



# MCB Bank Limited

## Investors Briefing

June 30, 2018

**Presented by:**  
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Head Investor Relations, Financial Reporting & Taxation

# Group Structure

MCB is one of the oldest banks of Pakistan, incorporated in 1947. It was privatized in 1991. To accede to international capital markets, the Bank launched Global Depository Receipts (GDRs) in 2006. It was the first Pakistani Bank that got its GDRs listed on the London Stock Exchange. In 2008, the Bank entered into a strategic partnership with Maybank, Malaysia, which owns above 18% stake in it through Mayban International Trust (Labuan) Berhad. In 2017, a strategic initiative has expanded MCB Bank's retail footprint in the form of merger of NIB Bank with and into MCB Bank Limited. The merger also further diversified our shareholding, as through it Fullerton Financial Holdings (International) of Singapore is proudly welcomed as another significant international shareholder of the Bank..

**Local Branches : 1,349**

**Foreign Branches : 11 (Including 1 EPZ branch)**

## Subsidiaries

<b>MCB Financial Services Limited</b>	Holding: 99.99%
Profile: Float, administer and manage modaraba funds and acts as trustees of various mutual funds.	
<b>MNET Services (Private) Limited</b>	Holding: 99.95%
Profile: Service providers for Electronic Transactions to various financial institutions/banks	
<b>MCB Islamic Bank Limited</b>	Holding: 100%
Profile: Islamic & Shria'h compliant banking.	
<b>MCB - Arif Habib Savings &amp; Investments Limited</b>	Holding: 51.33%
Profile: Asset management, investment advisory, portfolio management and underwriting.	
<b>"MCB Leasing" Closed Joint Stock Company, Azerbaijan</b>	Holding: 99.94%
Profile: Leases various types of industrial equipment, public transports, real estate and retail auto leases.	
<b>Financial Management Services (Pvt) Limited</b>	Holding: 95.90%
Profile: Provision of Financial Services.	
<b>With reference to significant holding, the following entities are associates of the Bank;</b>	
<b>Adamjee Insurance Company Limited</b>	Holding: 20.00%
<b>Euronet Pakistan (Private) Limited</b>	Holding: 30%

# MCB Key Historical Milestones



## MARKET LEADERSHIP

- > Amongst top 3 Banks in Pakistan
- > Maintain first-mover's advantage in new businesses
- > Socially Responsible Organization
- > Strong Brand Recognition

## PRODUCTS & SERVICES

- > Continuous & sustainable earnings growth
  - > Customer centricity in sales & service
  - > Efficient mechanism for service delivery
- > Maintain & identify new competitive advantages

# Bank for Life

## PEOPLE FOCUS

- providing customers' need based solutions in
- > Trade Finance
  - > Collection & Payments Business
  - > Commodity Business
  - > Middle Markets
  - > Specialized sales to Financial Institutions

## RISK DISCIPLINE

- > Pro-active Risk-Portfolio Management
- > Conscientious approach to NPL recoveries
- > Policies & operations aligned with risk philosophy
  - > Robust capital & liquidity management
- > Effective risk-management based on Compliance & Internal Audit results & IT Governance

# One of the largest Commercial Bank in Pakistan

## Financial Strength

Assets	➤	PKR 1,422 bn (US\$ 11.7 bn)
Deposits	➤	PKR 1,019 bn (US\$ 8.4bn)
Advances (Gross)	➤	PKR 555 bn (US\$ 4.6bn)
RoA	➤	1.42%
RoE	➤	14.29%
Profit before Tax	➤	PKR 16 bn (US\$ 139 mn)
Market capitalization	➤	PKR 234 bn (US\$ 1.9 bn)
No. of accounts	➤	7.5 mn

## Domestic and International footprint

Domestic Branches	➤	1,349
Foreign Branches	➤	11 (Sri Lanka : 8, Bahrain : 1, EPZ : 1, UAE : 1) 1 Rep Office in Dubai
Subsidiaries	➤	MCB Financial Services
	➤	MINET Services (Private) Limited
	➤	MCB - Arif Habib Savings and Investments Limited
	➤	"MCB Leasing" Closed' Joint Stock Company
	➤	MCB Islamic Bank Limited
	➤	Financial Management Services (Pvt) Limited
Associates	➤	Adamjee Insurance Company Limited
	➤	Euronet Pakistan (Pvt) Limited
# of ATMs	➤	1,298

