

MCB Bank Limited Financial Highlights



September 30, 2022

Presented by:

Hammad Khalid
Chief Financial Officer

MCB Overview



ATMs

Over 1487 ATMs all across Pakistan



Customers

Over 8.5 million customer accounts



Global Presence

8 International branches in 3 countries



Branches

1430 Domestic Branches across Pakistan (EPZ:1)



Market Share – Trade

5.55%



Market Capitalization

2nd highest market capitalization in industry



Market Share – Home Remittance

11.5%



Branch Network

2nd largest branch network on group basis (including MIB branches)



Market Share - Advances

5.40% of Domestic Industry Advances



Dividends

Rs. 14/share. One of the Highest dividend per share across industry



Market Share - Deposits

6.57% of Domestic Industry Deposits



Credit Rating

Long Term - AAA

Key Highlights for the nine months ended September 30, 2022

Key challenges for the Economy:

- Political instability triggering financial crisis; Pressure on external front contained in 1QFY23 through structural reforms;
- MoM improvement on external front with CAD decreasing to USD 316Mln FTM Sept, 2022;
- Period of pause on the monetary side after an increase of 525bps in current calendar year;
- CPI overshoots expectation; primarily driven by food inflation;
- Volatility on the exchange parity front eases out;
- International rating agencies downgrade country ratings citing external vulnerabilities and increased government liquidity risks;
- Reduced tax incidence for the industry in the 3Q, 2022 results.

Strong performance from core business segments

- Highest ever quarterly PBT of 19.1B for MCB Bank;
- Nine months PBT number of Rs. 51.6Bln, growing by an impressive 35% YoY;
- 29% NIM growth; fueled by growth in no cost liability;
- Non-fund income block by 41% YoY; Prime contributors being fee and forex lines;
- Strong recovery against chronic NPLs; Ex-NIB related recovery FTP sums to Rs. 1.03 Bln;
- One of the leading Cost to Income Ratio of 37.32% in the industry;
- Current account concentration improved to 43% on absolute and 41% on average.

Historic Earnings in 9M-22, PBT of PKR 51.6 B

PBT PKR **51.59**Billion +35% YoY

PAT PKR **19.85**Billion -12%* YoY

NIM PKR **61.51**Billion +29% YoY

NMI PKR **20.25**Billion +41% YoY

Deposits PKR **1.59**Trillion +12.6%YTD

Advances PKR **626.72** Billion -1.39%YTD

*Due to Higher Taxes enacted through Finance Act 2022

Sound financial position

Exceptional performance in Deposits with above industry average growth

	Sep 2022	Dec 2021	Var.	% var.
PKR in Billions				
ASSETS	2,076	1,970	106	5.36%
Advances - net	582	590	(8)	-1.30%
- Gross Advances	627	636	(9)	-1.39%
Investments	1,092	1,036	56	5.45%
Cash and Balances with Banks	187	183	3	1.81%
Lending to Financial Institutions	62	42	20	46.94%
Other Assets (including fixed assets & DTA)	153	119	34	28.18%
LIABILITIES	1,907	1,796	111	6.18%
Deposits	1,590	1,412	178	12.60%
CASA	1,490	1,312	178	13.57%
Term deposits	100	100	(0)	-0.17%
Borrowings	184	270	(86)	-31.88%
Bills Payable	10	25	(14)	-57.56%
Other Liabilities (including DTL)	123	90	33	36.83%
NET ASSETS	169	174	(5)	-3.12%
EQUITY	164	160	4	2.71%

Advances Portfolio:

- Gross advances registered a decrease of Rs. 9 billion (-1.39%); Prime concentration in Corporate Book, followed by Retail Segment;
- Consumer lending slowed down in 3rd quarter (up 4.7Bln 9M; down 623Mln QoQ; Focus on asset quality in these economically stressful times);
- Coverage & infection ratios of the Bank were reported at 85.14% and 8.37% respectively.

Investment Portfolio:

- PKR 134 billion added to Floating PIBs portfolio closing at PKR 559 billion;
- PKR 48 billion added to Fixed Income PIBs closing at PKR 284 billion;
- TBs decreased by PKR 116 billion to PKR 210 billion;
- Yield on Investment increased to 11.83% in 9M-22 as compared to 8.25% in 9M-21;
- PIBs - AFS & HTM excluding floating - WA time to maturity of PIBs is 3.25 years.

Strong Deposits Mobilization:

- Strategically achieving 21% growth in no cost deposits i.e. Current Deposits rose to PKR 680 billion from 563 billion at Dec-21;
- PKR 117 billion (65% of deposit growth) added to Current Deposit base improving CASA base to 93.73%;
- Current to Total Deposits Ratio improved to 43% as compared to 40% as at Dec-21 ;
- CoD for 9M-22 works out at 5.94% (Q3-7.19%) on account of 525bps increase in policy rate i.e. 15.00% from 9.75%.

