

MCB Bank Limited

Investors Briefing

March 31, 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..

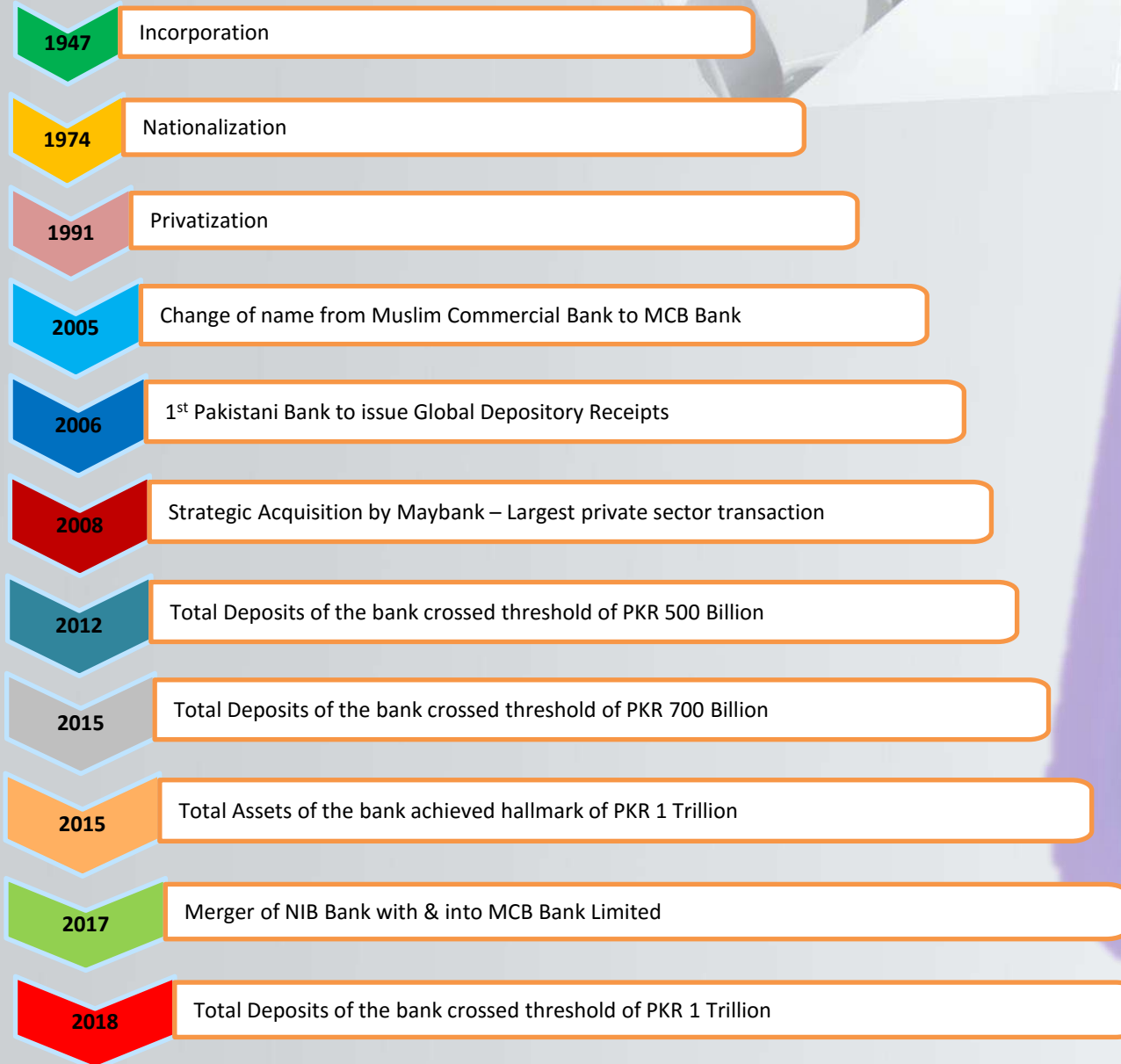
Local Branches : 1,435

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	
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.	
Financial Management Services (Pvt) Limited	Holding: 95.90%
Profile: Provision of Financial Services.	
With reference to significant holding, the following entities are associates of the Bank;	
Adamjee Insurance Company Limited	Holding: 20.00%
Euronet Pakistan (Private) Limited	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 1,293 bn (US\$ 11.2 bn)
Deposits	➤	PKR 1,005 bn (US\$ 8.7bn)
Advances (Gross)	➤	PKR 514 bn (US\$ 4.4bn)
RoA	➤	1.46%
RoE	➤	13.99%
Profit before Tax	➤	PKR 7.3bn (US\$ 65mn)
Market capitalization	➤	PKR 260 bn (US\$ 2.2 bn)
No. of accounts	➤	7.6 mn

Domestic and International footprint

Domestic Branches	➤	1,435
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	➤	1,382

