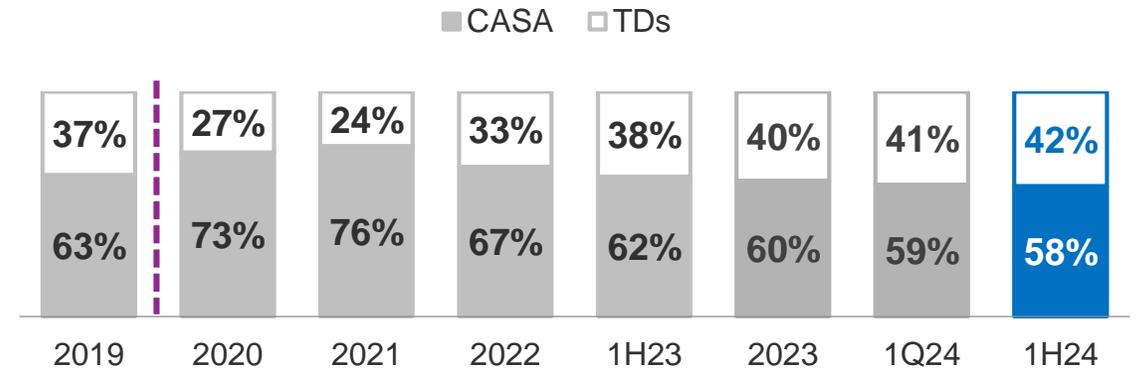


# Deposit profile

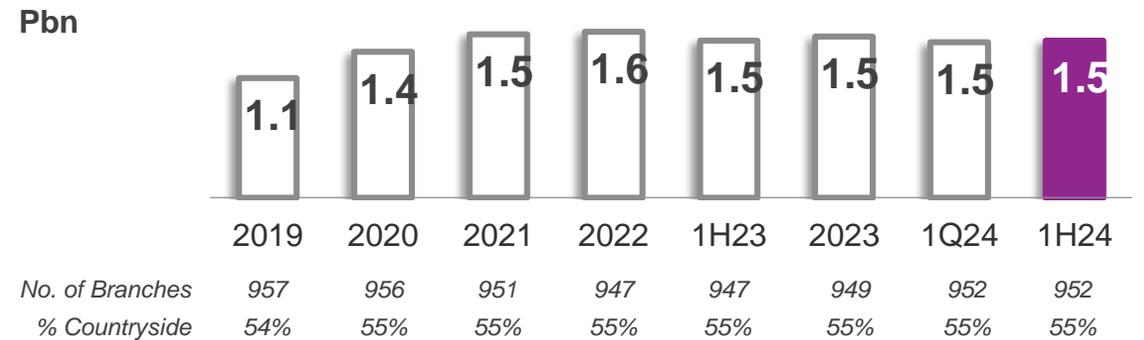
## Managed deposit growth



## CASA ratio eases as rates stay elevated

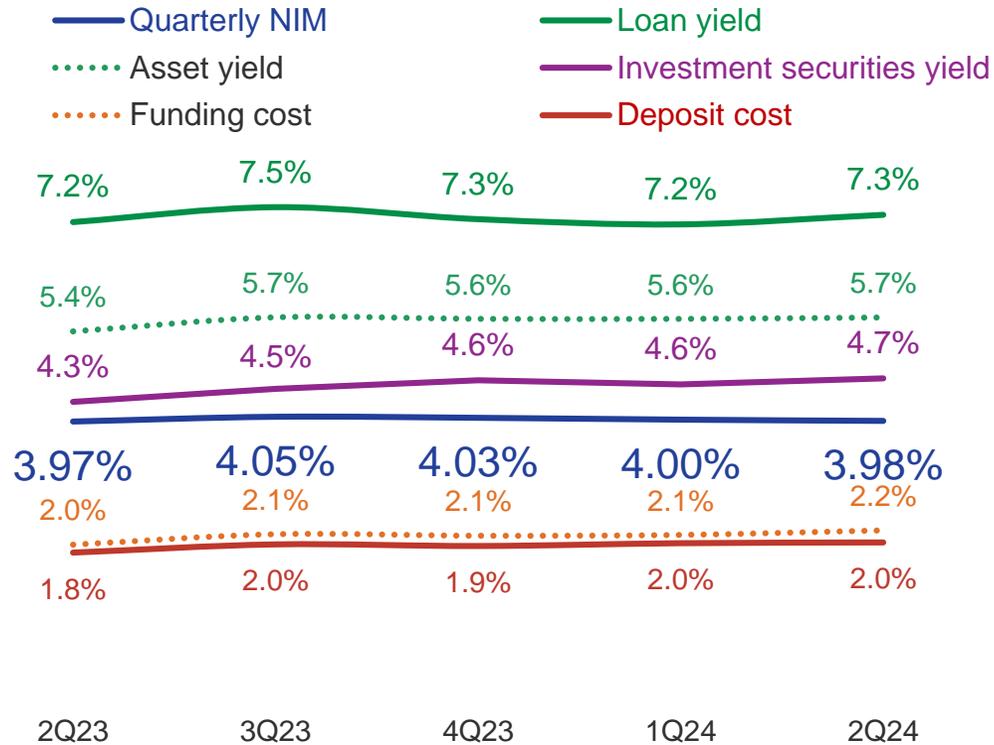


## CASA deposits per branch largely stable



# Margin drivers

## Asset yields stable and funding costs stabilizing

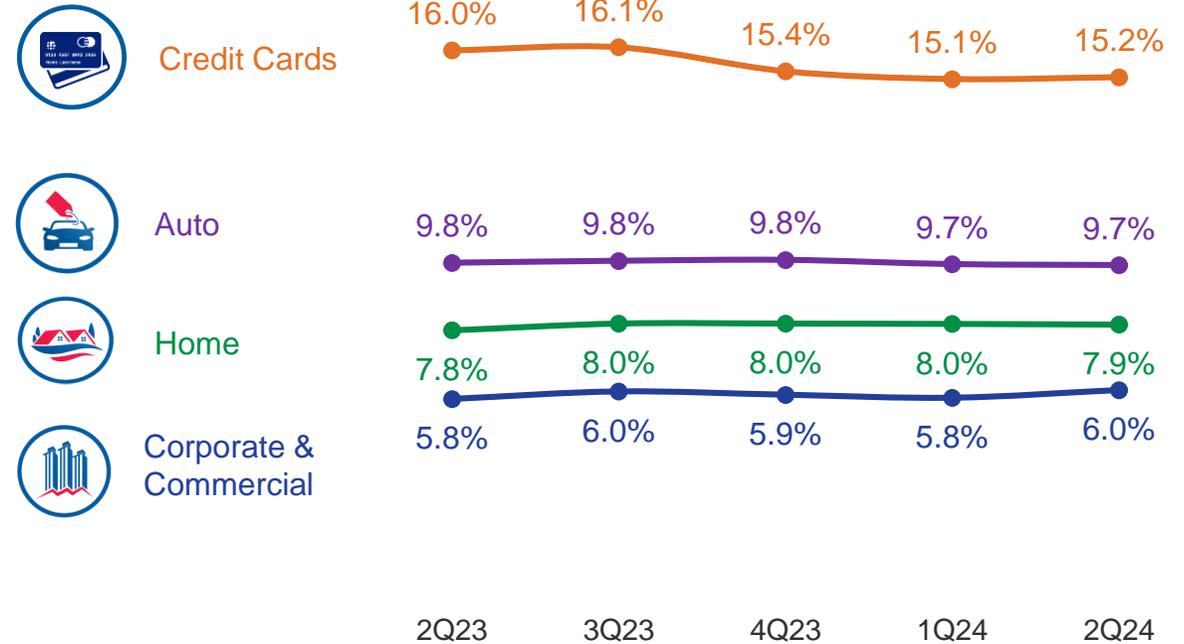


Policy rate	2Q23	3Q23	4Q23	1Q24	2Q24
	6.25%	6.25%	6.25%	6.50%	6.50%

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. Gross Loans (Previously 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



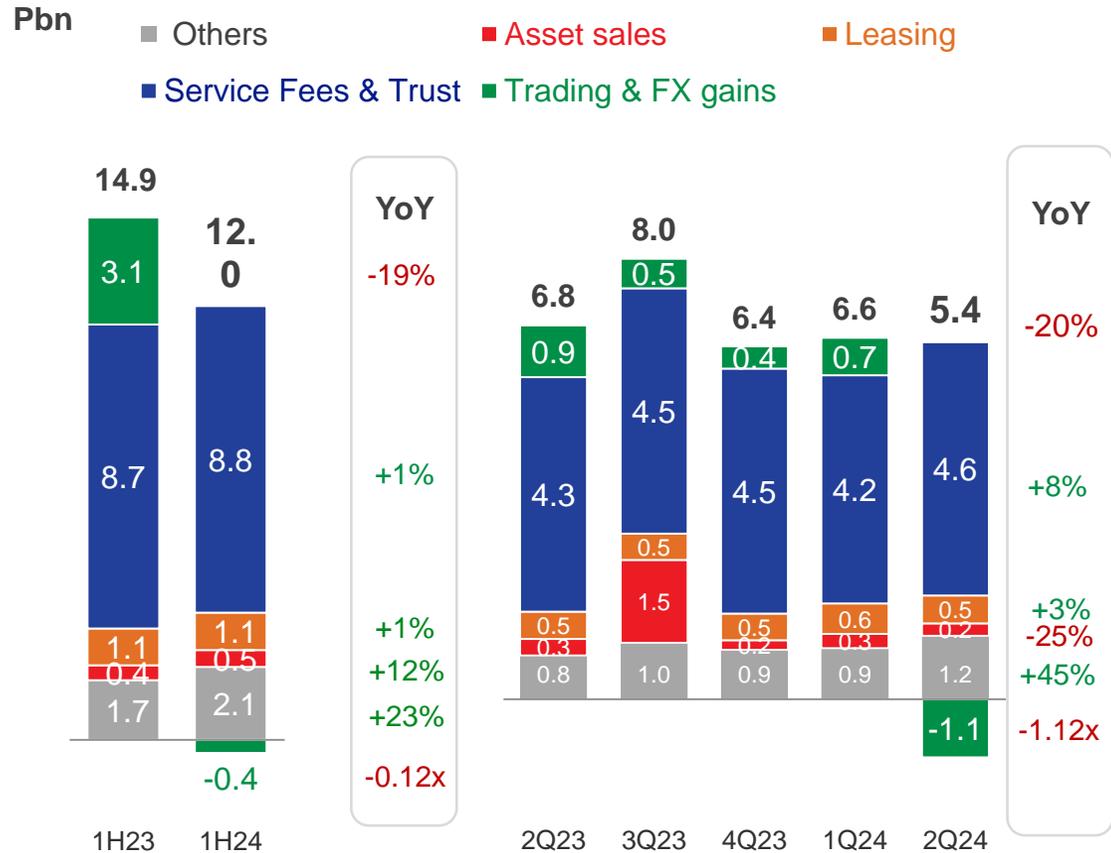
Notes:

