



**MCB**

**MCB Bank Limited**

**Investors Briefing**

**Financial Performance Analysis**

For the Half Year ended

June 30, 2014

**Presented by:**

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## Please Note

*Certain prior period financial numbers have been restated to conform to current period results presentation*

*All numbers are presented on the basis of **unconsolidated** financial results, unless stated otherwise*

*The figures are presented in millions, rounded, and as percentages, unless otherwise stated in '000s, billions and bps.*



## Statement of Financial Position

Rs. in mln

*Increase of 5% in Equity*

	Unconsolidated				Consolidated			
	1H 14	YE 13	YTD	%	1H 14	YE 13	YTD	%
<b>Assets</b>	<b>868,513</b>	<b>815,508</b>	<b>53,004</b>	<b>6%</b>	<b>874,961</b>	<b>821,278</b>	<b>53,682</b>	<b>7%</b>
Advances - net	<b>284,115</b>	248,243	35,873	14.5%	<b>284,359</b>	248,522	35,838	14%
Investments - net	<b>444,020</b>	449,006	(4,986)	-1.1%	<b>449,426</b>	453,808	(4,382)	-1%
Cash and Balances with Banks & Lending to Financial Institutions	<b>74,601</b>	62,708	11,893	19%	<b>74,698</b>	62,766	11,932	19%
Other Assets	<b>65,777</b>	55,552	10,225	18%	<b>66,477</b>	56,183	10,295	18%
<b>Liabilities</b>	<b>754,027</b>	<b>705,277</b>	<b>48,749</b>	<b>7%</b>	<b>754,747</b>	<b>705,816</b>	<b>48,932</b>	<b>7%</b>
Deposits	<b>685,766</b>	632,330	53,435	8%	<b>685,750</b>	632,309	53,441	8%
Borrowings	<b>30,830</b>	38,543	(7,713)	-20%	<b>30,963</b>	38,660	(7,697)	-20%
Bills Payable	<b>8,841</b>	10,139	(1,297)	-13%	<b>8,841</b>	10,139	(1,297)	-13%
Other Liabilities(including Deferred Liability)	<b>28,590</b>	24,266	4,324	18%	<b>29,192</b>	24,707	4,485	18%
<b>Net Assets</b>	<b>114,486</b>	110,231	4,255	4%	<b>120,214</b>	115,463	4,751	4%
<b>Equity without surplus (incl. M.I)</b>	<b>102,045</b>	97,272	4,773	5%	<b>105,445</b>	100,655	4,790	5%



## Non Performing Loans (NPLs)

Rs. In mln

Coverage ratio\* at 85.60% (YE13: 85.74%), NPLs ratio improved to 7.29% (YE13: 8.68 %)

	June 14	Mar 14	Dec 13	Sep 13	June 13
<b>Total NPLs</b>	<b>22,100</b>	<b>22,514</b>	<b>23,268</b>	<b>24,936</b>	<b>24,766</b>
QoQ	(414)	(753)	(1,668)	170	65
QoQ % variance	-1.8%	-3.2%	-6.7%	0.7%	0.3%
<b>Substandard</b>	<b>206</b>	<b>205</b>	<b>219</b>	<b>1,568</b>	<b>875</b>
QoQ	1	(14)	(1,349)	693	542
QoQ % variance	0%	-6%	-86%	79%	163%
<b>Doubtful</b>	<b>883</b>	<b>1,517</b>	<b>1,453</b>	<b>891</b>	<b>897</b>
QoQ	(634)	64	562	(6)	82
QoQ % variance	-42%	4%	63%	-1%	10%
<b>Loss</b>	<b>20,963</b>	<b>20,737</b>	<b>21,560</b>	<b>22,446</b>	<b>22,987</b>
QoQ	227	(823)	(886)	(542)	(561)
QoQ % variance	1%	-4%	-4%	-2%	-2%
<b>OAEM</b>	<b>48</b>	<b>55</b>	<b>36</b>	<b>31</b>	<b>7</b>
QoQ	(7)	20	4	24	2
QoQ % variance	-13%	55%	14%	349%	42%