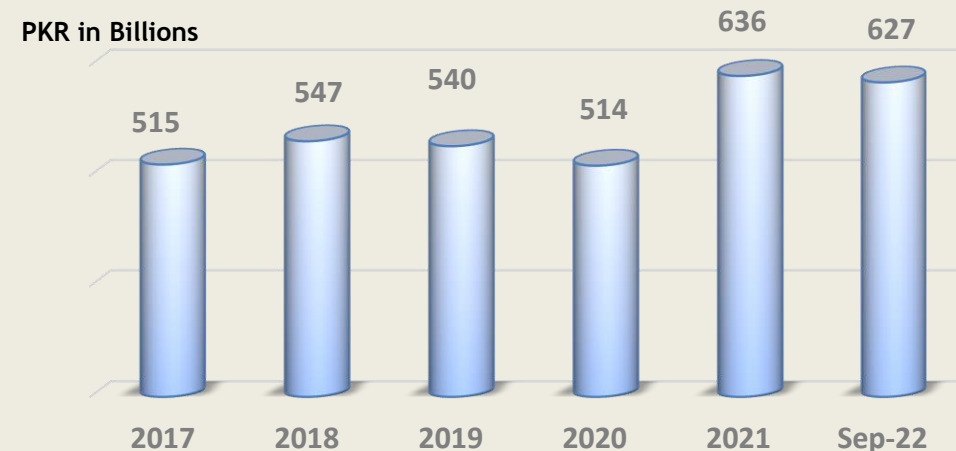
Advances & NPLs

Coverage ratio* at 85.14% (YE21: 90.83 %), NPLs ratio stands at 8.37% (YE21: 7.94 %)

Domestic NPLs Ratio at 6.72% (YE21: 6.77 %), Industry NPL ratio June 30, 2022:7.51% (YE21:7.89%)

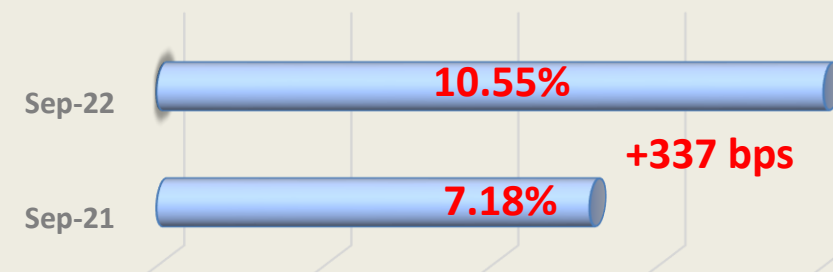


Gross Advances (CAGR11.88%)

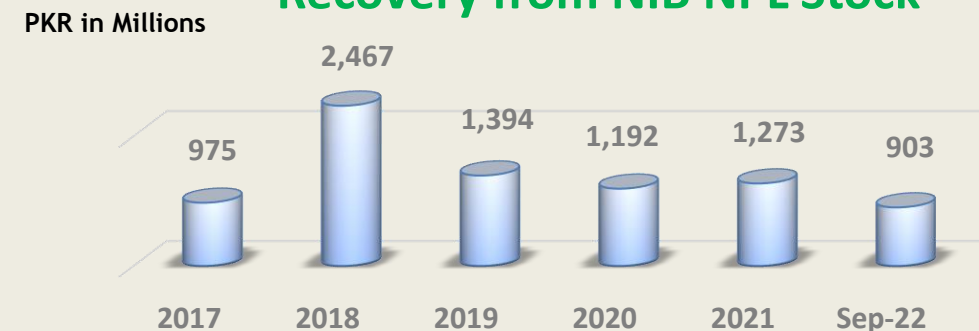


PKR in Billion	Sep 2022	Dec 2021	Var.	% var.
Advances (gross)	627	636	(9)	-1%
Retail	89	91	(2)	-2%
Corporate	434	445	(11)	-3%
Consumer	43	38	5	12%
Overseas	28	29	(1)	-3%
Others	33	32	1	2%
MCB Advances (domestic)	599	607	(8)	-1.32%
Industry Advances (domestic)	11,084	10,149	935	9.21%
Market Share	5.40%	5.98%		
Advances - Net	582	590	(8)	-1%

Yield on Advances



Recovery from NIB NPL Stock



PKR in Millions

YTD (Sep 22 vs. Dec 21)			Var (Sep 22 vs. Dec 21)		
	Sep 22	Dec 21		Var.	%
Total NPLs	52,471	50,491	Total NPLs	1,980	4%
OAEM	1,505	49	OAEM	1,456	2952%
Substandard	780	303	Substandard	477	158%
Doubtful	127	231	Doubtful	(105)	-45%
Loss	50,059	49,908	Loss	152	0%