- 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



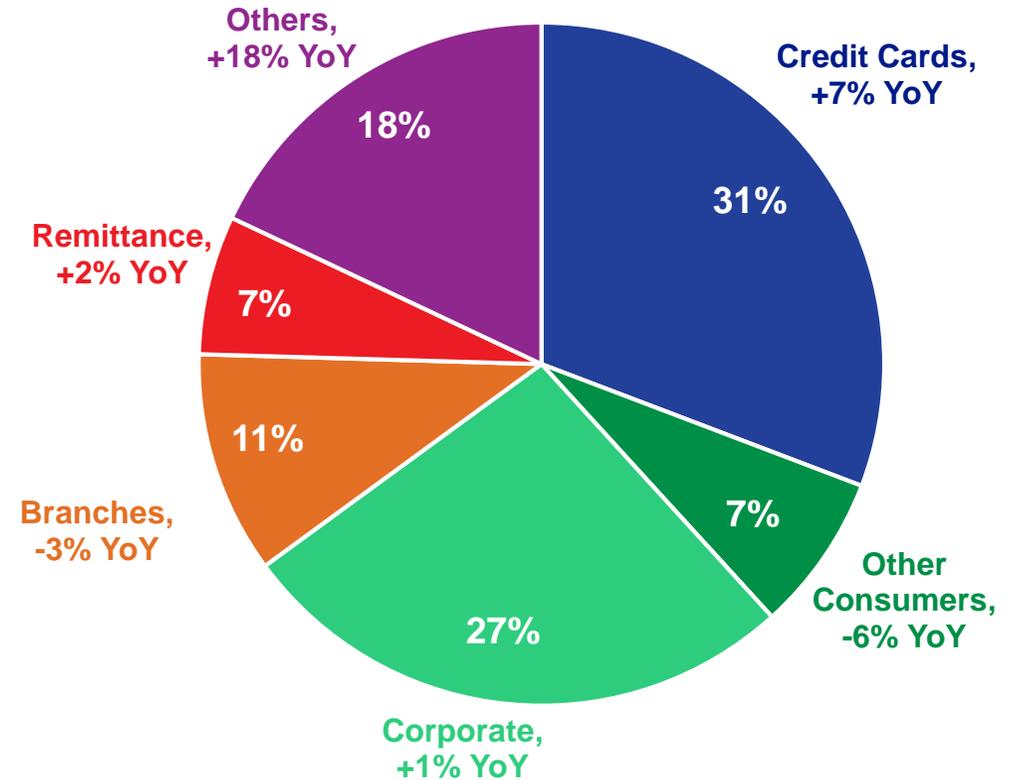
# Non-interest income drivers

## Recovery in fee income mitigating weakness in trading income



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

## Breakdown of Noll excluding trading income

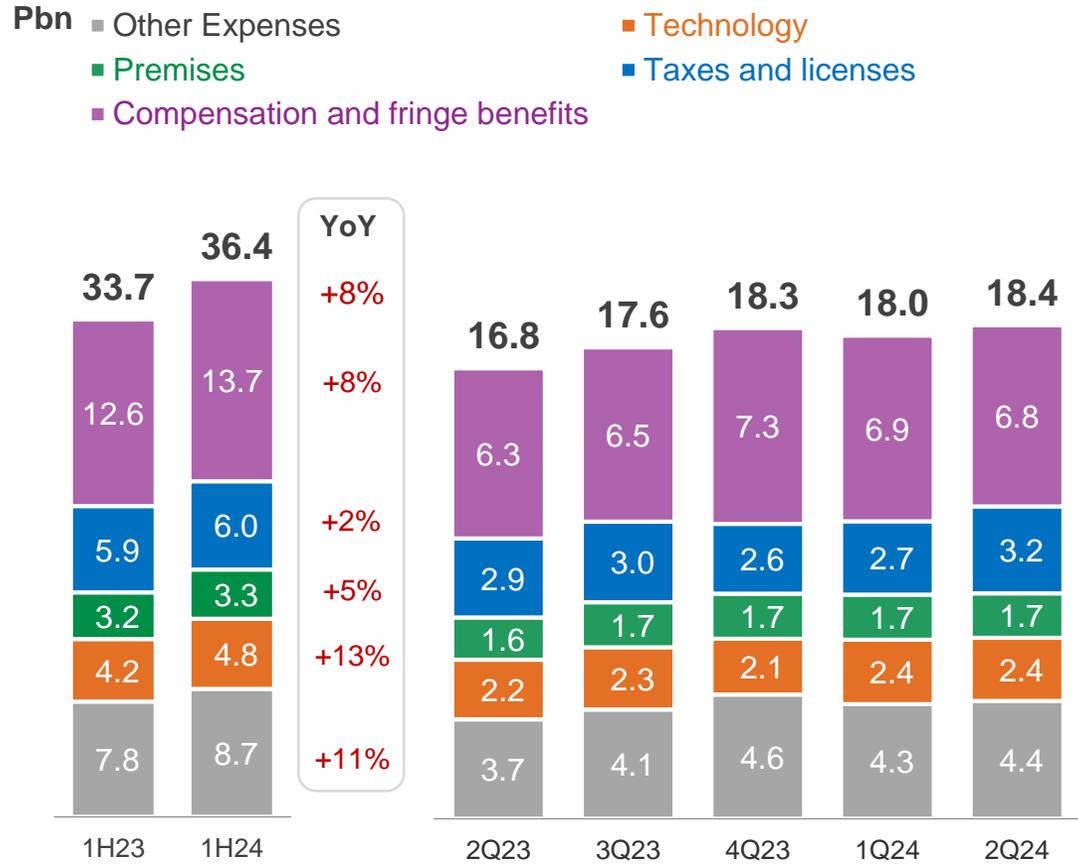


Others include: Asset Sales, Insurance, and Other Income



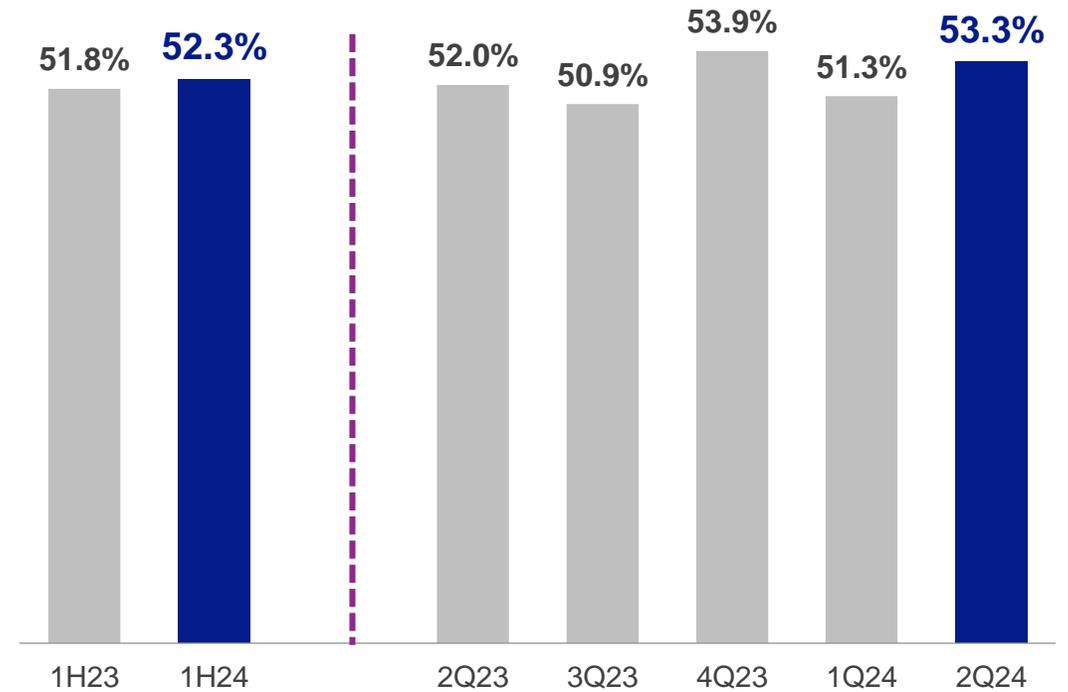
# Operating expense breakdown

## Managed opex growth



Note: Others include Insurance, Security, messengerial and janitorial services, Advertising, Management, professional and supervision fees, Travel and communication  
Technology includes all IT-related expenses including manpower, etc.

## Cost-to-income ratio inching up

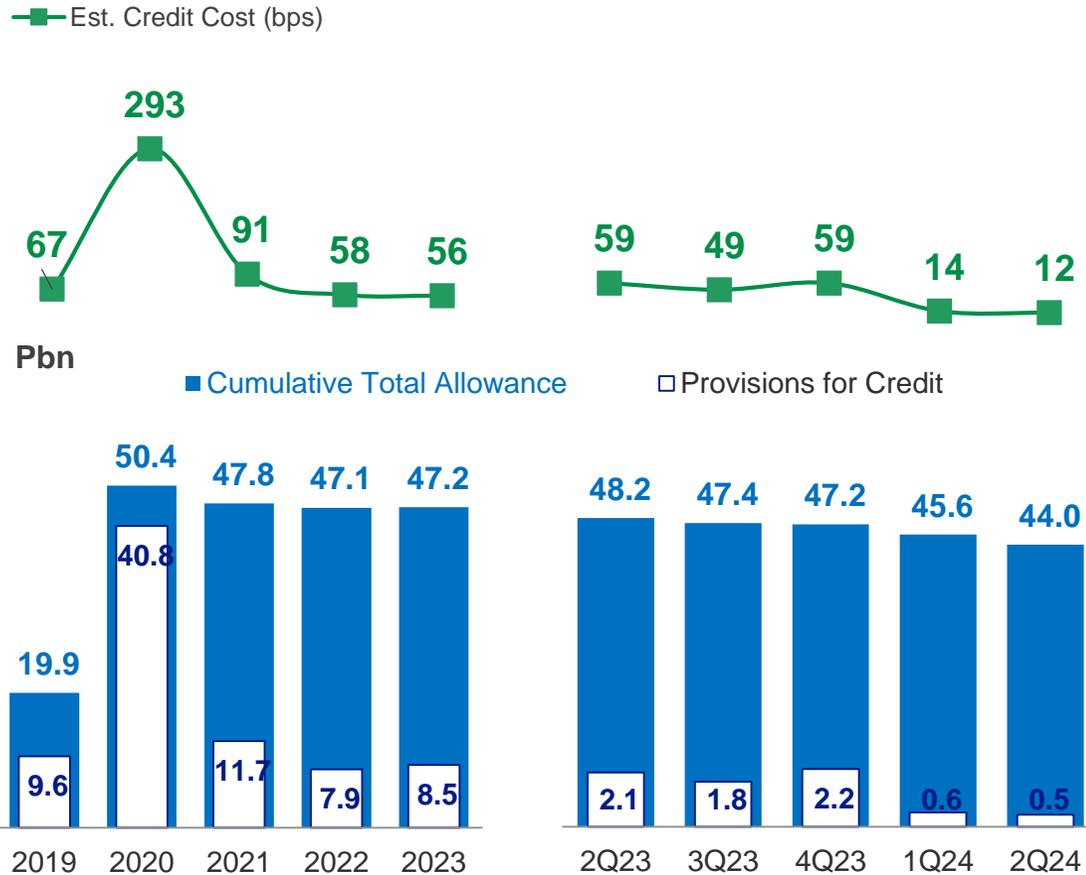


Note: Operating income used does not include MBT's share in net income of investees

