

MCB Bank Limited
Investors Briefing
Financial Performance Analysis
March 31, 2017



Presented by:
Hammad Khalid
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 20% stake in it through Mayban International Trust (Labuan) Berhad.

Local Branches : 1,230

Foreign Branches : 11 (Including 1 EPZ branch)

Subsidiaries

MCB Financial Services Limited

Holding: 99.99%

Profile: Float, administer and manage modaraba funds and acts as trustees of various mutual funds.

MNET Services (Private) Limited

Holding: 99.95%

Profile: Service providers for Electronic Transactions to various financial institutions/banks including related services in Information Technology, software and data processing.

MCB Islamic Bank Limited

Holding: 100%

Profile: Islamic & Shria'h compliant banking.

MCB - Arif Habib Savings & Investments Limited

Holding: 51.33%

Profile: Asset management, investment advisory, portfolio management and underwriting.

“MCB Leasing” Closed Joint Stock Company, Azerbaijan

Holding: 99.94%

Profile: Leases various types of industrial equipment, public transports, real estate and retail auto leases.

With reference to significant holding, the following entities are associates of the Bank;

Adamjee Insurance Company Limited

Holding: 21.69%

Euronet Pakistan (Private) Limited

Holding: 30%



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 1,247 bn (US\$ 11.9 bn) |
| Deposits | ➤ | PKR 819 bn (US\$ 7.8bn) |
| Advances (Gross) | ➤ | PKR 372 bn (US\$ 3.5 bn) |
| RoA | ➤ | 2.14% |
| RoE | ➤ | 20.70% |
| Profit before Tax | ➤ | PKR 9.4 bn (US\$ 90 mn) |
| Market capitalization | ➤ | PKR 253 bn (US\$ 2.4 bn) |
| No. of accounts | ➤ | 6.5 mn |

Domestic and International footprint

| | | |
|-------------------|---|---|
| Domestic Branches | ➤ | 1,230 |
| Foreign Branches | ➤ | 11 (Sri Lanka : 8, Bahrain : 1, EPZ : 1, UAE : 1) 1 Rep Office in Dubai |
| Subsidiaries | ➤ | MCB Financial Services |
| | ➤ | MNET Services (Private) Limited |
| | ➤ | MCB - Arif Habib Savings and Investments Limited |
| | ➤ | "MCB Leasing" Closed' Joint Stock Company |
| | ➤ | MCB Islamic Bank Limited |
| Associates | ➤ | Adamjee Insurance Company Limited |
| | ➤ | Euronet Pakistan (Pvt) Limited |
| # of ATMs | ➤ | 1,204 |

Highest Credit Rating by PACRA
Long Term AAA [triple A] and Short Term A1+ [A one plus]

Statement of Financial Position



Rs. in mln

| | Unconsolidated | | | | Consolidated | | | |
|--|------------------|------------------|----------------|------------|------------------|------------------|----------------|------------|
| | Mar 2017 | Dec 2016 | YTD | % | Mar 2017 | Dec 2016 | YTD | % |
| Assets | 1,246,551 | 1,051,814 | 194,737 | 19% | 1,276,911 | 1,076,690 | 200,221 | 19% |
| Advances - net | 353,506 | 347,980 | 5,526 | 2% | 373,819 | 364,334 | 9,485 | 3% |
| Investments | 747,588 | 555,929 | 191,660 | 34% | 749,632 | 556,770 | 192,862 | 35% |
| Cash and Balances with Banks & Lending to Financial Institutions | 83,430 | 81,376 | 2,054 | 3% | 87,875 | 85,743 | 2,132 | 2% |
| Other Assets (including fixed assets) | 62,027 | 66,529 | (4,503) | -7% | 65,585 | 69,843 | (4,258) | -6% |
| Liabilities | 1,103,583 | 910,187 | 193,396 | 21% | 1,129,878 | 930,730 | 199,148 | 21% |
| Deposits | 818,950 | 781,430 | 37,520 | 5% | 836,603 | 795,690 | 40,914 | 5% |
| Borrowings | 227,516 | 74,515 | 153,001 | 205% | 232,898 | 77,439 | 155,459 | 201% |
| Bills Payable | 13,721 | 12,844 | 877 | 7% | 13,855 | 13,291 | 563 | 4% |
| Other Liabilities (including deferred tax) | 43,396 | 41,398 | 1,997 | 5% | 46,522 | 44,310 | 2,212 | 5% |
| Net Assets | 142,968 | 141,627 | 1,341 | 1% | 147,033 | 145,960 | 1,073 | 1% |
| Equity without surplus (incl. M.I) | 119,622 | 117,946 | 1,676 | 1% | 122,052 | 120,661 | 1,390 | 1% |