**Highest Credit Rating by PACRA**

**Long Term AAA [triple A] and Short Term A1+ [A one plus]**

## Distinguishing Financial Factors

- MCB Bank carries the highest CASA base of around 93% of its total deposit base;
- MCB Bank has maintained one of the highest spreads in the industry over the last many years;
- MCB Bank has one of the highest return on assets of 1.42% as at June 30, 2018;
- One of the highest Return on Equity of 14.29% in the industry;
- One of the Lowest Infection Ratio in the industry;
- Highest Dividend per share in industry;
- One of the highest market capitalization in the equity markets.

# Statement of Financial Position



Rs. in mln

	Unconsolidated				Consolidated			
	June 2018	Dec 2017	YTD	%	June 2018	Dec 2017	YTD	%
<b>Assets</b>	<b>1,421,724</b>	<b>1,327,311</b>	<b>94,413</b>	<b>7%</b>	<b>1,487,103</b>	<b>1,373,430</b>	<b>113,673</b>	<b>8%</b>
Advances - net	510,735	469,356	41,380	9%	563,944	500,966	62,978	13%
Investments	689,109	656,964	32,146	5%	694,209	660,070	34,139	5%
Cash and Balances with Banks & Lending to Financial Institutions	137,341	115,049	22,292	19%	139,337	122,085	17,252	14%
Other Assets (including fixed assets)	84,538	85,942	(1,404)	-2%	89,613	90,309	(696)	-1%
<b>Liabilities</b>	<b>1,271,023</b>	<b>1,173,745</b>	<b>97,278</b>	<b>8%</b>	<b>1,333,683</b>	<b>1,216,887</b>	<b>116,796</b>	<b>10%</b>
Deposits	1,018,740	968,483	50,258	5%	1,070,341	1,001,146	69,195	7%
Borrowings	192,480	133,070	59,411	45%	199,254	140,462	58,792	42%
Subordinated loans	3,892	3,893	(1)	0%	3,892	3,893	(1)	0%
Bills Payable	12,190	22,681	(10,490)	-46%	13,733	22,995	(9,262)	-40%
Other Liabilities (including Deferred Tax)	43,721	45,619	(1,899)	-4%	46,464	48,392	(1,928)	-4%
<b>Net Assets</b>	<b>150,701</b>	<b>153,566</b>	<b>(2,865)</b>	<b>-2%</b>	<b>153,420</b>	<b>156,543</b>	<b>(3,123)</b>	<b>-2%</b>
<b>Equity without surplus (incl. M.I)</b>	<b>136,753</b>	<b>136,493</b>	<b>260</b>	<b>0%</b>	<b>138,671</b>	<b>138,680</b>	<b>(9)</b>	<b>0%</b>

# Non Performing Loans (NPLs)

Rs. in mln

	Jun 18	Mar 18	Dec 17	Sep 17	Jun 17
<b>Total NPLs</b>	<b>47,131</b>	<b>48,377</b>	<b>48,753</b>	<b>49,251</b>	<b>22,478</b>
QoQ	(1,246)	(376)	(498)	26,773	1,316
QoQ % variance	-3%	-1%	-1%	119%	6%
<b>Substandard</b>	<b>520</b>	<b>381</b>	<b>552</b>	<b>929</b>	<b>3,140</b>
QoQ	140	(171)	(377)	(2,211)	2,817
QoQ % variance	37%	-31%	-41%	-70%	872%
<b>Doubtful</b>	<b>302</b>	<b>696</b>	<b>563</b>	<b>197</b>	<b>202</b>
QoQ	(394)	133	366	(5)	28
QoQ % variance	-57%	24%	186%	-3%	16%
<b>Loss</b>	<b>46,181</b>	<b>47,118</b>	<b>47,467</b>	<b>47,918</b>	<b>19,070</b>
QoQ	(937)	(348)	(452)	28,849	(1,398)
QoQ % variance	-2%	-1%	-1%	151%	-7%
<b>OAEM</b>	<b>127</b>	<b>182</b>	<b>171</b>	<b>206</b>	<b>67</b>
QoQ	(54)	10	(35)	140	(131)
QoQ % variance	-30%	6%	-17%	210%	-66%