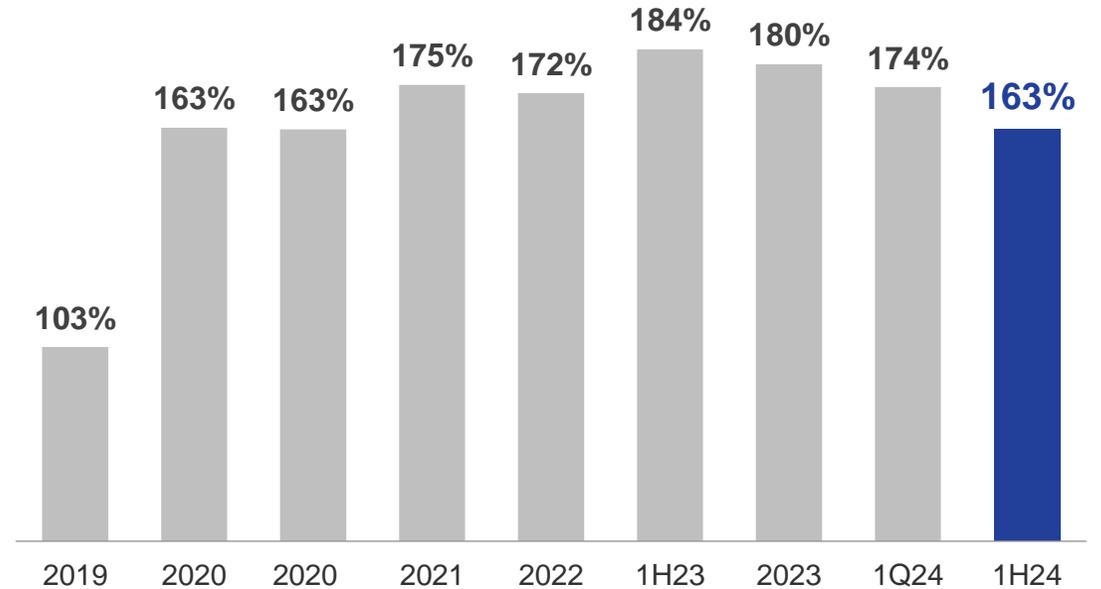


# Provisions trend

## 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

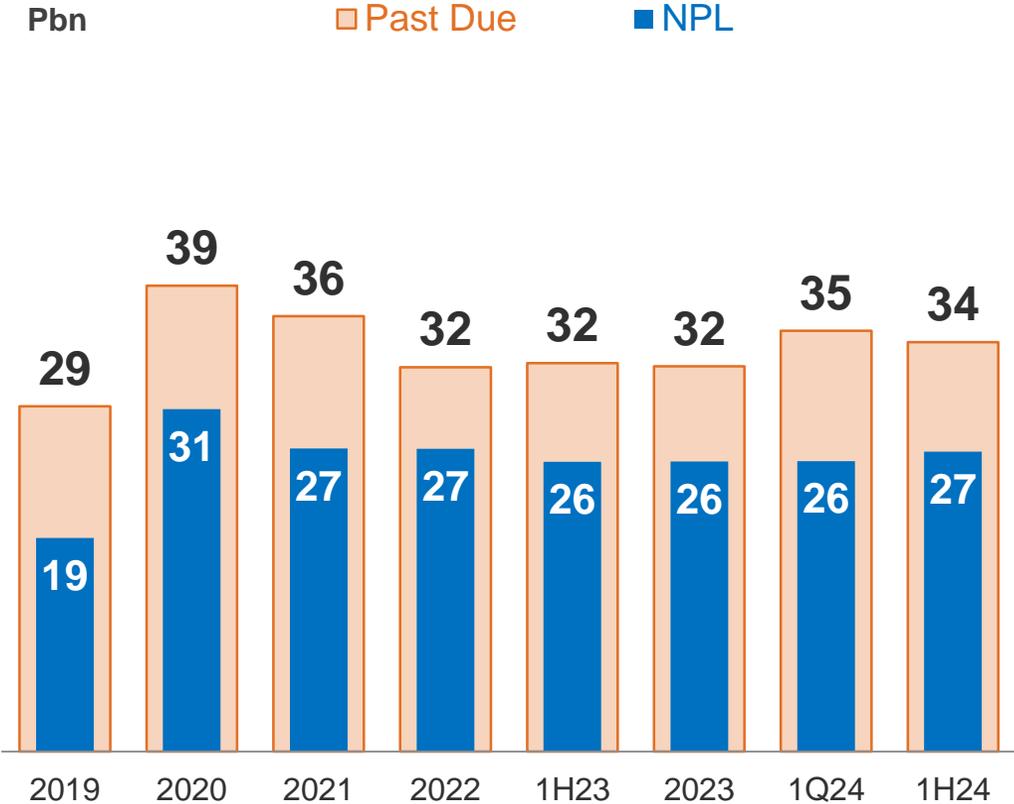
2022: Php211.6mn

2023: Php459.0mn



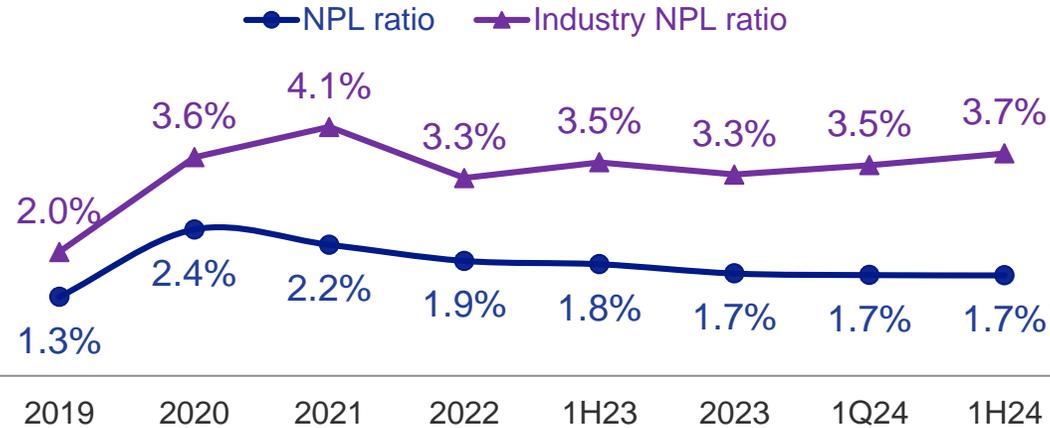
# Asset quality indicators

## Stable NPL level



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

## NPL/Past Due ratios well below industry level



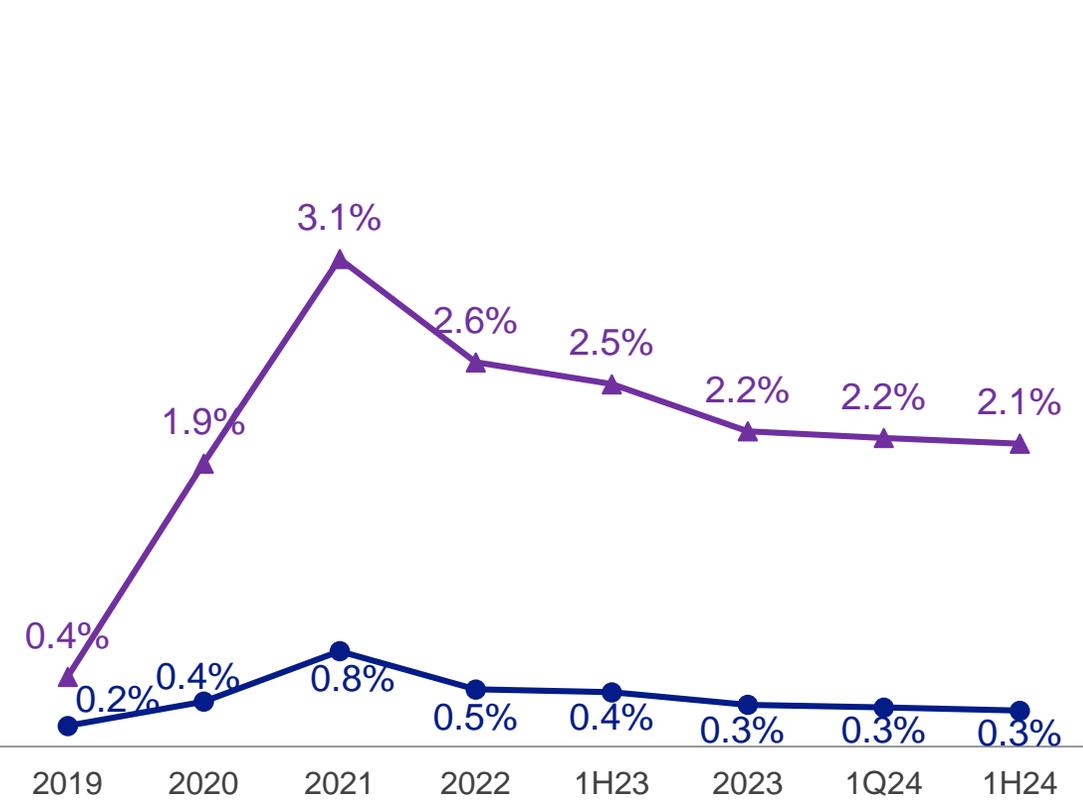
Note: Industry ratio as of May 31, 2024



# Asset quality indicators

## Restructured loans remain low

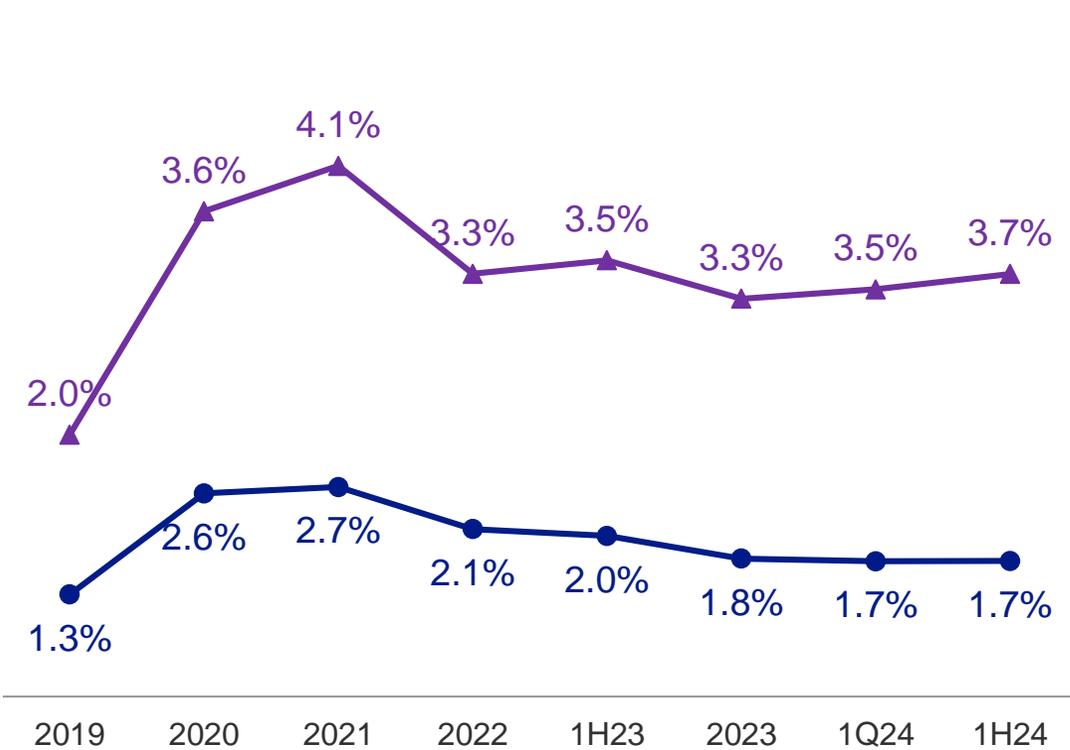
● MBT Restructured loans ratio ▲ Industry Restructured Loans Ratio