*Coverage ratio = Specific plus General Provision/NPLs

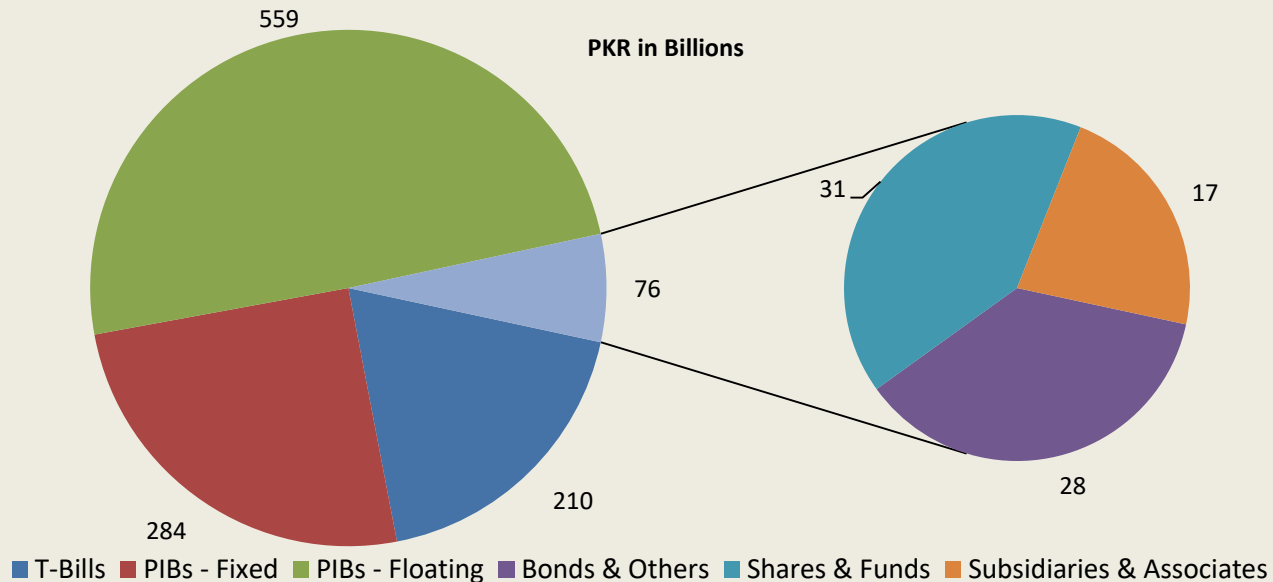
Total Recoveries related to NPL stock transferred from NIB Bank on 07-07-2017 amounts to Rs. 8.20 billion

Diversified Investment Portfolio



93% of the portfolio has been invested in Risk Free Government Securities

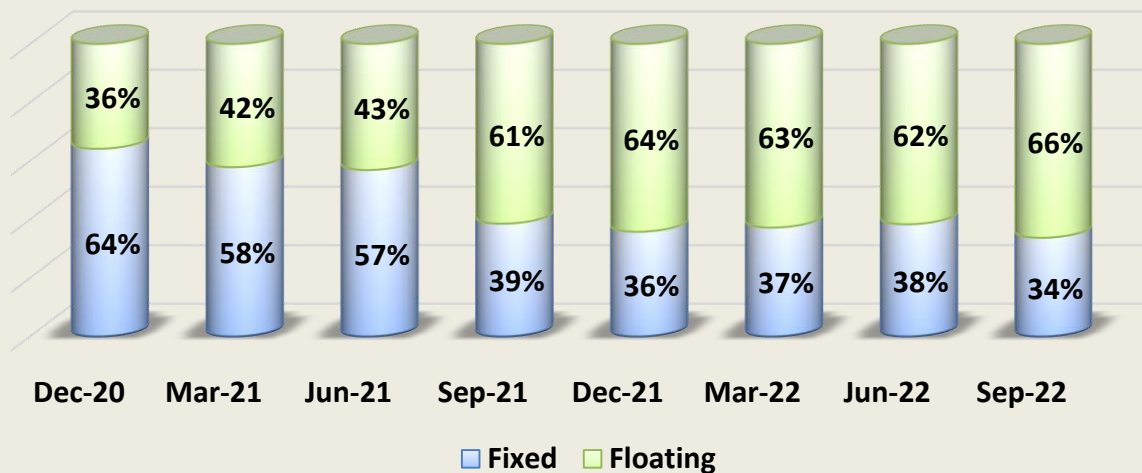
PKR in Billions



Re-Pricing Schedule

	PIBs Floating	TBs
Up to 1M	408.53	96.36
1M to 3M	64.29	39.56
3M to 6M	85.90	53.42
6M to 1Y	-	8.62
Total	558.73	197.96

Pakistan Investment Bonds



Government Securities

	Sep-22	Dec-21	Var	Var
Treasury Bills	210.0	325.5	(115.5)	-35.4%
PIBs - Fixed	283.5	235.8	47.7	20.2%
PIBs - Floating	558.7	424.4	134.4	31.7%
Total	1,052.2	985.7	66.5	16.4%

An average growth of 6.59% in Deposits (Industry: -1.33%)