YTD (Jun 18 vs. Dec 17)		
	Var.	%
<b>Total NPLs</b>	(1,622)	-3.33%
Substandard	(32)	-5.73%
Doubtful	(261)	-46.29%
Loss	(1,285)	-2.71%
OAEM	(44)	-25.79%

## Concentration of Category of NPLs

	Jun 18	Mar 18	Dec 17	Sep 17	Jun 17
Substandard	1.10%	0.8%	1.1%	1.9%	14.0%
Doubtful	0.64%	1.4%	1.2%	0.4%	0.9%
Loss	97.98%	97.4%	97.4%	97.3%	84.8%
OAEM	0.27%	0.4%	0.4%	0.4%	0.3%

\* Coverage ratio = Specific plus General Provision/NPLs



# Investments

Increase of Rs. 68.07B in Market Treasury Bills and decrease of Rs. 30.26B in Pakistan Investment Bonds.

	June 2018	Dec 2017	Var.	% var.	June 2017	Var.	% var.
Treasury Bills	452,439	384,367	68,072	18%	444,427	8,012	2%
Pakistan Investment Bonds	192,574	222,838	(30,264)	-14%	252,147	(59,573)	-24%
TFCs, Debentures, Bonds and Certificates	7,674	7,381	292	4%	5,766	1,907	33%
Other government securities	347	2,721	(2,374)	-87%	3,122	(2,774)	-89%
Shares in Listed, Unlisted Co.s & Mutual funds	25,140	25,361	(221)	-1%	20,615	4,525	22%
Sukuks Bonds & Treasury Bonds (Sri Lanka)	1,616	1,632	(17)	-1%	739	877	119%
Subsidiaries & Associated Undertakings	12,747	11,595	1,152	10%	11,594	1,153	10%
<b>Investments at cost</b>	<b>692,537</b>	<b>655,896</b>	<b>36,641</b>	<b>6%</b>	<b>738,411</b>	<b>(45,874)</b>	<b>-6%</b>
Prov for diminution in value of investments	(5,695)	(5,986)	291	-5%	(2,474)	(3,221)	130%
Surplus on revaluation of securities	2,267	7,053	(4,786)	-68%	14,155	(11,888)	-84%
<b>Investments at revalued amount - net of provision</b>	<b>689,109</b>	<b>656,964</b>	<b>32,146</b>	<b>5%</b>	<b>750,092</b>	<b>(60,983)</b>	<b>-8%</b>

# Deposits



Rs. in mln

	Q2 18		Q1 18		Q4 17		Q3 17		Q2 17	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
<b>Deposits - Volume</b>	<b>1,018,740</b>		<b>1,005,027</b>		<b>968,483</b>		<b>962,500</b>		<b>891,551</b>	
Current deposits	399,611	39%	395,346	39%	377,083	39%	368,553	38%	368,779	41%
Savings deposits	546,769	54%	536,095	53%	522,281	54%	530,883	55%	469,570	53%
Term Deposits	72,360	7%	73,586	7%	69,119	7%	63,064	7%	53,201	6%
<b>CASA</b>	<b>946,381</b>	<b>92.90%</b>	<b>931,441</b>	<b>92.68%</b>	<b>899,364</b>	<b>92.86%</b>	<b>899,436</b>	<b>93.45%</b>	<b>838,349</b>	<b>94.03%</b>
<b>Variance</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>
Current deposits	8%	1%	24%	5%	27%	2%	28%	0%	22%	16%
Savings deposits	16%	2%	18%	3%	19%	-2%	26%	13%	14%	3%
<b>CASA</b>	<b>13%</b>	<b>2%</b>	<b>21%</b>	<b>4%</b>	<b>22%</b>	<b>0%</b>	<b>26%</b>	<b>7%</b>	<b>18%</b>	<b>9%</b>
Term Deposits	36%	-2%	58%	6%	51%	10%	45%	19%	24%	15%
<b>Total Deposits</b>	<b>14%</b>	<b>1%</b>	<b>23%</b>	<b>4%</b>	<b>24%</b>	<b>1%</b>	<b>28%</b>	<b>8%</b>	<b>18%</b>	<b>9%</b>
	<b>YTD</b>	<b>QoQ</b>	<b>YTD</b>	<b>QoQ</b>	<b>YTD</b>	<b>QoQ</b>	<b>YTD</b>	<b>QoQ</b>	<b>YTD</b>	<b>QoQ</b>
	<b>50,258</b>	<b>13,713</b>	<b>36,544</b>	<b>36,544</b>	<b>187,053</b>	<b>5,982</b>	<b>181,070</b>	<b>70,950</b>	<b>110,121</b>	<b>72,600</b>
<b>Market Share (Domestic)</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>
Industry	13,062,787	3.91%	12,571,277	1.69%	12,361,806	3.19%	11,979,886	-0.01%	11,980,697	7.26%
MCB	991,413	1%	977,703	4%	938,873	0%	937,135	8%	866,317	9%
Share	7.59%		7.78%		7.59%		7.82%		7.23%	