Non Performing Loans (NPLs)



Rs. In mln

Coverage ratio* at 89.46% (YE16: 90.82%), NPLs ratio stands at 5.68% (YE16: 5.90%)

| | Mar 17 | Dec 16 | Sep 16 | Jun 16 | Mar 16 |
|--------------------|---------------|---------------|---------------|---------------|---------------|
| Total NPLs | 21,162 | 21,688 | 22,006 | 20,557 | 20,774 |
| QoQ | (527) | (318) | 1,450 | (217) | 406 |
| QoQ % variance | -2% | -1% | 7% | -1% | 2% |
| Substandard | 323 | 75 | 2,097 | 508 | 945 |
| QoQ | 248 | (2,022) | 1,589 | (437) | 945 |
| QoQ % variance | 331% | -96% | 313% | -46% | 100% |
| Doubtful | 174 | 363 | 788 | 647 | 31 |
| QoQ | (189) | (424) | 140 | 616 | (15) |
| QoQ % variance | -52% | -54% | 22% | 1957% | -32% |
| Loss | 20,467 | 21,218 | 19,077 | 19,356 | 19,766 |
| QoQ | (751) | 2,141 | (278) | (410) | (556) |
| QoQ % variance | -4% | 11% | -1% | -2% | -3% |
| OAEM | 197 | 32 | 45 | 45 | 31 |
| QoQ | 165 | (13) | (1) | 14 | 31 |
| QoQ % variance | 518% | -28% | -2% | 44% | 100% |

| YTD (Mar 17 vs. Dec 16) | | |
|-------------------------|-------|--------|
| | Var. | % |
| Total NPLs | (527) | -2.43% |
| Substandard | 248 | 331% |
| Doubtful | (189) | -52% |
| Loss | (751) | -4% |
| OAEM | 165 | 518% |

Concentration of Category of NPLs

| | Mar 17 | Dec 16 | Sep 16 | Jun 16 | Mar 16 |
|-------------|--------|--------|--------|--------|--------|
| Substandard | 1.53% | 0.3% | 9.5% | 2.5% | 4.5% |
| Doubtful | 0.82% | 1.7% | 3.6% | 3.1% | 0.2% |
| Loss | 96.72% | 97.8% | 86.7% | 94.2% | 95.1% |
| OAEM | 0.93% | 0.1% | 0.2% | 0.2% | 0.2% |

* Coverage ratio = Specific plus General Provision/NPLs

Investments



Increase of Rs. 149.70B in Market Treasury Bills and increase of Rs. 44.61B in Pakistan Investment Bonds.

Rs. In mln

| | Mar 2017 | Dec 2016 | Var. | % var. | Mar 2016 | Var. | % var. |
|--|----------------|----------------|----------------|------------|----------------|----------------|------------|
| Treasury Bills | 447,088 | 297,386 | 149,702 | 50% | 226,248 | 220,840 | 98% |
| Pakistan Investment Bonds | 244,742 | 200,132 | 44,610 | 22% | 338,105 | (93,363) | -28% |
| TFCs, Debentures, Bonds and Certificates | 5,970 | 5,977 | (7) | 0% | 5,941 | 29 | 0% |
| Other government securities | 2,864 | 6,377 | (3,512) | -55% | 2,837 | 27 | 1% |
| Shares in Listed, Unlisted Co.s & Mutual funds | 20,113 | 19,077 | 1,036 | 5% | 17,645 | 2,468 | 14% |
| Sukuks Bonds & Treasury Bonds (Sri Lanka) | 364 | 36 | 328 | 902% | 83 | 281 | 341% |
| Subsidiaries & Associated Undertakings | 11,601 | 11,691 | (90) | -1% | 11,772 | (172) | -1% |
| Investments at cost | 732,741 | 540,675 | 192,066 | 36% | 602,630 | 130,111 | 22% |
| Prov for diminution in value of investments | (1,764) | (1,887) | 123 | 7% | (2,534) | 770 | -30% |
| Surplus on revaluation of securities | 16,611 | 17,140 | (529) | -3% | 22,701 | (6,090) | -27% |
| Investments at revalued amount - net of provision | 747,588 | 555,929 | 191,660 | 34% | 622,797 | 124,791 | 20% |