YTD (June 14 vs. Dec13)		
	Var.	%
<b>Total NPLs</b>	(1,167)	-5%
Substandard	(13)	-4%
Doubtful	(570)	-67%
Loss	(597)	-2%
OAEM	12	100%

### Concentration of Category of NPLs

	June 14	Mar 14	Dec 13	Sep 13	June 13
Substandard	0.93%	0.9%	0.9%	6.3%	3.5%
Doubtful	3.99%	6.7%	6.2%	3.6%	3.6%
Loss	94.86%	92.1%	92.7%	90.0%	92.8%
OAEM	0.22%	0.2%	0.2%	0.1%	0.0%

\* Coverage ratio = Specific plus General Provision



## Investments

Increase of Rs.+168.82B in Pakistan Investment Bonds & decrease of Rs. -171.74B in Market Treasury Bills .

Rs. In mln

	June 2014	Dec 2013	Var.	% var.	Composition of Investments	
					June 2014	Dec 2013
Treasury Bills	151,414	323,158	(171,744)	-53%	T-Bills	33.99% 72%
Pakistan Investment Bonds	276,437	107,615	168,822	157%	PIBs	62.06% 24%
TFCs, Debentures, Bonds and PTCs	3,923	3,736	187	5%	Equity securities	2.11% 2%
Euro Bonds	2,222	2,345	(123)	-5%	Debt instruments	1.84% 2%
Shares in Listed, Unlisted Co.s & Mutual funds	7,750	7,941	(191)	-2%		
Sukuks Bonds	2,066	3,143	(1,077)	-34%		
Subsidiaries & Associated Undertakings	1,636	1,636	-	0%		
<b>Investments at cost</b>	<b>445,447</b>	<b>449,574</b>	<b>(4,127)</b>	<b>-1%</b>		
Prov for diminution in value of investments	(2,390)	(2,550)	160	6%		
Surplus /(Deficit) on revaluation of securities	963	1,982	(1,019)	-51%		
<b>Investments at revalued amount - net of provision</b>	<b>444,020</b>	<b>449,006</b>	<b>(4,986)</b>	<b>-1%</b>		



## Deposits

CASA reported at 91%, Increase recorded in Current Deposits +23%, Saving Deposits +3%

**YTD increase/decrease**

Current deposits	23%
Savings deposits	3%
CASA	11%
Term Deposits	-10%
<b>Total Deposits</b>	<b>8%</b>

Rs. In mln

Q2 14		Q1 14		Q4 13		Q3 13		Q2 13	
Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix

<b>Deposits - Volume</b>	<b>685,766</b>		<b>627,144</b>		<b>632,330</b>		<b>584,239</b>		<b>610,341</b>	
Current deposits	263,982	38%	213,010	34%	214,524	34%	209,891	36%	221,913	36%
Savings deposits	363,469	53%	359,388	57%	353,204	56%	312,117	53%	312,685	51%
Term Deposits	58,315	9%	54,745	9%	64,602	10%	62,231	11%	75,743	12%
<b>CASA</b>	627,451	↑ 91%	572,398	↑ 91%	567,728	↑ 90%	522,008	↑ 89%	534,598	↑ 88%

Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	19%	24%	7%	-1%	13%	2%	13%	-5%	17%	11%
Savings deposits	16%	1%	24%	2%	30%	13%	15%	0%	24%	8%
<b>CASA</b>	17%	10%	17%	1%	23%	9%	14%	-2%	21%	9%
Term Deposits	-23%	7%	-29%	-15%	-22%	4%	-27%	-18%	-14%	-2%
<b>Total Deposits</b>	12%	9%	11%	-1%	16%	8%	8%	-4%	15%	8%