# Profit and Loss Statement



Rs. In mln

	Unconsolidated				Consolidated			
	June 2018	June 2017	+/-	%	June 2018	June 2017	+/-	%
Mark-up Income	37,715	35,966	1,749	5%	39,272	36,797	2,475	7%
Mark-up Expense	15,162	15,918	(756)	-5%	16,014	16,267	(253)	-2%
<b>Net Mark-up Income</b>	<b>22,553</b>	<b>20,048</b>	2,505	12%	<b>23,259</b>	<b>20,531</b>	2,728	13%
Non Interest Income	8,264	9,680	(1,416)	-15%	8,607	9,823	(1,216)	-12%
<b>Total Income</b>	<b>30,817</b>	<b>29,729</b>	1,089	4%	<b>31,866</b>	<b>30,353</b>	1,512	5%
Non Mark-up Expense	16,464	13,363	3,101	23%	17,928	14,383	3,545	25%
<i>admin expenses</i>	15,062	12,671	2,391	19%	16,524	13,687	2,837	21%
<i>(PF reversal)</i>	1,703	(286)	1,989	-696%	1,703	(286)	1,989	-696%
<i>other charges</i>	(301)	978	(1,279)	-131%	(299)	982	(1,281)	-130%
Share of Undertaking	-	-	-	-	358	355	2	1%
<b>Profit before Provisions</b>	<b>14,353</b>	<b>16,366</b>	(2,013)	-12%	<b>14,295</b>	<b>16,325</b>	(2,030)	-12%
Provisions	(1,647)	(1,360)	(287)	21%	(1,396)	(1,353)	(43)	3%
against Investments	(220)	587	(807)	0%	27	587	(560)	0%
against loans & advances	(1,427)	(1,947)	520	-27%	(1,424)	(1,940)	517	-27%
<b>Profit before Extra Ordinary Item</b>	<b>16,000</b>	<b>17,726</b>	(1,726)	-10%	<b>15,691</b>	<b>17,679</b>	(1,987)	-11%
Extra Ordinary Item	-	-	-	-	-	-	-	-
<b>Profit before Tax</b>	<b>16,000</b>	<b>17,726</b>	(1,726)	-10%	<b>15,691</b>	<b>17,679</b>	(1,987)	-11%
Taxation	6,237	4,036	2,200	55%	6,220	4,067	2,153	53%
<b>Profit after Tax</b>	<b>9,763</b>	<b>13,689</b>	(3,926)	-29%	<b>9,471</b>	<b>13,612</b>	(4,140)	-30%