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 1.46% as at March 31, 2018;
- One of the highest Return on Equity of 13.99% 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			
	Mar 2018	Dec 2017	YTD	%	Mar 2018	Dec 2017	YTD	%
Assets	1,293,468	1,327,311	(33,843)	-2.5%	1,346,036	1,373,430	(27,395)	-2.0%
Advances - net	468,508	469,356	(847)	-0.2%	507,573	500,966	6,607	1.3%
Investments	601,192	656,964	(55,771)	-8.5%	606,286	660,070	(53,784)	-8.1%
Cash and Balances with Banks & Lending to Financial Institutions	144,570	115,049	29,520	25.7%	148,285	122,085	26,199	21.5%
Other Assets (including fixed assets)	79,197	85,942	(6,745)	-7.8%	83,892	90,309	(6,417)	-7.1%
Liabilities	1,140,506	1,173,745	(33,239)	-2.8%	1,189,997	1,216,887	(26,890)	-2.2%
Deposits	1,005,027	968,483	36,544	3.8%	1,039,710	1,001,146	38,564	3.9%
Borrowings	73,494	133,070	(59,575)	-44.8%	84,970	140,462	(55,493)	-39.5%
Subordinated loans	3,893	3,893	-	0.0%	3,893	3,893	-	0.0%
Bills Payable	12,337	22,681	(10,343)	-45.6%	12,798	22,995	(10,196)	-44.3%
Other Liabilities (including Deferred Tax)	45,755	45,619	136	0.3%	48,627	48,392	235	0.5%
Net Assets	152,962	153,566	(605)	-0.4%	156,039	156,543	(504)	-0.3%
Equity without surplus (incl. M.I)	136,697	136,493	203	0.1%	138,825	138,680	144	0.1%

Non Performing Loans (NPLs)

Rs. in mln

	Mar 18	Dec 17	Sep 17	Jun 17	Mar 17
Total NPLs	48,377	48,753	49,251	22,478	21,162
QoQ	(376)	(498)	26,773	1,316	(527)
QoQ % variance	-1%	-1%	119%	6%	-2%
Substandard	381	552	929	3,140	323
QoQ	(171)	(377)	(2,211)	2,817	248
QoQ % variance	-31%	-41%	-70%	872%	331%
Doubtful	696	563	197	202	174
QoQ	133	366	(5)	28	(189)
QoQ % variance	24%	186%	-3%	16%	-52%
Loss	47,118	47,467	47,918	19,070	20,467
QoQ	(348)	(452)	28,849	(1,398)	(751)
QoQ % variance	-1%	-1%	151%	-7%	-4%
OAEM	182	171	206	67	197
QoQ	10	(35)	140	(131)	165
QoQ % variance	6%	-17%	210%	-66%	518%

YTD (Mar 18 vs. Dec 17)

	Var.	%
Total NPLs	(376)	-0.77%
Substandard	(171)	-31.02%
Doubtful	133	23.70%
Loss	(348)	-0.73%
OAEM	10	6.04%

Concentration of Category of NPLs

	Mar 18	Dec 17	Sep 17	Jun 17	Mar 17
Substandard	0.79%	1.1%	1.9%	14.0%	1.5%
Doubtful	1.44%	1.2%	0.4%	0.9%	0.8%
Loss	97.40%	97.4%	97.3%	84.8%	96.7%
OAEM	0.38%	0.4%	0.4%	0.3%	0.9%

* Coverage ratio = Specific plus General Provision/NPLs

Investments

Rs. In mln

Decrease of Rs. 24.12B in Market Treasury Bills and decrease of Rs. 29.03B in Pakistan Investment Bonds.

	Mar 2018	Dec 2017	Var.	% var.	Mar 2017	Var.	% var.
Treasury Bills	360,247	384,367	(24,121)	-6%	447,088	(86,841)	-19%
Pakistan Investment Bonds	193,811	222,838	(29,028)	-13%	244,742	(50,931)	-21%
TFCs, Debentures, Bonds and Certificates	7,204	7,381	(177)	-2%	5,970	1,234	21%
Other government securities	331	2,721	(2,391)	-88%	2,864	(2,533)	-88%
Shares in Listed, Unlisted Co.s & Mutual funds	24,895	25,361	(466)	-2%	20,113	4,783	24%
Sukuks Bonds & Treasury Bonds (Sri Lanka)	1,625	1,632	(8)	0%	364	1,261	346%
Subsidiaries & Associated Undertakings	12,747	11,595	1,152	10%	11,601	1,146	10%
Investments at cost	600,859	655,896	(55,037)	-8%	732,741	(131,882)	-18%
Prov for diminution in value of investments	(5,499)	(5,986)	487	-8%	(1,764)	(3,735)	212%
Surplus on revaluation of securities	5,832	7,053	(1,221)	-17%	16,611	(10,779)	-65%
Investments at revalued amount - net of provision	601,192	656,964	(55,771)	-8%	747,588	(146,396)	-20%