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 May 31, 2024

## Combined NPLs and Restructured loans well below industry NPLs

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

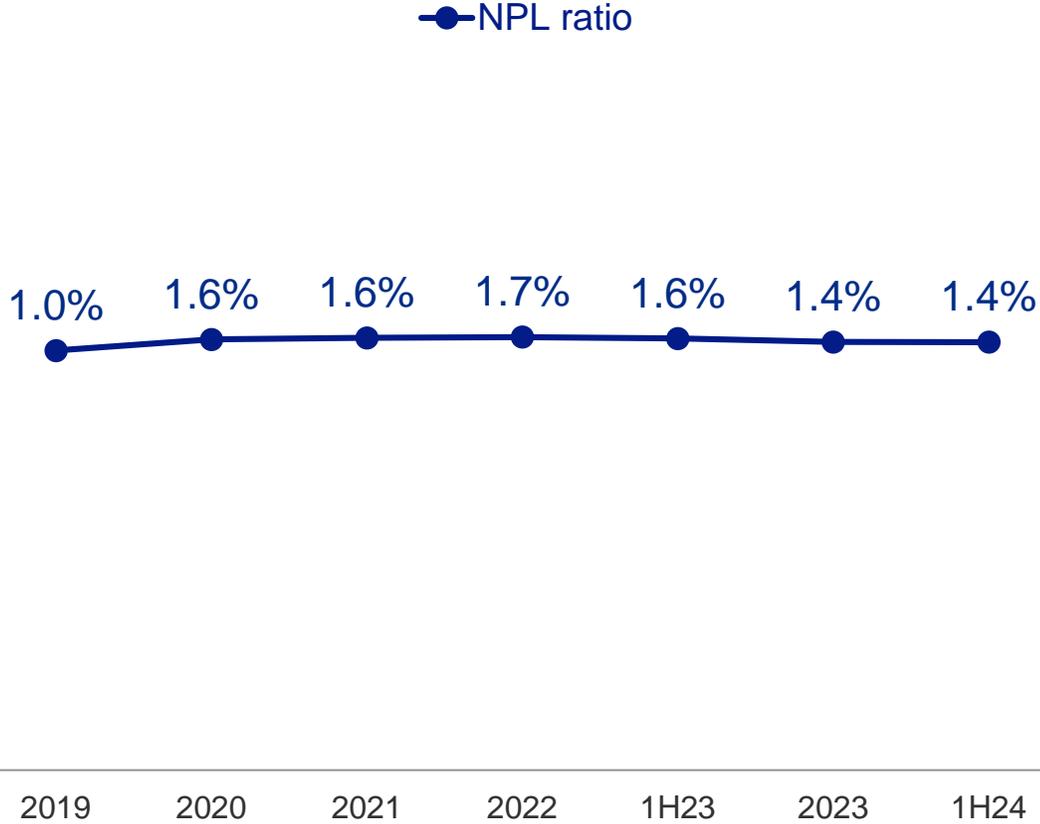


Note: Restructured Loans – Performing  
 Industry ratio as of February 29, 2024

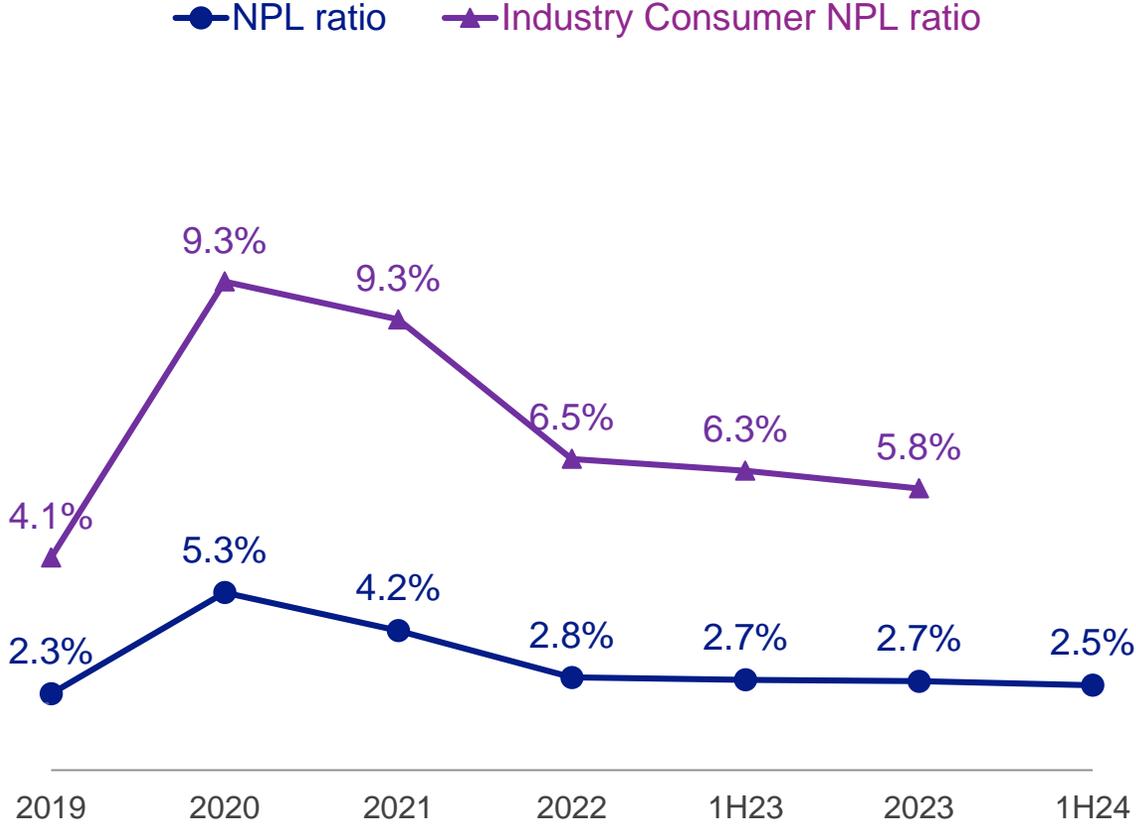


# Asset quality indicators per segment

## Commercial NPL ratio remains stable



## Consumer NPL ratio easing

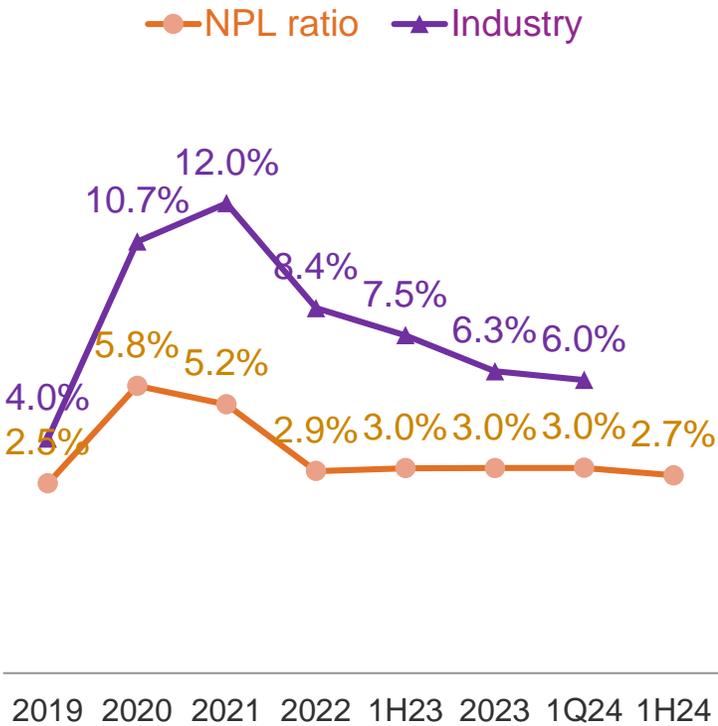


Note: NPL Ratios computed using Net of Unearned Interest and Discount (UID)  
 \*Industry Data refers to Philippine Banking Sector data from the BSP  
 Consumer Industry ratio as of March 31, 2024