Total Deposits
PKR **1.6** trillion
Up by 13%

Current Deposits
PKR **680** billion
Up by 21%

Saving Deposits
PKR **810** billion
Up by 8%

CoD
5.94%
Up by 265 bps YoY

CASA
93.7%
Dec-21 : 92.9%

Market Share (Domestic)
6.6%
Dec-21 : 6.4%

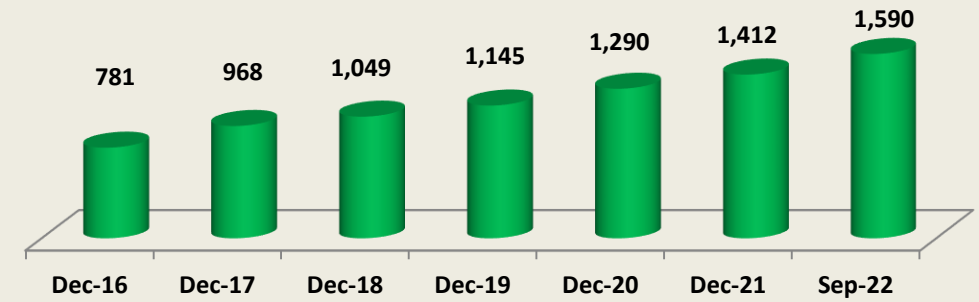
Branches
1,430
domestic

Branches
8
International
(EPZ:1)

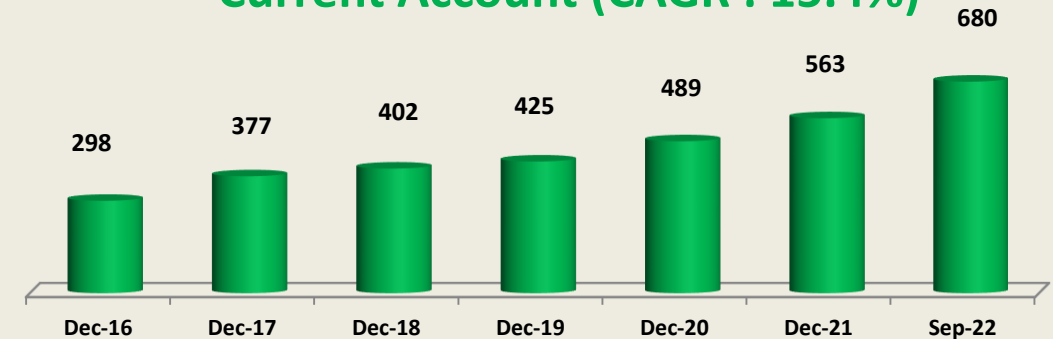
Customer Base
Over **8.5** million

PKR in Billion

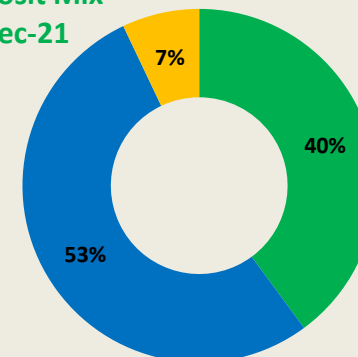
Total Deposits (CAGR : 13.1%)



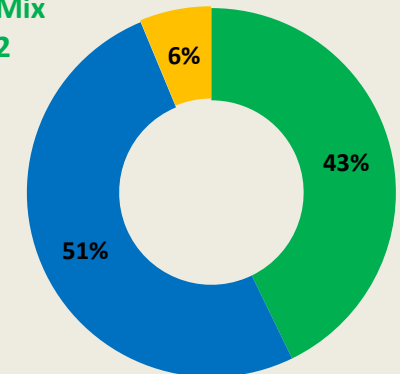
Current Account (CAGR : 15.4%)



Deposit Mix Dec-21



Deposit Mix Sep-22



■ CURRENT ACCOUNT ■ SAVINGS ACCOUNT ■ TERM ACCOUNT

Strong buildup in Core Earnings during 9M-22

PKR 51.6 billion PBT in Nine Months of 2022, highest ever quarterly Profit in Q3

	Sep 2022	Sep 2021	Var.	% var.
PKR in Billions				
Mark-up Income	141.03	89.90	51.13	57%
Mark-up Expense	79.52	42.16	37.36	89%
Net Mark-up Income	61.51	47.74	13.77	29%
Non Interest Income	20.25	14.38	5.87	41%
Total Income	81.76	62.13	19.64	32%
Non Mark-up Expense	31.49	27.36	4.14	15%
admin expenses	30.52	26.38	4.13	16%
PF reversal	(0.22)	(0.19)	(0.02)	-12%
other charges & WWF	1.19	1.17	0.03	2%
Profit before Provisions	50.27	34.77	15.50	45%
Provisions	(1.32)	(3.50)	2.18	62%
against Investments	0.63	(0.18)	0.82	445%
against loans & advances	(1.88)	(3.22)	1.34	42%
Others (including write off recovery)	(0.07)	(0.10)	0.03	31%
Profit before Tax	51.59	38.27	13.32	35%
Taxation	31.73	15.71	16.02	102%
Profit after Tax	19.85	22.56	(2.70)	-12%

Exceptional performance in Core Earnings:

- Strong volumetric growth in current account and favorable yield curve movements, net interest income for 9M'22 increased by 29%
- Total average increase of PKR 149 billion (YoY) in Deposits, YoY average current deposits of the Bank registered a growth of Rs 91.6 billion (+17%).
- Volatility on the exchange front enabled forex growth of 242% YoY;
- Fee income growth of 13% fueled by 33% increase in card based income and 35% growth in remittance income;
- Modest 16% increase in operational expenses despite an exceptionally high inflation, impact of currency devaluation and continued investments in human resources
- Proactive monitoring and recovery efforts led to a net provision reversal against NPL's of PKR 1.9 billion in 9M-22
- Profit of overseas operations increased by 180% YoY to PKR 1.6 billion (USD 7.78 million)

Non Core Segment:

- Dividend income is rose by 17% from PKR 1.4 billion in Sep-21 to PKR 1.7 billion in Sep-22
- Gross charge of Rs. 331Mln on equity investments in 3Q; Total gross charge of Rs. 1.7Bln.

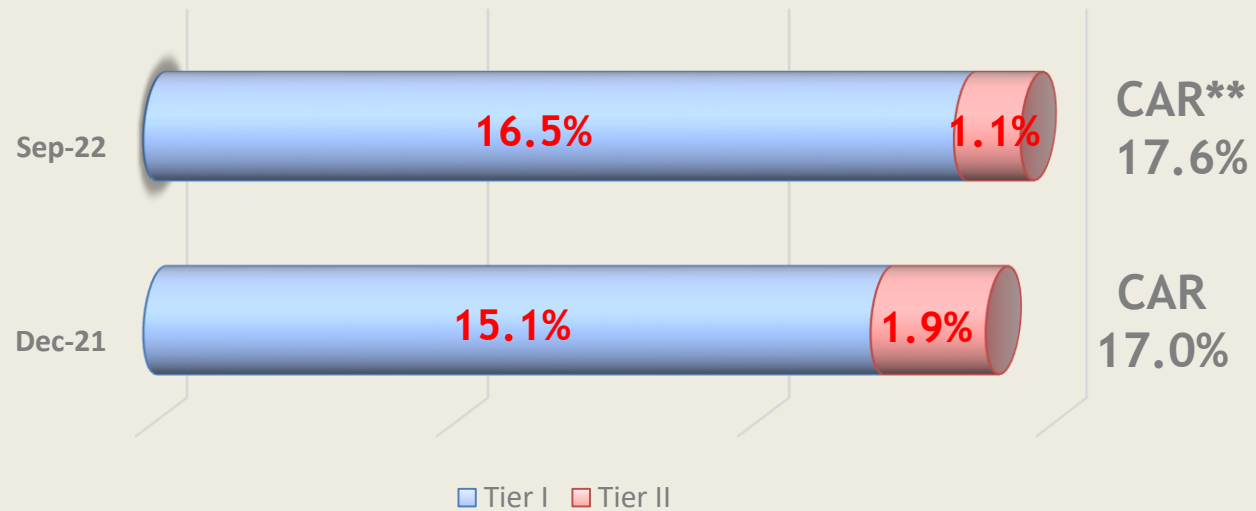
Profitability Ratios:

- RoE 17.02% (Dec-21: 19.11%) and RoA 1.37% (Dec-21: 1.65%), decline observed due to retrospective application of tax amendments enacted through Finance Act 2022
- Cost to Income ratio significantly improved to 37.3% from 42.5% reported in corresponding period last year

