

MCB Bank Limited

Investors Briefing

September 30, 2018

Presented by:
Hammad Khalid
Chief Financial Officer



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 : 1,356

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: 30.00%

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 1,296 bn (US\$ 10.4 bn)
Deposits	➤	PKR 1,033 bn (US\$ 8.3bn)
Advances (Gross)	➤	PKR 531 bn (US\$ 4.3bn)
RoA	➤	1.49%
RoE	➤	14.28%
Profit before Tax	➤	PKR 23.3 bn (US\$ 197.6 mn)
Market capitalization	➤	PKR 238 bn (US\$ 1.9 bn)
No. of accounts	➤	7.6 mn

Domestic and International footprint

Domestic Branches	➤	1,356
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	➤	1,304

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 92.46% 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 1.49% as at September 30, 2018;
- One of the highest Return on Equity of 14.28% 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			
	Sep 2018	Dec 2017	YTD	%	Sep 2018	Dec 2017	YTD	%
Assets	1,295,976	1,327,311	(31,335)	-2.4%	1,372,680	1,373,430	(750)	-0.1%
Advances - net	487,501	469,356	18,145	3.9%	545,517	500,966	44,551	8.9%
Investments	454,190	656,964	(202,773)	-30.9%	459,193	660,070	(200,877)	-30.4%
Cash and Balances with Banks & Lending to Financial Institutions	279,031	115,049	163,982	142.5%	287,295	122,085	165,209	135.3%
Other Assets (including fixed assets)	75,254	85,942	(10,689)	-12.4%	80,675	90,309	(9,634)	-10.7%
Liabilities	1,147,333	1,173,745	(26,411)	-2.3%	1,221,718	1,216,887	4,831	0.4%
Deposits	1,032,649	968,483	64,167	6.6%	1,096,689	1,001,146	95,543	9.5%
Borrowings	55,837	133,070	(77,233)	-58.0%	62,366	140,462	(78,096)	-55.6%
Subordinated loans	3,892	3,893	(1)	0.0%	3,892	3,893	(1)	0.0%
Bills Payable	12,273	22,681	(10,407)	-45.9%	13,433	22,995	(9,562)	-41.6%
Other Liabilities (including Deferred Tax)	42,682	45,619	(2,937)	-6.4%	45,338	48,392	(3,053)	-6.3%
Net Assets	148,643	153,566	(4,924)	-3.2%	150,962	156,543	(5,581)	-3.6%
Equity without surplus (incl. M.I)	136,569	136,493	76	0.1%	138,413	138,680	(267)	-0.2%

Coverage ratio* at 93.26% (YE17: 93.74 %), NPLs ratio stands at 8.86% (YE17: 9.47 %)

	Sep 18	Jun 18	Mar 18	Dec 17	Sep 17
Total NPLs	47,080	47,131	48,377	48,753	49,251
QoQ	(51)	(1,246)	(376)	(498)	26,773
QoQ % variance	0%	-3%	-1%	-1%	119%
Substandard	904	520	381	552	929
QoQ	383	140	(171)	(377)	(2,211)
QoQ % variance	74%	37%	-31%	-41%	-70%
Doubtful	332	302	696	563	197
QoQ	29	(394)	133	366	(5)
QoQ % variance	10%	-57%	24%	186%	-3%
Loss	45,692	46,181	47,118	47,467	47,918
QoQ	(489)	(937)	(348)	(452)	28,849
QoQ % variance	-1%	-2%	-1%	-1%	151%
OAEM	152	127	182	171	206
QoQ	25	(54)	10	(35)	140
QoQ % variance	20%	-30%	6%	-17%	210%

YTD (Sep 18 vs. Dec 17)		
	Var.	%
Total NPLs	(1,673)	-3.43%
Substandard	352	63.70%
Doubtful	(231)	-41.07%
Loss	(1,775)	-3.74%
OAEM	(19)	-10.99%

Concentration of Category of NPLs					
	Sep 18	Jun 18	Mar 18	Dec 17	Sep 17
Substandard	1.92%	1.1%	0.8%	1.1%	1.9%
Doubtful	0.70%	0.6%	1.4%	1.2%	0.4%
Loss	97.05%	98.0%	97.4%	97.4%	97.3%
OAEM	0.32%	0.3%	0.4%	0.4%	0.4%

* Coverage ratio = Specific plus General Provision/NPLs

Decrease of Rs. 108.31B in Market Treasury Bills and decrease of Rs. 88.61B in Pakistan Investment Bonds