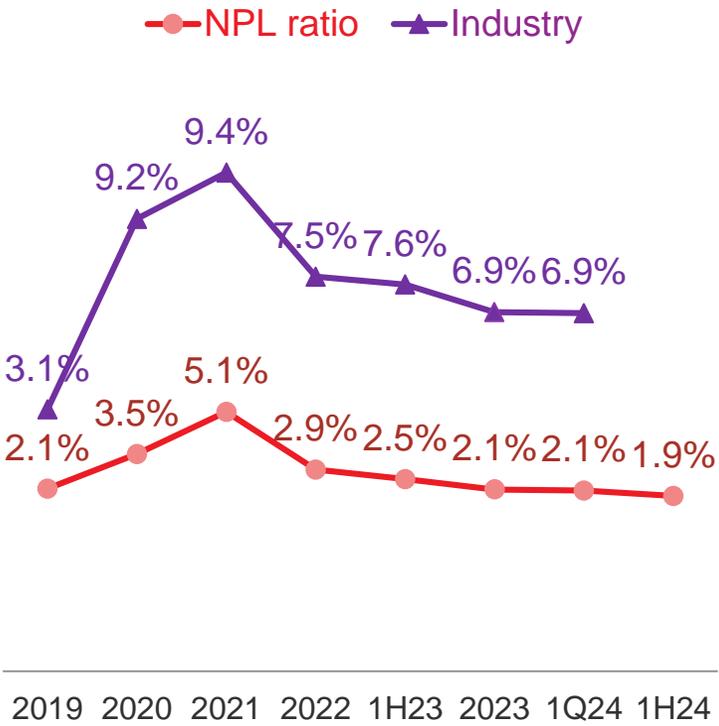


# Consumer asset quality trend

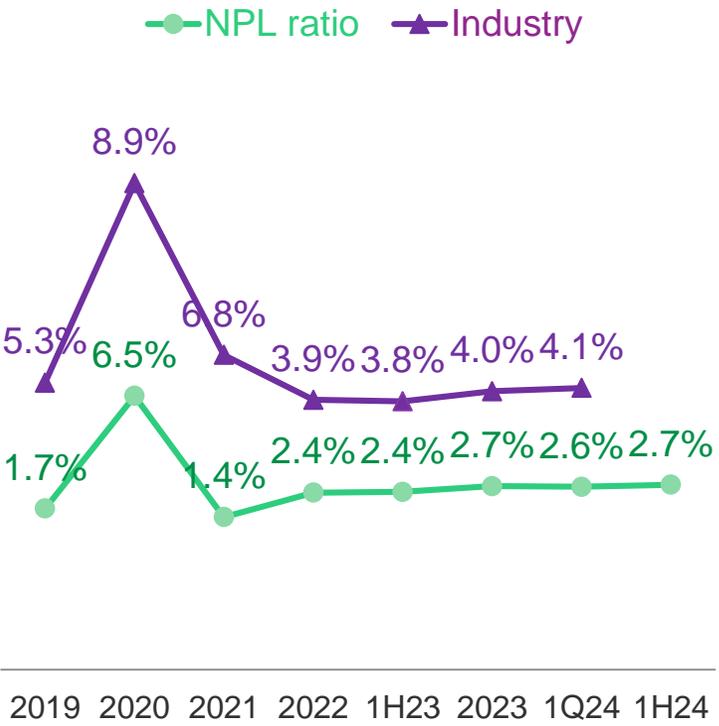
## Auto NPLs easing



## Mortgage NPLs also on a declining trend



## Slight increase in credit card NPL ratio

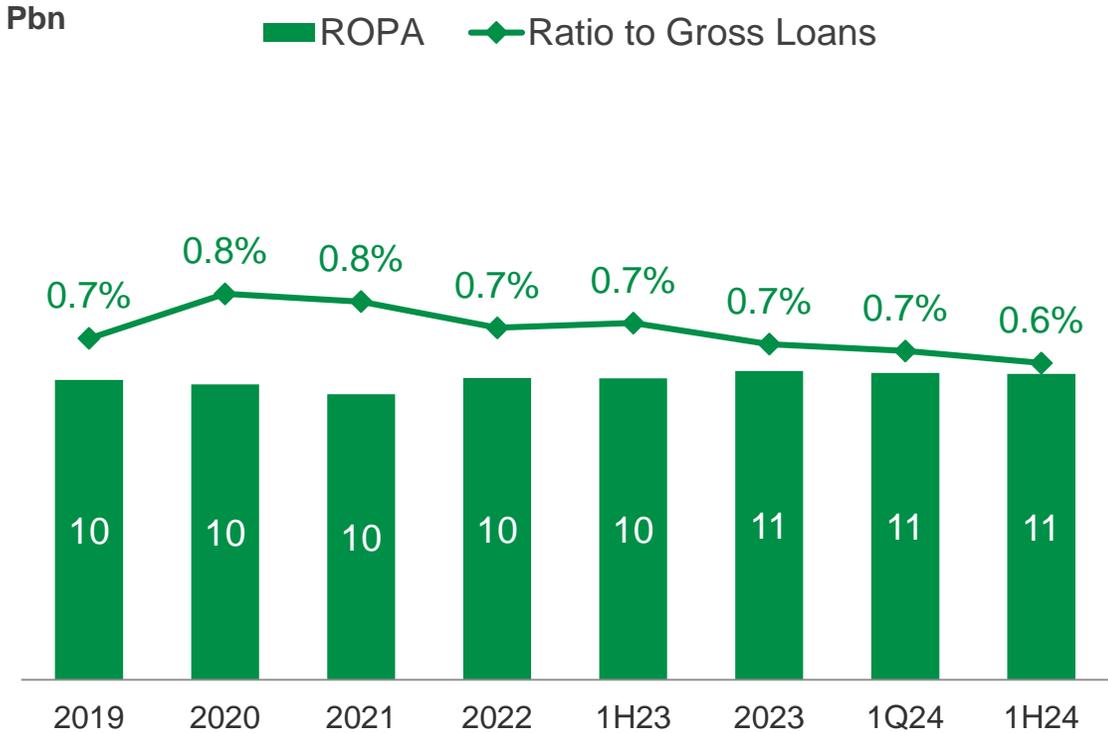


Note: NPL Ratios computed using Net of Unearned Interest and Discount (UID)  
Industry Data refers to Philippine Banking Sector data from the BSP