Strong Capital Position & Ratios

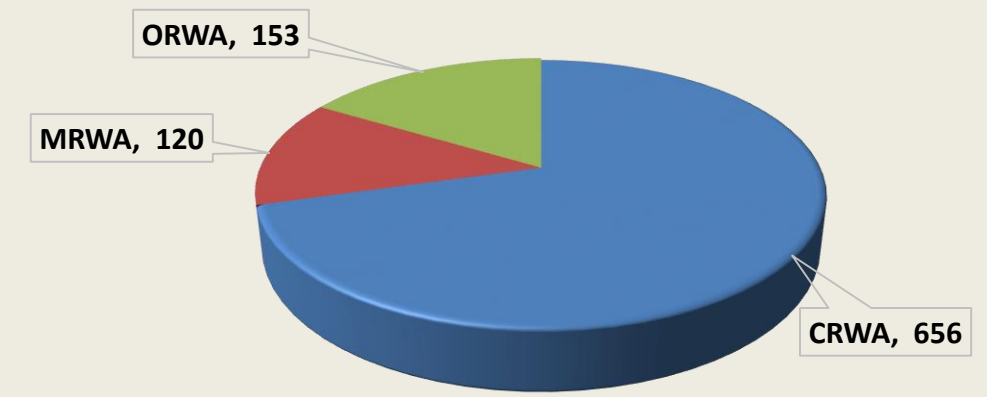


Buffer of 600bps on top of regulatory CAR

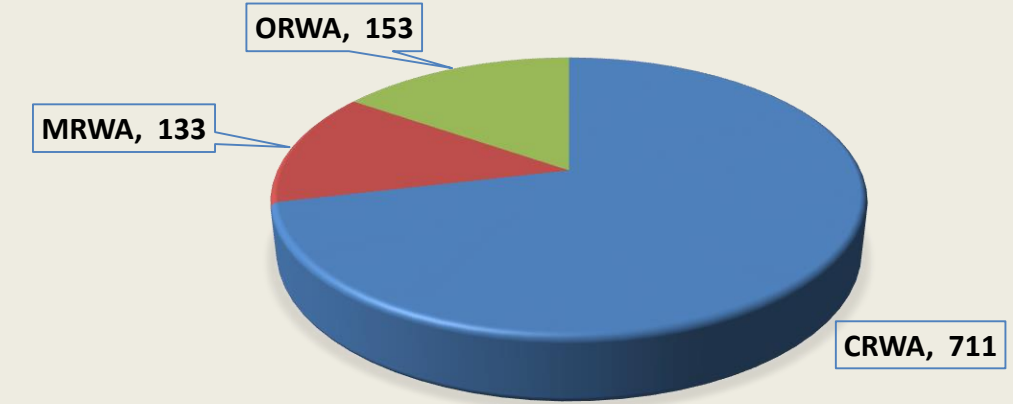


Risk Weighted Assets

RWA Sep-22 : PKR 929 billion



RWA Dec-21 : PKR 997 billion



- Bank's total Capital Adequacy Ratio (CAR) is 17.60% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020).
- Leverage Ratio of 5.62% which is well above the regulatory limit of 3.0%
- Liquidity Coverage Ratio (LCR) of 203.85% and Net Stable Funding Ratio (NSFR) of 134.66% against requirement of 100%.

*Minimum Capital Adequacy Ratio (CAR) of 11.50%, Common Equity Tier 1 (CET 1) ratio of 6.0% and Tier 1 ratio of 7.50%.

**Higher tax incidence has an adverse impact of 110bps on CAR ratio

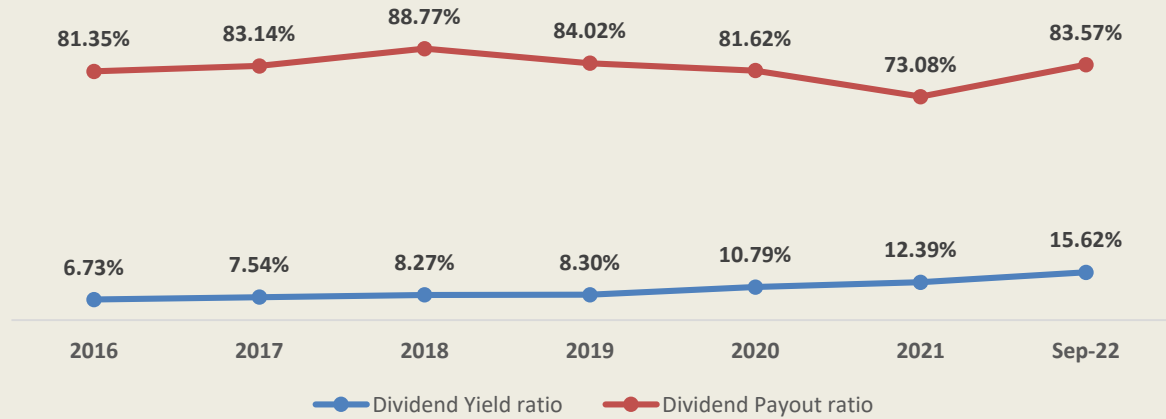


Superior Dividend Payout History

Dividend	2022		2021	
	Mln	%	Mln	%
Final cash dividend	-	-	5,925	50
3rd interim dividend	5,925	50	5,333	45
2nd interim dividend	4,740	40	5,925	50
1st interim dividend	5,925	50	5,333	45

	Quarterly Share Prices			Market Capitalisation	
	MCB Scrip (Rs)			Capital	Value
	High	Low	Closing	(Mln)	(Mln)
2022					
Third Quarter September 30, 2022	137.00	115.55	119.51	11,851	141,627
2nd Quarter June 30, 2022	154.99	119.41	122.98	11,851	145,739
1st Quarter March 31, 2022	166.20	141.15	145.66	11,851	172,616