Deposits



Rs. in mln

| | Q1 17 | | Q4 16 | | Q3 16 | | Q2 16 | | Q1 16 | |
|--------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | Volume | Mix | Volume | Mix | Volume | Mix | Volume | Mix | Volume | Mix |
| Deposits - Volume | 818,950 | | 781,430 | | 754,885 | | 755,434 | | 721,930 | |
| Current deposits | 318,132 | 39% | 298,032 | 38% | 288,869 | 38% | 301,322 | 40% | 274,974 | 38% |
| Savings deposits | 454,369 | 55% | 437,519 | 56% | 422,381 | 56% | 411,309 | 54% | 406,644 | 56% |
| Term Deposits | 46,448 | 6% | 45,879 | 6% | 43,635 | 6% | 42,803 | 6% | 40,312 | 6% |
| CASA | 772,502 | 94.33% | 735,550 | 94.13% | 711,250 | 94.22% | 712,631 | 94.33% | 681,619 | 94.42% |
| Variance | YoY | QoQ | YoY | QoQ | YoY | QoQ | YoY | QoQ | YoY | QoQ |
| Current deposits | 16% | 7% | 16% | 3% | 11% | -4% | -1% | 10% | 6% | 7% |
| Savings deposits | 12% | 4% | 11% | 4% | 4% | 3% | 1% | 1% | -2% | 3% |
| CASA | 13% | 5% | 13% | 3% | 7% | 0% | 0% | 5% | 1% | 5% |
| Term Deposits | 15% | 1% | 0% | 5% | -8% | 2% | -21% | 6% | -37% | -12% |
| Total Deposits | 13% | 5% | 12% | 4% | 6% | 0% | -1% | 5% | -2% | 4% |
| | YTD | QoQ | YTD | QoQ | YTD | QoQ | YTD | QoQ | YTD | QoQ |
| | 37,520 | 37,520 | 84,625 | 26,545 | 58,080 | (549) | 58,629 | 33,504 | 25,125 | 25,125 |
| Market Share (Domestic) | | QoQ | | QoQ | | QoQ | | QoQ | | QoQ |
| Industry | 11,170,035 | -0.29% | 11,202,886 | 6.59% | 10,510,703 | 0.45% | 10,463,967 | 8.50% | 9,644,264 | -0.32% |
| MCB | 797,617 | 5% | 760,419 | 3% | 736,152 | 0% | 738,341 | 4% | 707,845 | 4% |
| Share | 7.14% | | 6.79% | | 7.00% | | 7.06% | | 7.34% | |

Source: System Deposits, State Bank of Pakistan. In the absence of domestic numbers of peer banks, total deposits base has been used in the computation.

Profit and Loss Statement



Rs. In mln

| | Unconsolidated | | | | Consolidated | | | |
|---------------------------------|----------------|---------------|---------|------|---------------|---------------|---------|------|
| | Mar 2017 | Mar 2016 | +/- | % | Mar 2017 | Mar 2016 | +/- | % |
| Mark-up Income | 17,320 | 17,614 | (294) | -2% | 17,716 | 18,015 | (299) | -2% |
| Mark-up Expense | 7,585 | 6,289 | 1,296 | 21% | 7,736 | 6,411 | 1,325 | 21% |
| Net Mark-up Income | 9,735 | 11,325 | (1,590) | -14% | 9,980 | 11,604 | (1,624) | -14% |
| Non Interest Income | 5,184 | 2,958 | 2,226 | 75% | 5,149 | 3,055 | 2,094 | 69% |
| Total Income | 14,919 | 14,283 | 636 | 4% | 15,129 | 14,659 | 470 | 3% |
| Non Mark-up Expense | 6,326 | 5,675 | 651 | 11% | 6,850 | 5,997 | 853 | 14% |
| <i>admin expenses</i> | 6,174 | 5,539 | 635 | 11% | 6,696 | 5,848 | 847 | 14% |
| <i>PF reversal</i> | (75) | (75) | - | 0% | (75) | (75) | - | 0% |
| <i>other charges</i> | 227 | 211 | 16 | 8% | 230 | 224 | 5 | 2% |
| Share of Undertaking | - | - | - | - | 194 | 228 | (34) | -15% |
| Profit before Provisions | 8,593 | 8,608 | (16) | 0% | 8,473 | 8,889 | (416) | -5% |
| Provisions | (880) | (466) | (414) | 89% | (878) | (431) | (447) | 104% |
| against Investments | (123) | - | (123) | - | (123) | - | (123) | 0% |
| against loans & advances | (757) | (466) | (291) | 63% | (755) | (431) | (324) | 75% |
| Profit before Tax | 9,473 | 9,074 | 399 | 4% | 9,351 | 9,320 | 31 | 0% |
| Taxation | 3,326 | 3,057 | 269 | 9% | 3,421 | 3,171 | 250 | 8% |
| Profit after Tax | 6,147 | 6,017 | 130 | 2% | 5,930 | 6,148 | (219) | -4% |