Market Share (Domestic)		QoQ		QoQ		QoQ		QoQ		QoQ
Industry	8,082,412	7%	7,571,267	1%	7,529,370	6%	7,131,557	-3%	7,316,341	8%
MCB	678,266	9%	620,281	-1%	624,458	8%	577,183	-4%	603,849	8%
Share	↑ 8.39%		↓ 8.19%		↑ 8.29%		↓ 8.09%		↓ 8.25%	

## Profit and Loss Statement

Rs. In mln

Standalone PBT increased by 1% and PAT decreased by 1%

	Unconsolidated				Consolidated			
	1H 14	1H 13	+/-	%	1H 14	1H 13	+/-	%
Mark-up Income	37,573	32,975	4,598	14%	37,632	33,029	4,603	14%
Mark-up Expense	16,137	14,165	1,971	14%	16,141	14,172	1,969	14%
<b>Net Mark-up Income</b>	<b>21,437</b>	<b>18,810</b>	2,627	14%	<b>21,491</b>	<b>18,857</b>	2,633	14%
Non Interest Income	5,456	5,842	(386)	-7%	5,617	5,999	(382)	-6%
<b>Total Income</b>	<b>26,893</b>	<b>24,652</b>	2,241	9%	<b>27,108</b>	<b>24,857</b>	2,251	9%
Non Mark-up Expense	10,073	8,266	1,806	22%	10,278	8,452	1,826	22%
<i>admin expenses</i>	10,040	9,035	1,005	11%	10,246	9,220	1,026	11%
<i>PF reversal</i>	(470)	(1,090)	621	-57%	(470)	(1,090)	621	-57%
<i>other charges</i>	502	322	180	56%	502	322	180	56%
Share of Undertaking	-	-	-	-	257	452	(194)	-43%
<b>Profit before Provisions</b>	<b>16,820</b>	<b>16,385</b>	434	3%	<b>17,087</b>	<b>16,857</b>	230	1%
Provisions	(980)	(1,315)	335	-25%	(973)	(1,315)	342	-26%
against Investments	(41)	(35)	(6)	17%	(41)	(35)	(6)	17%
against loans & advances	(939)	(1,280)	341	-27%	(932)	(1,280)	348	-27%
<b>Profit before Tax</b>	<b>17,800</b>	<b>17,700</b>	100	1%	<b>18,060</b>	<b>18,171</b>	(111)	-1%
Taxation	6,074	5,813	261	4%	6,216	5,928	288	5%
<b>Profit after Tax</b>	<b>11,726</b>	<b>11,887</b>	(161)	-1%	<b>11,843</b>	<b>12,243</b>	(399)	-3%

## Non- Markup Income

Rs. In mln

	June 2014	June 2013			Budgeted June 2014		
		June 2013	Var.	% var.	June 2014	Var.	% var.
<b>NON MARKUP INCOME</b>	5,456	5,842	(386)	-7%	5,253	203	4%
Fee, Commission & Brokerage	3,402	3,265	137	4%	3,990	(587)	-15%
Dividend Income	449	507	(58)	-11%	460	(11)	-2%
Income from dealing in Foreign Currencies	750	296	454	153%	583	167	29%
Capital Gains	628	1,555	(927)	-60%	155	473	305%
Other Income	226	218	8	3%	65	161	249%