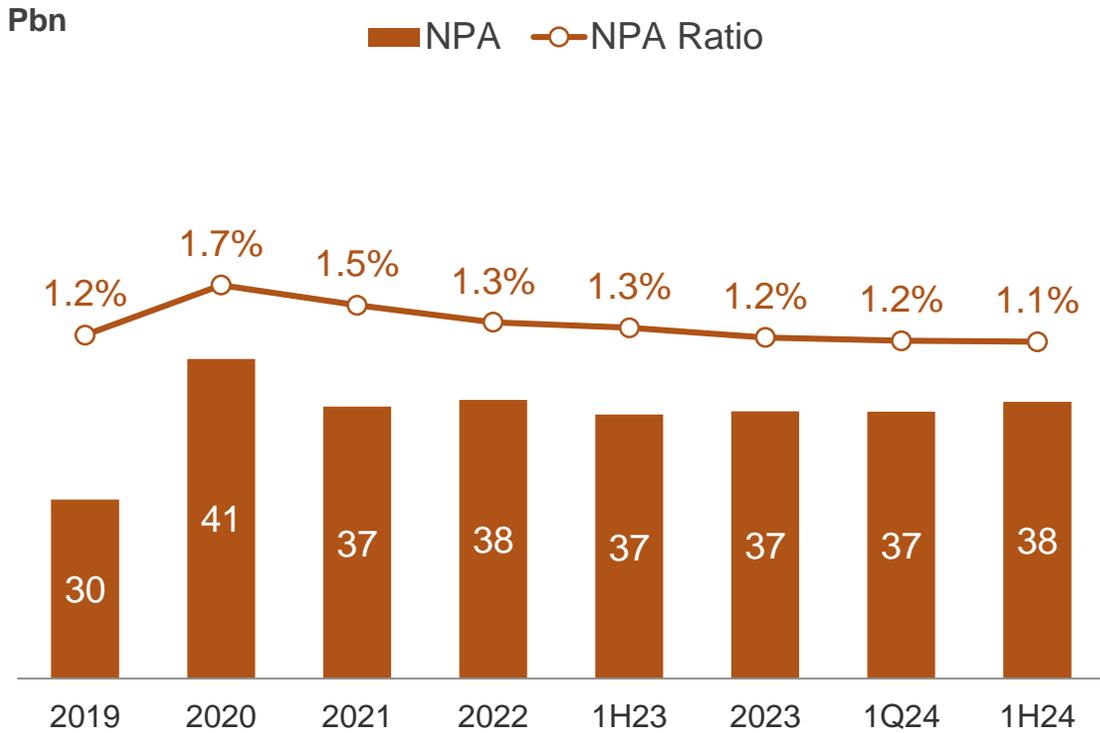


# Other asset quality indicators

## Real and other properties acquired (ROPA) steady



## Total non-performing assets (NPA) remains low

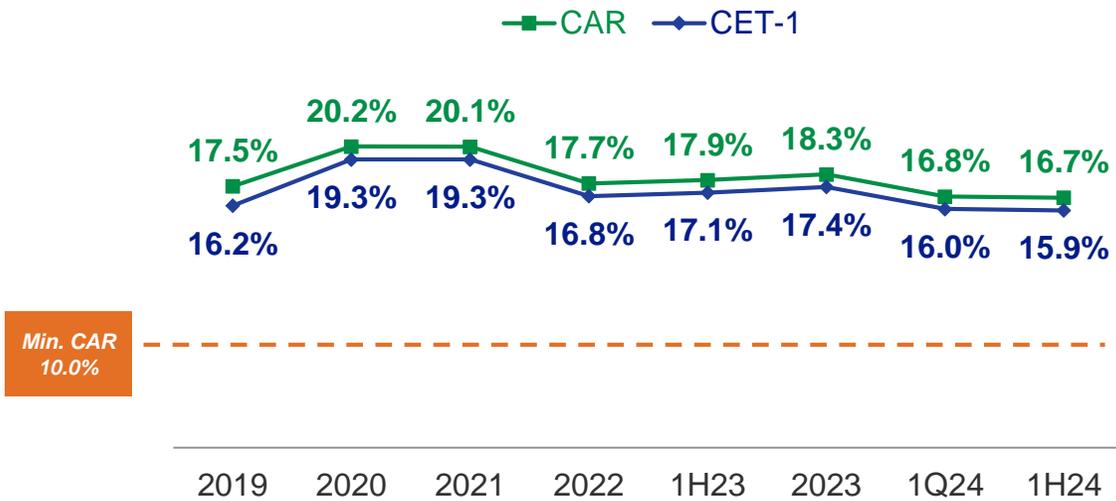


Note: NPA = ROPA + NPL

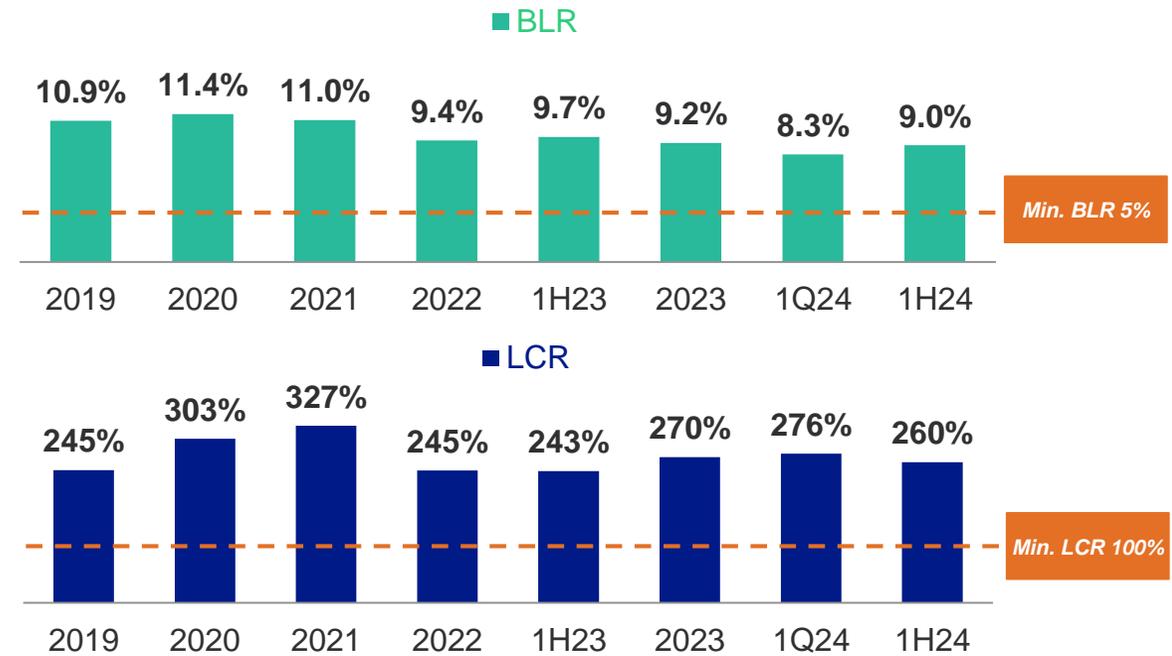


# Capital and liquidity

## High capital ratios offers strong buffers against risks

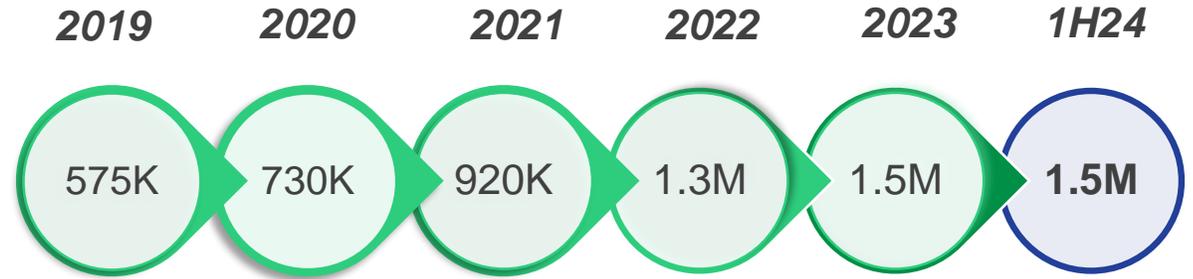
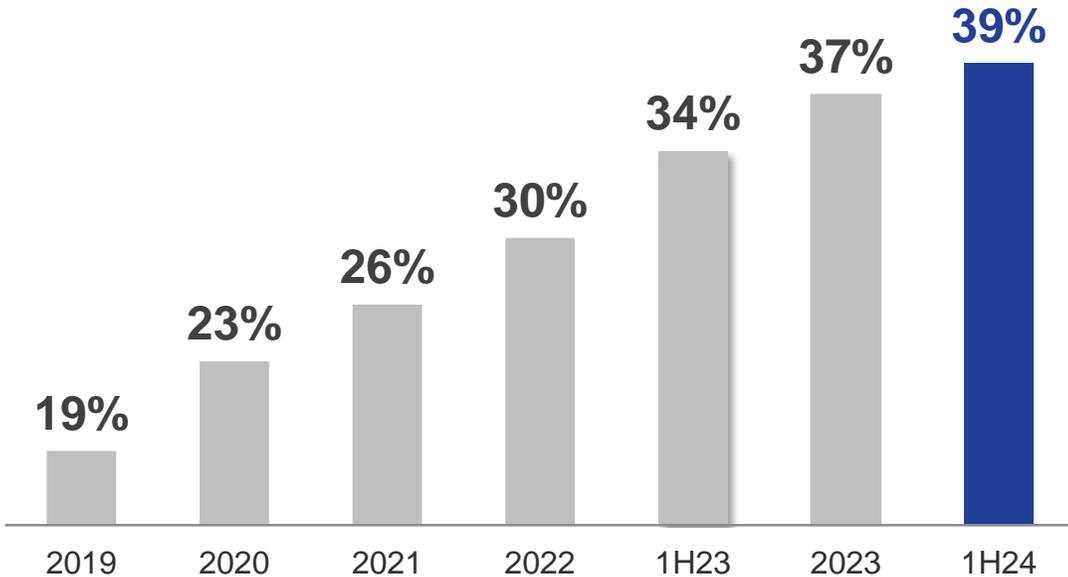


## High Basel III Leverage Ratio, Liquidity Coverage Ratios

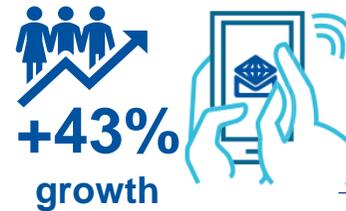


# Digital metrics on retail clients

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



1H24 Active base up 4% YoY

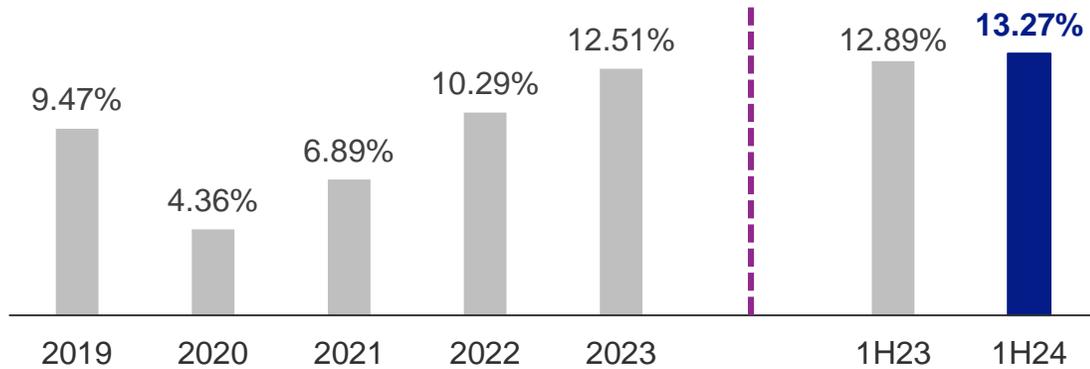


**Strong growth in mobile app downloads**  
(2Q 2024 vs 2Q 2023)

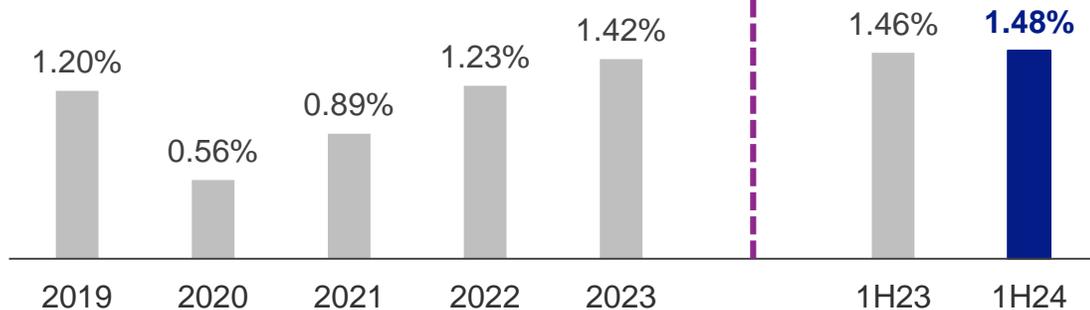


# Return on Equity – Trend

## 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

### Capital Optimization

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



# Outlook – Positives and Challenges



- **Further recovery in discretionary spending and resumption of corporate investment to support consumer and commercial loan demand.**
- **Expanding revenue base to support further IT investments while keeping CIR in the low 50s.**
- **Stable asset quality coupled with high NPL cover allow for more flexibility to manage cost of risk.**
- **Strong capital and liquidity position to continue supporting asset expansion and efforts to improve shareholder returns.**



- **A deterioration in macroeconomic indicators may adversely affect consumer and business sentiment, affecting demand for retail and business loans.**
  - Global geopolitical crises leading to global financial instability could affecting domestic market
  - Renewed inflationary pressure or worsening of FX volatility
- **Intensifying and broadening competition in both assets and liabilities.**
- **Unforeseen changes in the regulatory landscape (i.e. pricing).**



# SUMMARY

- ✔ **Solid performance** was sustained owing to robust asset growth, stable margins, managed cost growth and healthy asset quality.
- ✔ **Strong balance sheet and liquidity ratios** enable Metrobank to continue supporting clients' needs as the economy grows.
- ✔ Expanding business base will support **more investments in IT and broaden our capabilities** to make banking easy and safe as we strive to increase customer count
- ✔ **Substantial NPL cover** serves as a buffer against macro and market uncertainty.
- ✔ Continuation of **periodic capital planning and commitment to current strategies** will balance future growth and improve shareholder returns on a sustainable basis.



# Financial Summary

In PHP billion

Income Statement	2Q 2023	2Q 2024	YoY	1H 2023	1H 2024	YoY
<b>Net Interest Income</b>	<b>25.7</b>	<b>29.3</b>	<b>14%</b>	<b>50.6</b>	<b>58.0</b>	<b>15%</b>
Non Interest Income	6.8	5.4	-20%	14.9	12.0	-19%
Operating Income	32.5	34.7	7%	65.5	70.0	7%
Operating Expenses	16.8	18.4	10%	33.7	36.4	8%
<b>PPOP</b>	<b>15.7</b>	<b>16.3</b>	<b>4%</b>	<b>31.8</b>	<b>33.6</b>	<b>6%</b>
Provision for Credit	-2.1	-0.5	-78%	-4.5	-1.0	-77%
Provision for Taxes	-3.0	-4.0	33%	-6.1	-8.6	40%
<b>Net Income</b>	<b>10.4</b>	<b>11.6</b>	<b>11%</b>	<b>20.9</b>	<b>23.6</b>	<b>13%</b>

Balance Sheet	1H 2023	1H 2024	YoY
Total Assets	2,864	3,280	15%
Loans and Receivables, Gross	1,436	1,650	15%
Total Deposits	2,253	2,430	8%
CASA	1,401	1,408	1%
Equity	330	355	8%

Financial Ratios	1H 2023	1H 2024	YoY
NIM	3.93%	3.99%	+0.06 ppt
CIR	51.8%	52.3%	+0.56 pts
ROE	12.9%	13.3%	+0.38 pts
ROA	1.5%	1.5%	+0.02 pts
NPL Ratio	1.8%	1.7%	-0.18 pts
NPL Cover	184.4%	162.7%	-21.68 pts
CAR	17.9%	16.7%	-1.18 pts
CET-1	17.1%	15.9%	-1.19 pts
Gross LDR	63.7%	67.9%	+4.18 pts



# ADDITIONAL INFORMATION

# Metropolitan Bank & Trust Company (Metrobank)

## Overview

# 61

### 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 5.2 Bn** Market cap

**USD 3.0 Mn** 3M Avg Daily Value T/O

**21%** Foreign Ownership

**48%** Public Float

*As of August 1, 2024*

## Financial Data (PHP bn)

## 1H 2024

Total Assets	3,280
Loans and Receivables, Gross	1,650
Total Deposits	2,430
CASA	1,408
Equity	355
CAR	16.7%
CET-1	15.0%

### BIG 3 BANK WITH LEADING MARKET POSITION

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

Auto Loans    Credit Card Receivables\*    Mortgage Loans    Trust AUM

As of 1Q24  
\* As of 2Q24

### STRATEGIC PRESENCE AND COVERAGE

#### DOMESTIC

**952** branches  
**55%** outside NCR      **2,324** ATMs

#### OVERSEAS

**30** branches, subsidiaries, offices  
**100+** remittance tie-ups  
**150+** 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