Key Performance Ratios



| | BV | ROA | ROE | EPS (annualised) | CAR | ADR | Infection ratio | Coverage ratio* | Coverage (incl. benefit of liquid sec)** | Non- markup/Total Rev |
|-----------------|---------------|--------------|---------------|---------------------|---------------|---------------|--------------------|--------------------|---|-----------------------------|
| Mar 2017 | 107.47 | 2.14% | 20.70% | 22.09 | 18.12% | 45.48% | 5.68% | 89.46% | 97.55% | 34.75% |
| Dec 2016 | 105.97 | 2.13% | 18.94% | 19.67 | 19.33% | 47.05% | 5.90% | 90.82% | 98.76% | 27.04% |
| Sep 2016 | 105.23 | 2.35% | 20.18% | 20.88 | 19.94% | 46.69% | 6.24% | 81.84% | 89.76% | 26.02% |
| Jun 2016 | 103.23 | 2.05% | 18.78% | 19.25 | 18.54% | 47.67% | 5.71% | 86.49% | 96.75% | 20.57% |
| Mar 2016 | 102.79 | 2.35% | 21.15% | 21.62 | 18.15% | 44.22% | 6.51% | 86.91% | 95.72% | 20.71% |
| Dec 2015 | 101.69 | 2.63% | 23.21% | 22.95 | 19.43% | 46.29% | 6.32% | 90.37% | 99.82% | 25.14% |
| Sep 2015 | 101.20 | 2.74% | 24.55% | 24.22 | 20.13% | 45.67% | 6.40% | 85.16% | 94.08% | 25.56% |
| June 2015 | 99.21 | 2.68% | 24.92% | 24.33 | 19.02% | 43.52% | 6.36% | 84.98% | 93.59% | 26.90% |
| Mar 2015 | 99.19 | 3.25% | 29.13% | 28.43 | 19.54% | 43.96% | 6.70% | 85.36% | 93.87% | 29.84% |
| Dec 2014 | 96.05 | 2.78% | 23.83% | 21.85 | 20.41% | 46.83% | 6.80% | 85.62% | 94.00% | 22.93% |
| Sep 2014 | 94.09 | 2.87% | 23.93% | 21.71 | 20.46% | 46.24% | 7.12% | 84.62% | 95.11% | 22.98% |
| June 2014 | 91.68 | 2.79% | 23.53% | 21.07 | 20.22% | 44.19% | 7.29% | 85.60% | 94.15% | 20.29% |
| Mar 2014 | 89.15 | 2.68% | 22.44% | 19.81 | 21.09% | 43.45% | 8.26% | 85.66% | 94.23% | 21.49% |
| Dec 2013 | 87.39 | 2.72% | 23.09% | 19.31 | 22.25% | 42.41% | 8.68% | 85.74% | 94.66% | 22.78% |
| Sep 2013 | 86.81 | 3.03% | 24.70% | 20.58 | 24.77% | 41.98% | 10.17% | 84.28% | 92.65% | 23.09% |
| June 2013 | 85.05 | 3.08% | 25.91% | 21.36 | 23.96% | 40.08% | 10.12% | 86.92% | 95.42% | 23.70% |
| Mar 2013 | 82.68 | 3.02% | 25.51% | 20.73 | 22.54% | 46.37% | 9.41% | 88.97% | 97.22% | 19.47% |
| Dec 2012 | 79.85 | 2.91% | 24.59% | 18.57 | 22.24% | 48.14% | 9.74% | 89.23% | 87.55% | 18.30% |

* 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



Estd. 1951

“Winner -Best Corporate Report Award 2015 – Banking Sector”

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 bank in Pakistan - 2016

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



Pakistan Banking Awards

DAWN with IBP
 A.F. FERGUSON & CO. | A member firm of PricewaterhouseCoopers

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



GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

2012: Ranked 624, 2011: Ranked 606,
 2010: 621
 Country Ranking: 3rd highest among the
 local Top 5



Best Bank Led Mobile Money
 Transfer Program 2010



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



Winner – Best Presented Annual Accounts 2014

1st Runner Up Best Presented Annual Report Awards 2013 – Category Private Sector Banks
 2nd 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



Best Commercial Bank – Pakistan 2012



Strongest Bank in Pakistan 2014
 Strongest Bank in Pakistan 2010



CSR Business Excellence Award
 2012: Best Media Coverage



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



The QFC Asian Banker Leadership Achievement Award 2010





MCB Bank Limited

Thankyou

For further details on MCB Bank Limited, please visit www.mcb.com.pk

**For any query/comments/feedback, please e-mail
investor.relations@mcb.com.pk**