## Key Ratios

	BV*	ROA	ROE	EPS* (annualised)	CAR****	ADR	Infection ratio	Coverage ratio**	Coverage (incl. benefit of liquid sec)***	Non- markup/Total Rev
<b>June 2014</b>	<b>91.68</b>	<b>2.79%</b>	<b>23.53%</b>	<b>21.07</b>	<b>20.22%</b>	<b>44.19%</b>	<b>7.29%</b>	<b>85.60%</b>	<b>94.15%</b>	<b>12.68%</b>
Mar 2014	89.15	2.68%	22.44%	19.81	21.09%	43.45%	8.26%	85.66%	94.23%	13.25%
Dec 2013	87.39	2.72%	23.09%	19.31	22.25%	42.41%	8.68%	85.74%	94.66%	14.65%
Sep 2013	86.81	3.03%	24.70%	20.58	24.77%	41.98%	10.17%	84.28%	92.65%	15.00%
June 2013	85.05	3.08%	25.91%	21.36	23.96%	40.08%	10.12%	86.92%	95.42%	15.05%
Mar 2013	82.68	3.02%	25.51%	20.73	22.54%	46.37%	9.41%	88.97%	97.22%	12.33%
Dec 2012	79.85	2.91%	24.64%	18.57	22.24%	48.14%	9.74%	89.23%	87.55%	11.81%
Sep 2012	77.75	3.14%	26.87%	19.83	24.18%	46.29%	10.41%	85.79%	93.58%	11.79%
June 2012	76.17	3.35%	27.38%	20.14	22.15%	49.81%	10.00%	86.12%	94.30%	13.09%
Mar 2012	73.51	3.38%	27.73%	20.02	22.26%	49.37%	10.39%	85.00%	95.87%	12.09%
Dec 2011	70.90	3.18%	26.23%	17.45	21.79%	50.88%	10.67%	83.76%	94.74%	10.64%
Sep 2011	69.63	3.30%	28.21%	18.59	23.15%	54.58%	10.04%	83.14%	93.46%	10.91%
June 2011	67.40	3.53%	29.32%	19.00	22.26%	56.79%	9.02%	85.82%	96.46%	11.22%
Mar 2011	64.63	3.43%	28.48%	18.05	22.21%	60.49%	8.90%	82.71%	93.22%	11.88%
Dec 2010	62.15	3.13%	25.91%	15.16	22.07%	63.55%	8.95%	79.83%	91.82%	10.26%
Sep 2010	60.27	3.18%	26.00%	14.97	23.16%	58.47%	9.68%	76.65%	88.10%	10.24%
June 2010	58.18	3.05%	25.25%	14.27	21.15%	62.82%	9.16%	76.02%	87.22%	10.18%
Mar 2010	56.42	3.29%	26.74%	14.88	20.24%	66.29%	8.98%	74.36%	86.53%	9.66%
Dec 2009	54.87	3.25%	27.35%	13.92	19.07%	73.37%	8.62%	70.89%	83.41%	9.86%

\* Annualised & Includes the impact of bonus shares 2012

\*\* Coverage ratio is based on specific plus general provision

\*\*\* Coverage ratio based on specific provision plus benefit of liquid securities

\*\*\*\* under Basel-III



## Awards and Recognitions



**“Best Corporate Report Award 2012 – Banking Sector”**

‘Runner-up Best Corporate Report Award (Banks) 2011’

“Best Corporate Report Award 2010 – Banking Sector”

“Best Corporate Report Award 2009 – Banking Sector”



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



Best Bank Led Mobile Money Transfer Program 2010

**ASIAMONEY**

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



PCR Corporate Philanthropy Survey 2011: **Certificate of Philanthropy**  
**Ranked 25<sup>th</sup>** out of 490 PLCs (by volume of donations)



Investor Relations Award 2011: Runner-up  
Best Bank of the Year 2011  
Most Stable Bank of the Year 2011

**The Banker**  
GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

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



Ranked among the **Top 25 Companies** in Pakistan  
2011: # 15, 2010: # 17, 2009: # 19,  
2008: # 23, 2007: # 23, 2005: # 15



**Best Commercial Bank – Pakistan 2012**



CSR Business Excellence Award 2012:  
Best Media Coverage



**2<sup>nd</sup> Runner Up Best Presented Annual Report Awards** and SAARC Anniversary Awards for Corporate Governance Disclosures 2011 – Category Private Sector Banks (including Co-operative Banks)

**Joint 2nd runner-up in the banking sector** - Best Presented Accounts and Corporate Governance Disclosure Awards 2010

**Certificate of Merit for 2009** - Banking Sector subject to Prudential Supervision



Strongest Bank in Pakistan 2010



Triple A Country Awards 2012:  
Best Domestic Bank - Pakistan



The QFC Asian Banker Leadership Achievement Award 2010





MCB Bank Limited

**Thankyou**

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