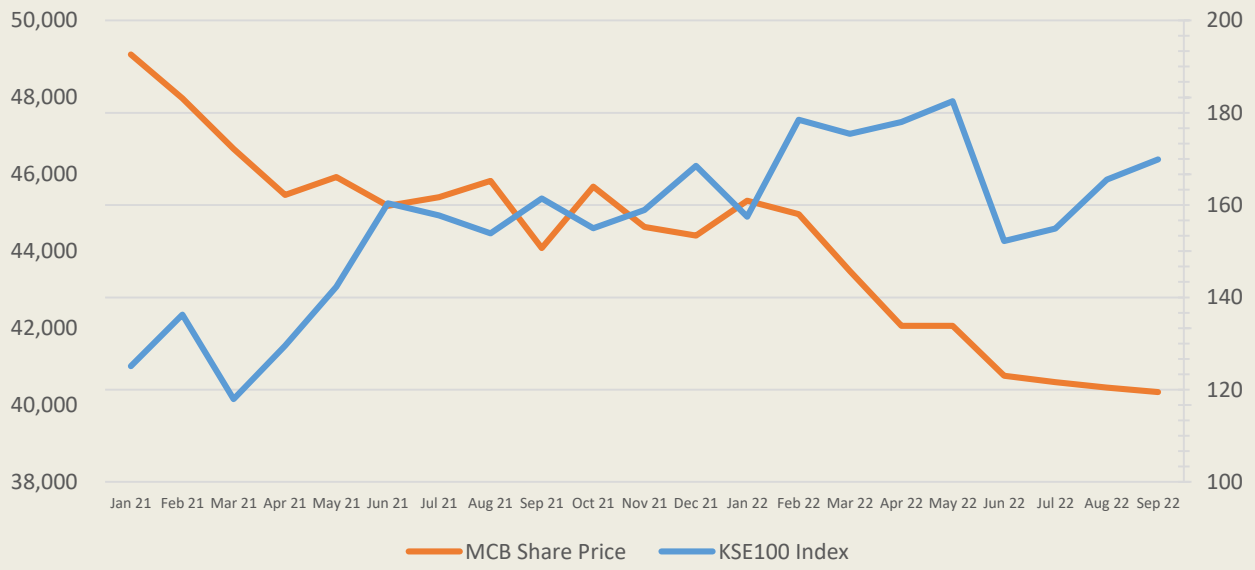
2021					
Fourth Quarter December 31, 2021	166.00	146.00	153.35	11,851	181,729
Third Quarter September 30, 2021	169.00	148.10	150.69	11,851	178,577
2nd Quarter June 30, 2021	175.95	150.00	159.83	11,851	189,408
1st Quarter March 31, 2021	202.40	164.00	172.15	11,851	204,008



MCB share sensitivity analysis

- One of the prime stock traded for KSE-100 index in Pakistan Stock Exchange
- Included in Top 25 companies by Pakistan Stock Exchange
- 2nd highest Market Capitalization in Industry i.e. PKR 141.6 billion
- One of the highest dividend per share since many years
- Price to Earning Ratio is 5.13 times
- One of the highest Dividend Payout Ratio of 83.57% across the industry

MCB Share Price vs KSE 100 Index



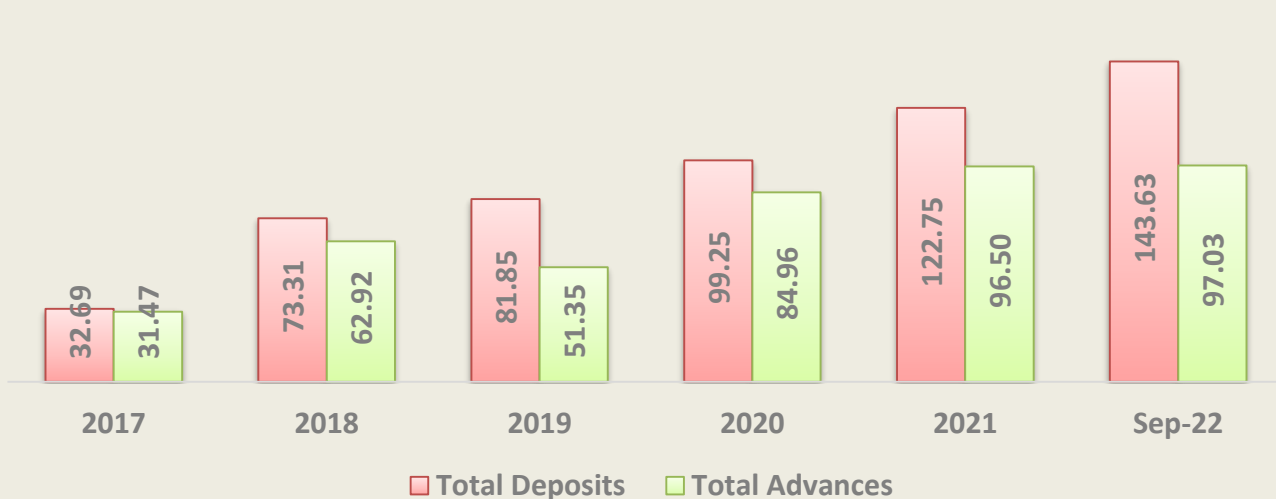
MCB Islamic Bank - Footprint



MCB is the only conventional bank operating a wholly owned Islamic Subsidiary – MCB Islamic Bank