	Sep 2018	Dec 2017	Var.	% var.	Sep 2017	Var.	% var.
Treasury Bills	276,054	384,367	(108,314)	-28%	416,108	(140,055)	-34%
Pakistan Investment Bonds	134,228	222,838	(88,610)	-40%	215,046	(80,818)	-38%
TFCs, Debentures, Bonds and Certificates	8,295	7,381	914	12%	6,854	1,442	21%
Other government securities	1,104	2,721	(1,617)	-59%	1,129	(24)	-2%
Shares in Listed, Unlisted Co.s & Mutual funds	26,014	25,361	652	3%	24,765	1,248	5%
Sukuks Bonds & Treasury Bonds (Sri Lanka)	1,871	1,632	239	15%	722	1,148	159%
Subsidiaries & Associated Undertakings	12,747	11,595	1,152	10%	11,595	1,152	10%
Investments at cost	460,313	655,896	(195,584)	-30%	676,219	(215,906)	-32%
Prov for diminution in value of investments	(5,695)	(5,986)	290	-5%	(2,991)	(2,704)	90%
Surplus on revaluation of securities	(427)	7,053	(7,480)	-106%	9,040	(9,467)	-105%
Investments at revalued amount - net of provision	454,190	656,964	(202,773)	-31%	682,268	(228,078)	-33%

Deposits



Rs. in mln

	Q3 18		Q2 18		Q1 18		Q4 17		Q3 17	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
Deposits - Volume	1,032,649		1,018,740		1,005,027		968,483		962,500	
Current deposits	394,167	38%	399,611	39%	395,346	39%	377,083	39%	368,553	38%
Savings deposits	560,573	54%	546,769	54%	536,095	53%	522,281	54%	530,883	55%
Term Deposits	77,909	8%	72,360	7%	73,586	7%	69,119	7%	63,064	7%
CASA	954,740	92.46%	946,381	92.90%	931,441	92.68%	899,364	92.86%	899,436	93.45%
Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	7%	-1%	8%	1%	24%	5%	27%	2%	28%	0%
Savings deposits	6%	3%	16%	2%	18%	3%	19%	-2%	26%	13%
CASA	6%	1%	13%	2%	21%	4%	22%	0%	26%	7%
Term Deposits	24%	8%	36%	-2%	58%	6%	51%	10%	45%	19%
Total Deposits	7%	1%	14%	1%	23%	4%	24%	1%	28%	8%
	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
	64,167	13,909	50,258	13,713	36,544	36,544	187,053	5,982	181,070	70,950
Market Share (Domestic)		QoQ		QoQ		QoQ		QoQ		QoQ
Industry	13,031,815	-0.24%	13,062,787	3.91%	12,571,277	1.69%	12,361,806	3.19%	11,979,886	-0.01%
MCB	1,003,800	1%	991,413	1%	977,703	4%	938,873	0%	937,135	8%
Share	7.70%		7.59%		7.78%		7.59%		7.82%	

Profit and Loss Statement



Rs. In mln

	Unconsolidated				Consolidated			
	Sep 2018	Sep 2017	+/-	%	Sep 2018	Sep 2017	+/-	%
Mark-up Income	58,926	55,438	3,488	6.3%	61,534	56,895	4,639	8.2%
Mark-up Expense	25,016	23,954	1,062	4.4%	26,401	24,580	1,821	7.4%
Net Mark-up Income	33,910	31,484	2,426	7.7%	35,133	32,315	2,818	8.7%
Non Interest Income	11,757	13,828	(2,071)	-15.0%	12,278	14,187	(1,910)	-13.5%
Total Income	45,667	45,312	355	0.8%	47,411	46,502	908	2.0%
Non Mark-up Expense	24,488	21,210	3,278	15.5%	27,051	22,815	4,237	18.6%
<i>admin expenses</i>	22,926	20,384	2,542	12.5%	25,483	21,984	3,499	15.9%
<i>(PF reversal)</i>	1,703	(361)	2,064	-572.0%	1,703	(361)	2,064	-572.0%
<i>other charges</i>	(141)	1,186	(1,327)	-111.9%	(135)	1,191	(1,326)	-111.3%
Share of Undertaking	-	-	-	-	477	495	(18)	-3.6%
Profit before Provisions	21,179	24,102	(2,924)	-12.1%	20,836	24,182	(3,346)	-13.8%
Provisions	(2,136)	(1,897)	(240)	12.6%	(1,614)	(1,894)	280	-14.8%
against Investments	(220)	575	(795)	0.0%	296	575	(280)	0.0%
against loans & advances	(1,917)	(2,472)	555	-22.5%	(1,910)	(2,469)	559	-22.6%
Profit before Extra Ordinary Item	23,315	25,999	(2,684)	-10.3%	22,450	26,076	(3,626)	-13.9%
Extra Ordinary Item - Pension Cost	-	-	-	0.0%	-	-	-	0.0%
Profit before Tax	23,315	25,999	(2,684)	-10.3%	22,450	26,076	(3,626)	-13.9%
Taxation	9,004	6,860	2,144	31.2%	8,827	6,953	1,873	26.9%
Profit after Tax	14,311	19,138	(4,828)	-25.2%	13,624	19,123	(5,499)	-28.8%

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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Sep 2018	115.24	1.49%	14.28%	16.45	15.52%	51.46%	8.86%	93.26%	97.36%	25.75%
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%

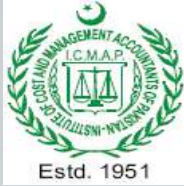
* Coverage ratio is based on specific plus general provision

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

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 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**



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



Best Commercial Bank – Pakistan 2012



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



CSR Business Excellence Award
 2012: Best Media Coverage



Best Bank Led Mobile Money Transfer Program 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



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
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