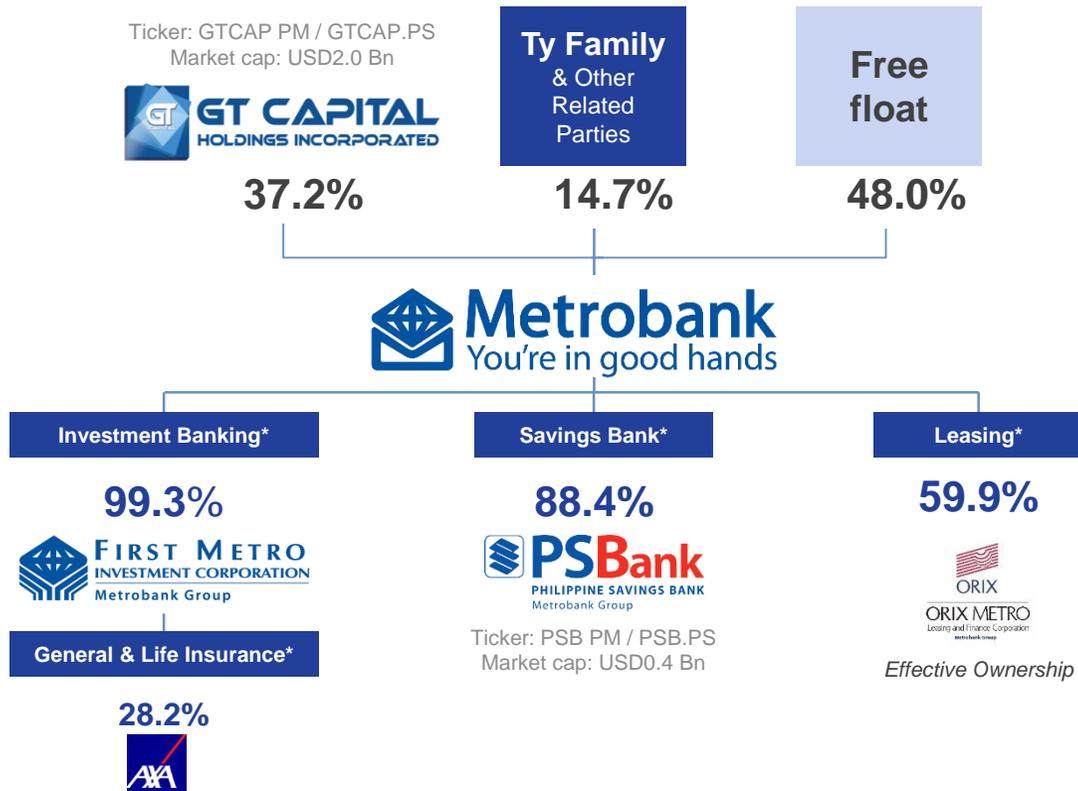
**TOP MARKET MAKER**  
GOVERNMENT SECURITIES – BTr (2023)

**LARGEST TRADER**  
PHP FIXED INCOME SECURITIES



# 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 01 August 2024	68.00
52-Week Range (Low   High)	49.20   72.20
Market cap (USD Mn)	5,229
3-Month Avg Daily Trading Value (USD Mn)	3.04
3-Month Avg Daily Trading Volume (Mn)	2.62
Public Float	48%
Foreign Ownership	21%

	2022	2023	1H24	
BVPS (PHP)	70.84	79.33	78.97	
EPS (PHP)	7.29	9.39	9.99	Last 4 quarters
Trailing P/BV (x)	0.8	0.6	0.9	Based on EOP share price
Trailing P/E (x)	7.4	5.5	6.8	
DPS (PHP)	3.00	3.00	5.00*	For the year

Note: \* First tranche of 2024 Dividends of PHP3.50/sh (Reg: PHP1.50/sh and Special: PHP2.00/sh) was paid out in March 2024



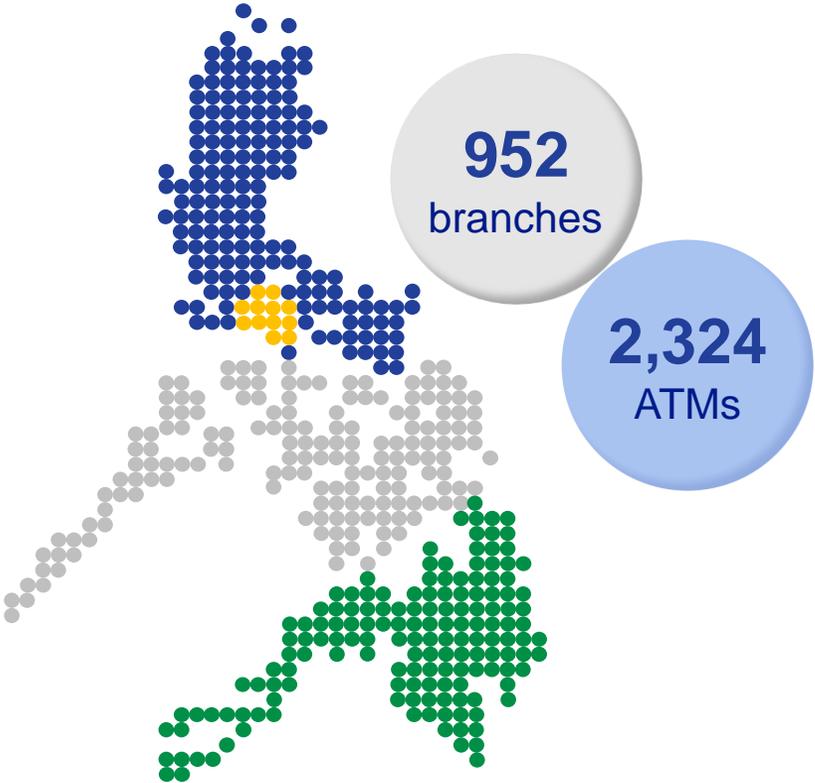
# Extensive Domestic and Overseas Coverage

 **19,000+**

Total Group employee base

*Note: Includes Parent + Major Subs of the Bank*

## Domestic Branch and ATM Networks



## Overseas Network Coverage

**30**

Branches, subsidiaries, offices

**100+**

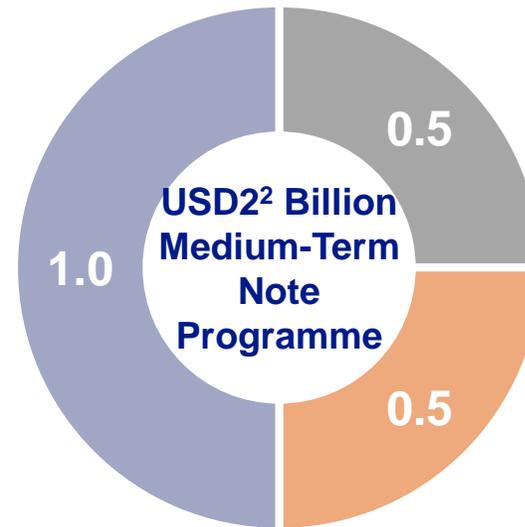
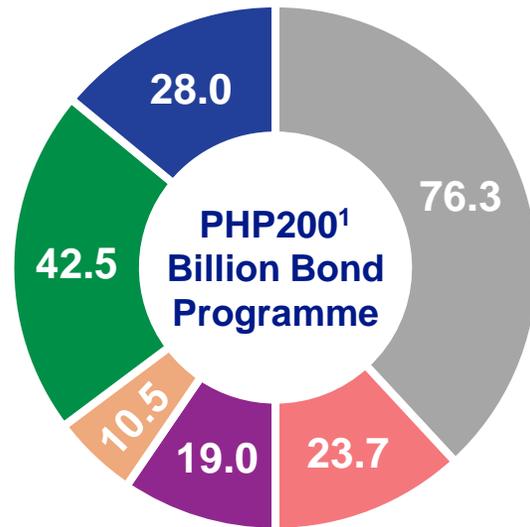
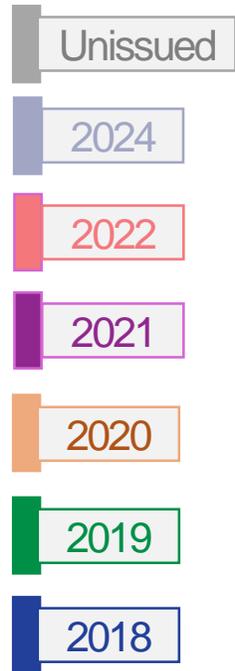
Remittance tie-ups

**150+**

Remittance agents



# Debt Issuances



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.

<sup>1</sup>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

<sup>2</sup>The Board of Directors of Metrobank approved the Bank's USD2 Billion Medium Tern Note Program on 22 March 2017



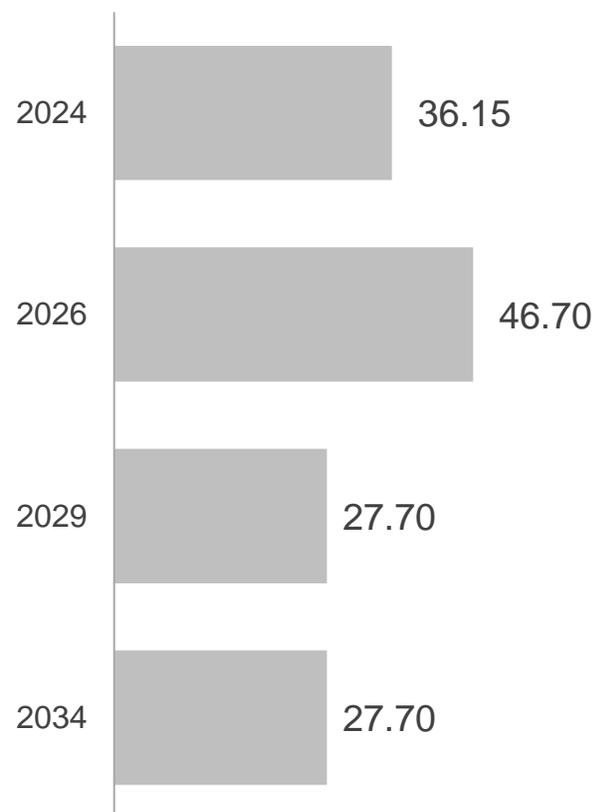
# Outstanding Debt Issuances & Investment Grade Credit Ratings

## 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**

**May-24**

- High capitalization, with a proven history of shareholder support
- Robust asset quality and adequate profitability
- Strong liquidity, underpinned by leading domestic franchise