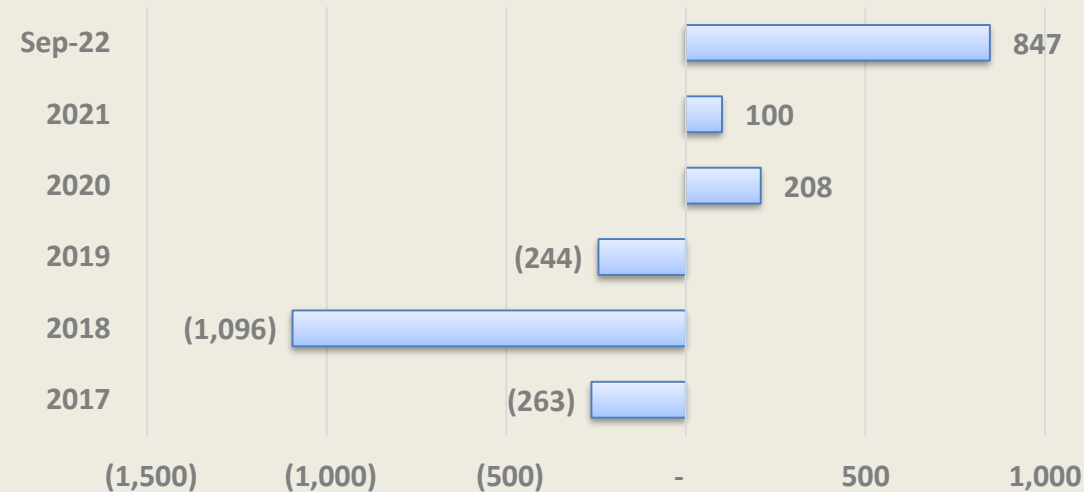
MCB Islamic – Deposits & Advances

PKR in Billions

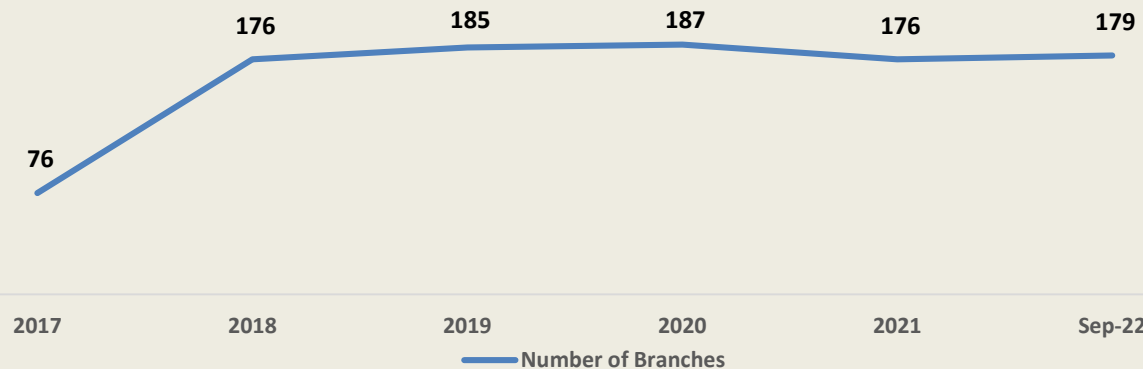


PKR in Millions

Profit / (Loss) after Tax



MCB Islamic Bank - Branches



PKR in Millions

Equity



*90 Branches were transferred from MCB to MCB Islamic Bank in June-2018

*PKR 4.0 billion injected by MCB Bank in June 2022

Way Forward



Branch Banking Stream

- **No Cost Deposits;** Deepening of existing relationships / dormant relationships
- Continue investing in **Branch & Technology infrastructure & Human Capital;**
- Drive **NFI streams** through diversification (Trade, Remittance, E-Commerce);
- No **Asset Quality Shocks;**
- **New to Bank** (NTB) relationships;
- **Islamic franchise** growth, scaling the entity into new levels
- Aiming for **ADR Target** of over 50% by year end

Digital Banking Stream

- **Digitalization Drive - MCB Live;** gearing for phase 2 delivery; Safe, Stable and Reliable;
- Improved **UX / UI;**
- **Enterprise Transformation Initiatives;**
- Capitalize on traction gained on **E-Commerce & POS Acquiring Business;**
- **MasterCard Simplify;** SME e-commerce gateway
- **Branchless Banking revitalized;** Penetration into unbanked segment

Awards & Accolades



Awards/ Accolades



“Joint Runner-up” – Overall Best Corporate Report Award 2021”

“Joint Winner” - Best Corporate Report Award 2021 – Banking Sector”

“Winner – Overall Best Corporate Report Award 2020”

“Winner” - Best Corporate Report Award 2020”

Winner” - Best Corporate Report Award 2019

Winner” - Best Corporate Report Award 2018

Winner” - Best Corporate Report Award 2017

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 – 2020

Best bank in Pakistan - 2019

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



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



Joint 1st Runner Up – Best Presented Annual Accounts 2019 – Banking Sector

Winner – Best Presented Annual Accounts 2014

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



Best Commercial Bank – Pakistan 2012



Strongest Bank in Pakistan 2017

Strongest Bank in Pakistan 2014

Strongest Bank in Pakistan 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 in Asia 2008



Overall Most outstanding Company in Pakistan 2020

Most outstanding Company in Pakistan 2020, 2019 Financial Sector

Best Domestic Bank in Pakistan: **2014**; 2009, 2008,

2006, 2005 & 2004



Best Bank Led Mobile Money Transfer Program 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



Thank you!

For more information write to us on info@mcb.com.pk.
For any investor related query/comments/feedback, please e-mail
investor.relations@mcb.com.pk