# Key Performance Ratios



BV	ROA	ROE	EPS (annualised)	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non- markup/Total Rev
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<b>Jun 2018</b>	<b>115.40</b>	<b>1.42%</b>	<b>14.29%</b>	<b>16.48</b>	<b>16.56%</b>	<b>54.49%</b>	<b>8.49%</b>	<b>94.07%</b>	<b>97.18%</b>	<b>26.82%</b>
Dec 2017	115.18	1.89%	17.65%	19.56	16.44%	53.18%	9.47%	93.74%	97.31%	29.75%
Dec 2016	105.97	2.13%	18.94%	19.67	19.33%	47.07%	5.90%	90.82%	98.76%	26.96%
Dec 2015	101.69	2.63%	23.21%	22.95	19.43%	46.29%	6.32%	90.37%	99.82%	25.14%
Dec 2014	96.05	2.78%	23.83%	21.85	20.41%	46.83%	6.80%	85.62%	94.00%	22.93%
Dec 2013	87.39	2.72%	23.09%	19.31	22.25%	42.41%	8.68%	85.74%	94.66%	22.78%
Dec 2012	79.85	2.91%	24.59%	18.57	22.24%	48.14%	9.74%	89.23%	87.55%	18.30%
Dec 2011	71.22	3.18%	26.17%	17.45	21.79%	50.88%	10.67%	83.76%	94.74%	15.41%
Dec 2010	62.15	3.13%	25.91%	15.16	22.07%	63.55%	8.95%	79.83%	91.82%	10.26%
Dec 2009	54.87	3.25%	27.35%	13.92	19.07%	73.37%	8.62%	70.89%	83.41%	9.86%

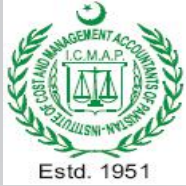
\* Coverage ratio is based on specific plus general provision

\*\* Coverage ratio based on specific provision (excl. GP) plus benefit of liquid securities

Net revenue= net markup income + non-markup income

# International Recognition

# Awards / Accolades



## “Winner -Best Corporate Report Award 2017 – Banking Sector”

Winner” - Best Corporate Report Award 2016  
 Winner” - Best Corporate Report Award 2015  
 Winner” - Best Corporate Report Award 2014  
 “Winner” - Best Corporate Report Award 2013  
 “Winner” - Best Corporate Report Award 2012  
 “Runner-up” Best Corporate Report Award 2011  
 “Winner - Best Corporate Report Award 2010  
 “Winner - Best Corporate Report Award 2009



## Best Investment bank in Pakistan - 2017

Best bank in Pakistan - 2016  
 Euromoney Awards for Excellence 2012:  
 Best Bank in Pakistan 2011, 2008, 2003-2005, 2001, 2000



**Best bank for Corporate Finance & Capital market Development - 2016**



Best Domestic Bank in Pakistan: 2014; 2009, 2008, 2006, 2005 & 2004



**Best bank in Pakistan - 2016**  
 Best bank in Pakistan - 2015



**Most Stable Bank of the year 2014**  
 Best Bank of the year 2013 – Large Bank  
 Most Stable Bank of the year 2013  
 Investor Relations Award 2011: Runner-up  
 Best Bank of the Year 2011  
 Most Stable Bank of the Year 2011



2012: Ranked 624, 2011: Ranked 606, 2010: 621  
**Country Ranking: 3<sup>rd</sup> highest among the local Top 5**



**Best Bank Led Mobile Money Transfer Program 2010**



**THE ASIAN BANKER SUMMIT 2010**  
 Asia's Foremost Event on Transformational Issues in the Financial Services Industry

The QFC Asian Banker Leadership Achievement Award 2010



Ranked among the **Top 25 Companies** in Pakistan



**Best Commercial Bank – Pakistan 2012**



CSR Business Excellence Award  
 2012: Best Media Coverage



## Winner – Best Presented Annual Accounts 2014

1st Runner Up Best Presented Annual Report Awards 2013 – Category Private Sector Banks  
 2<sup>nd</sup> Runner Up Best Presented Annual Report Awards 2012– Category Private Sector Banks  
 Joint 2nd runner-up in the banking sector - Best Presented Accounts and Corporate Governance Disclosure Awards 2010



**Strongest Bank in Pakistan 2017**  
 Strongest Bank in Pakistan 2014  
 Strongest Bank in Pakistan 2010



Triple A Country Awards  
 Best Domestic Bank – Pakistan 2014: 2013: 2012:  
 Best Bank – Pakistan 2014





MCB Bank Limited

**Thankyou**

For further details on MCB Bank Limited, please visit [www.mcb.com.pk](http://www.mcb.com.pk)

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