Fitch Ratings

**BBB-  
Stable**

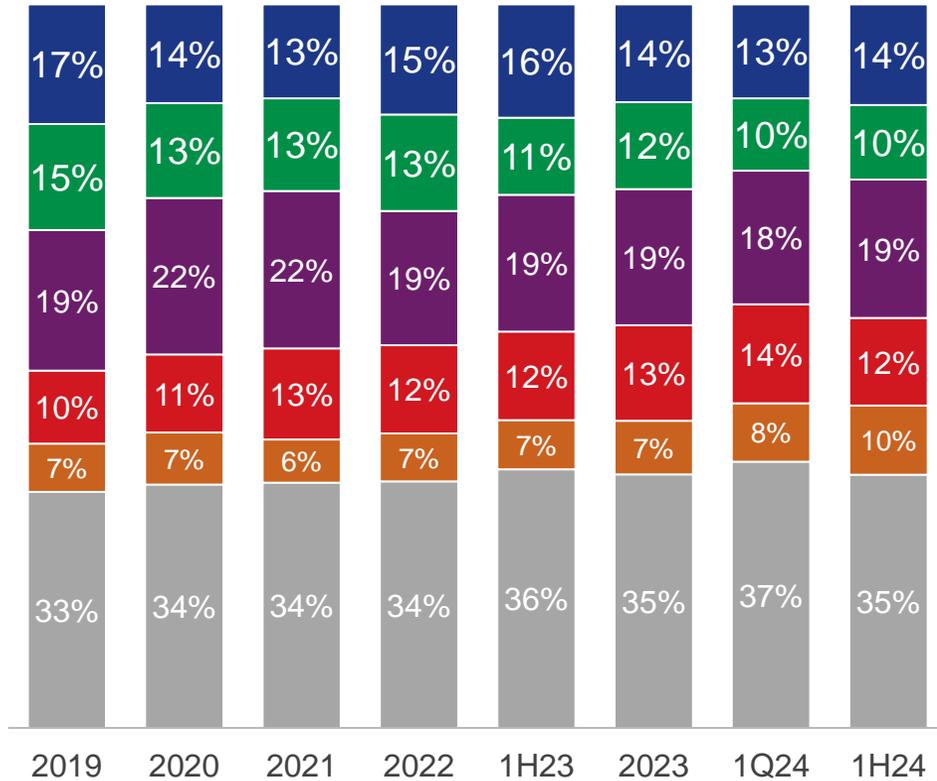
**Apr-24**

- 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

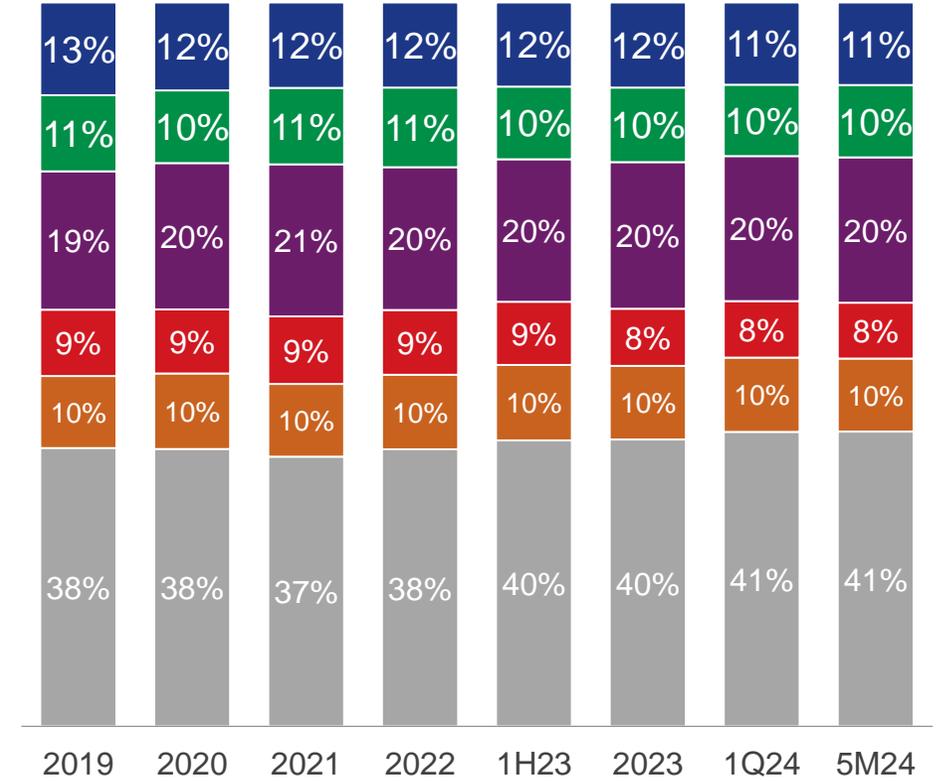


# Loan Portfolio Breakdown

## MBT Loan Portfolio By Industry



## Philippine Banks Loan Portfolio By Industry



Based on Philippine Standard Industrial Classification

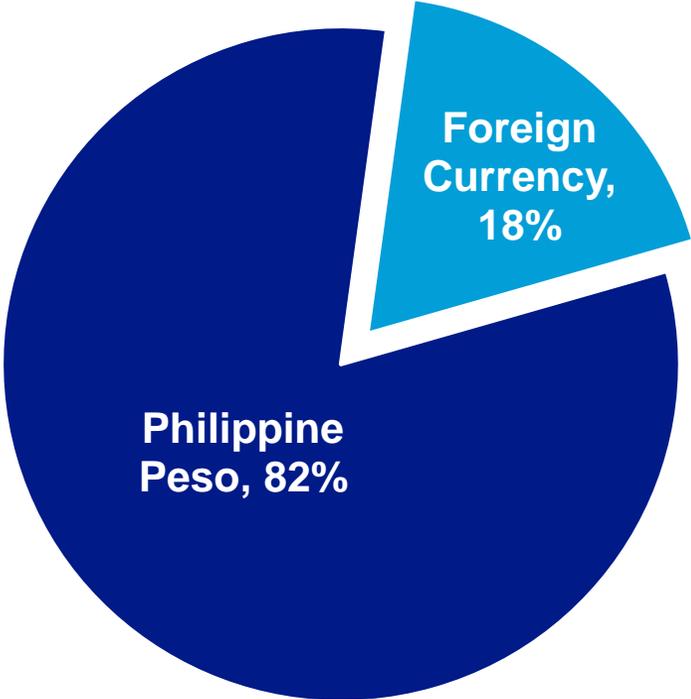
Others include Transport & storage, Construction, Agricultural, forestry and fishing; Accommodation & food service activities

Note: Reclassified Real Estate data before 2023; Transferred Mortgage from Activities of Household and Undifferentiated Goods and Services to Real Estate

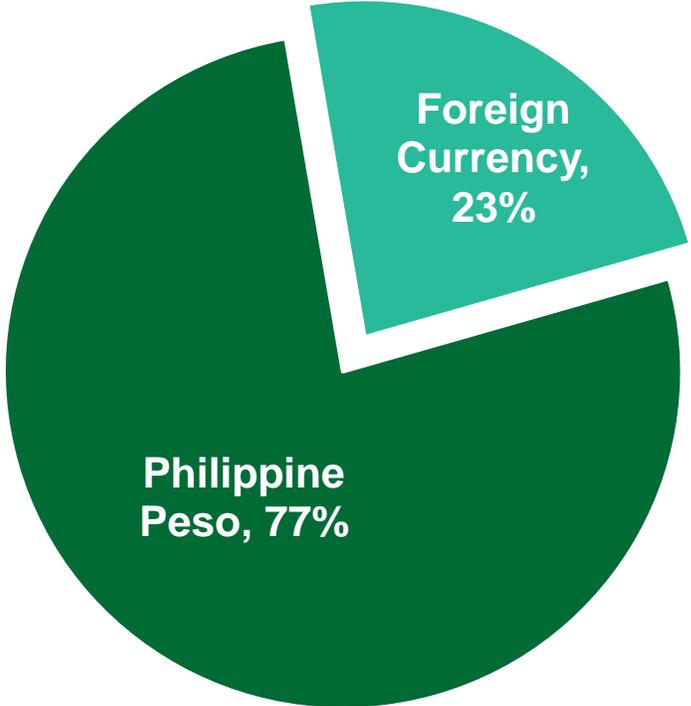


# Currency Breakdown

LOAN PORTFOLIO



DEPOSITS



# 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




**Best Bank for  
Corporate  
Responsibility in  
the Philippines**

2024

**Euromoney**  
Awards for Excellence  
2024



**Best Domestic  
Private Bank  
in the Philippines,  
Best Bank for Ultra-  
High-Net-Worth**

2023, 2022\*




**Best  
Corporate Bank  
in the Philippines**

2022




**Top Domestic  
Investment House in  
PH Currency Bonds,  
Bank Category**

2023




**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

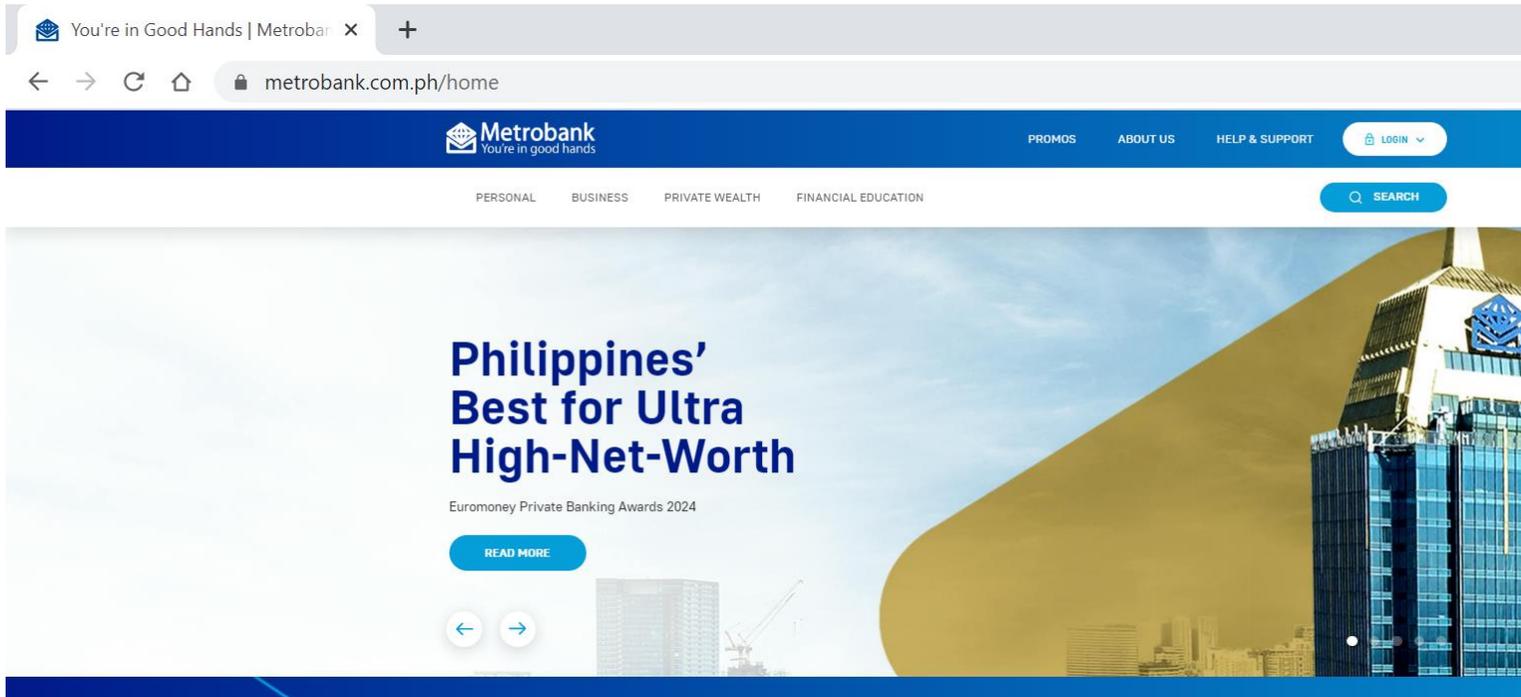
International Finance  
2023

Note: \* Euromoney Global Private Bank Awards 2024 was formerly Asiamoney Private Banking Awards

\*\* Metrobank won Best Domestic Private Bank in the Philippines in 2022 as well, while Metrobank only won Best for Ultra-High Net Worth in the Philippines in 2023



# For more information, please visit our website:



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**Tel: (632) 8857 5348**

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