Rs. in mln

	Q1 18		Q4 17		Q3 17		Q2 17		Q1 17	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix

Deposits - Volume	1,005,027		968,483		962,500		891,551		818,950	
Current deposits	395,346	39%	377,083	39%	368,553	38%	368,779	41%	318,132	39%
Savings deposits	536,095	53%	522,281	54%	530,883	55%	469,570	53%	454,369	55%
Term Deposits	73,586	7%	69,119	7%	63,064	7%	53,201	6%	46,448	6%
CASA	931,441	92.68%	899,364	92.86%	899,436	93.45%	838,349	94.03%	772,502	94.33%

Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	24%	5%	27%	2%	28%	0%	22%	16%	16%	7%
Savings deposits	18%	3%	19%	-2%	26%	13%	14%	3%	12%	4%
CASA	21%	4%	22%	0%	26%	7%	18%	9%	13%	5%
Term Deposits	58%	6%	51%	10%	45%	19%	24%	15%	15%	1%
Total Deposits	23%	4%	24%	1%	28%	8%	18%	9%	13%	5%

	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
	36,544	36,544	187,053	5,982	181,070	70,950	110,121	72,600	37,520	37,520

Market Share (Domestic)		QoQ		QoQ		QoQ		QoQ		QoQ
Industry	12,571,277	1.69%	12,361,806	3.19%	11,979,886	-0.01%	11,980,697	7.26%	11,170,035	-0.29%
MCB	977,703	4%	938,873	0%	937,135	8%	866,317	9%	797,617	5%
Share	7.78%		7.59%		7.82%		7.23%		7.14%	

Profit and Loss Statement



Rs. In mln

	Unconsolidated				Consolidated			
	Mar 2018	Mar 2017	+/-	%	Mar 2018	Mar 2017	+/-	%
Mark-up Income	18,214	17,274	940	5.4%	18,947	17,670	1,277	7.2%
Mark-up Expense	7,216	7,539	(323)	-4.3%	7,607	7,690	(82)	-1.1%
Net Mark-up Income	10,998	9,735	1,263	13.0%	11,340	9,980	1,360	13.6%
Non Interest Income	4,298	5,184	(886)	-17.1%	4,359	5,149	(790)	-15.3%
Total Income	15,296	14,919	377	2.5%	15,699	15,129	570	3.8%
Non Mark-up Expense	6,694	6,326	368	5.8%	7,307	6,850	457	6.7%
<i>admin expenses</i>	7,210	6,174	1,036	16.8%	7,822	6,696	1,126	16.8%
<i>(PF reversal)</i>	-	(75)	75	-100.0%	-	(75)	75	-100.0%
<i>other charges</i>	(515)	227	(742)	-326.8%	(514)	230	(744)	-324.1%
Share of Undertaking	-	-	-	-	200	194	6	3.0%
Profit before Provisions	8,602	8,593	9	0.1%	8,591	8,473	118	1.4%
Provisions	(730)	(880)	150	-17.0%	(730)	(878)	148	-16.9%
against Investments	(416)	(123)	(293)	0.0%	(416)	(123)	(293)	0.0%
against loans & advances	(314)	(757)	443	-58.5%	(313)	(755)	442	-58.5%
Profit before Extra Ordinary Item	9,332	9,473	(141)	-1.5%	9,321	9,351	(30)	-0.3%
Extra Ordinary Item - Pension Cost	2,025	-	2,025	0.0%	2,025	-	2,025	0.0%
Profit before Tax	7,306	9,473	(2,166)	-22.9%	7,296	632	6,664	1054.4%
Taxation	2,529	3,326	(797)	-24.0%	2,584	3,421	(837)	-24.5%
Profit after Tax	4,777	6,147	(1,370)	-22.3%	4,711	5,930	(1,218)	-20.5%

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 2018	115.35	1.46%	13.99%	16.12	16.97%	51.13%	9.41%	93.72%	97.22%	28.10%
Dec 2017	115.18	1.89%	17.65%	19.56	16.44%	53.18%	9.47%	93.74%	97.31%	29.75%
Sep 2017	116.54	2.16%	19.93%	22.47	17.34%	50.59%	10.11%	93.47%	97.34%	30.58%
Jun 2017	109.65	2.31%	22.82%	24.60	17.43%	45.69%	5.52%	78.76%	85.46%	32.55%
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%	47.07%	5.90%	90.82%	98.76%	26.96%
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%	44.20%	6.51%	86.35%	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%

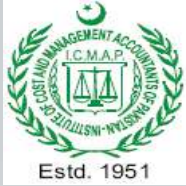
* Coverage ratio is based on specific plus general provision

** 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 2016 – Banking Sector”

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: 3rd 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
 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



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

For any query/comments/feedback, please e-mail
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