

MCB Bank Limited

Investors Briefing

December 31, 2017

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 Depositary 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. 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 : 1,433

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: 21.47%
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

Bank for Life

PRODUCTS & SERVICES

- > Continuous & sustainable earnings growth
- > Customer centricity in sales & service
- > Efficient mechanism for service delivery
- > Maintain & identify new competitive advantages

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			Domestic and International footprint		
Assets	>	PKR 1,327 bn (US\$ 12.0 bn)	Domestic Branches	>	1,433
Deposits	>	PKR 968 bn (US\$ 8.8bn)	Foreign Branches	>	11 (Sri Lanka : 8, Bahrain : 1, EPZ : 1, UAE : 1) 1 Rep Office in Dubai
Advances (Gross)	>	PKR 515 bn (US\$ 4.7 bn)	Subsidiaries	>	MCB Financial Services
RoA	>	1.89%		>	MINET Services (Private) Limited
RoE	>	17.65%		>	MCB - Arif Habib Savings and Investments Limited
Profit before Tax	>	PKR 31bn (US\$ 294mn)		>	"MCB Leasing" Closed' Joint Stock Company
Market capitalization	>	PKR 252 bn (US\$ 2.3 bn)	Associates	>	MCB Islamic Bank Limited
No. of accounts	>	7.6 mn		>	Financial Management Services (Pvt) Limited
			# of ATMs	>	Adamjee Insurance Company Limited
					Euronet Pakistan (Pvt) Limited
					1,377

Highest Credit Rating by PACRA

Long Term AAA [triple A] and Short Term A1+ [A one plus]

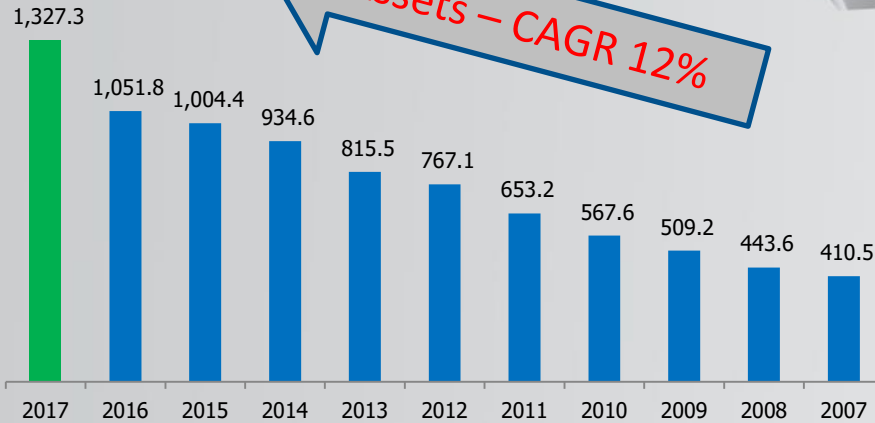
Distinguishing Financial Factors

- 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 1.89% as at December 31, 2017;
- One of the highest Return on Equity of 17.65% in the industry;
- One of the Lowest Infection Ratio in the industry;
- One of the Lowest Cost to Income Ratio of 45.31%;
- One of the highest market capitalization in the equity markets.

Rs. in Billions

Historical Trends

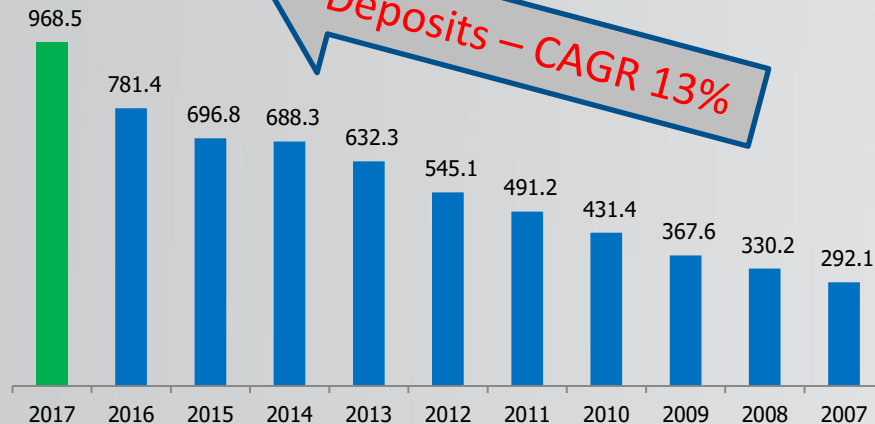
Assets – CAGR 12%



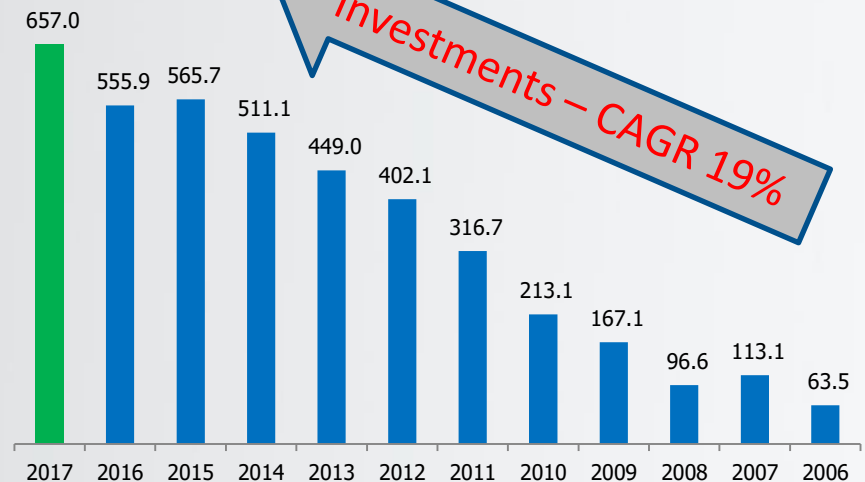
Advances – CAGR 8%



Deposits – CAGR 13%



Investments – CAGR 19%



Awards / Accolades in 2017



International Recognition

▶ Euromoney Awards 2017

 Best Investment Bank in Pakistan - Winner

▶ Asset AAA Islamic Finance Awards 2017

 Project finance house, Pakistan

▶ Asset AAA Infrastructure Awards 2017

 Project finance house of the year, Pakistan

 Renewable Energy deal of the year, Pakistan

(for Chanar Energy Ltd PKR 2.20 B syndicated term finance facility, **MCB Bank** has acted as the lead adviser and arranger)

 Transport deal of the year, Pakistan

(for SEPCO 12.658 billion rupee syndicated term finance facility, in which **MCB Bank** has acted as the lead adviser and arranger)

▶ Asiamoney New Silk Road Finance Awards 2017

 Best Regional Bank in South Asia for BRI (Belt & Road Initiative)

 Best Bank for BRI-related finance in South Asia

▶ Asian Banker Awards 2017

 Strongest Bank in Pakistan

▶ FinanceAsia Achievement Awards 2017

 Best Pakistan Deal, IPO of Pakistan Stock Exchange Limited

▶ The Asset Triple A Country Awards 2017

 Best Equity Pakistan, IPO of Pakistan Stock Exchange Ltd.

Local Recognition

▶ CFA 14th Excellence Awards



Corporate Finance House of the Year 2016 – Equity & Advisory – Runner Up

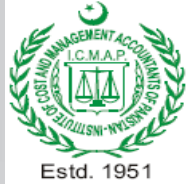
▶ ICAP & ICMAP



Best Corporate Report Award 2016 - Winner

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

Financial Performance
December 31, 2017

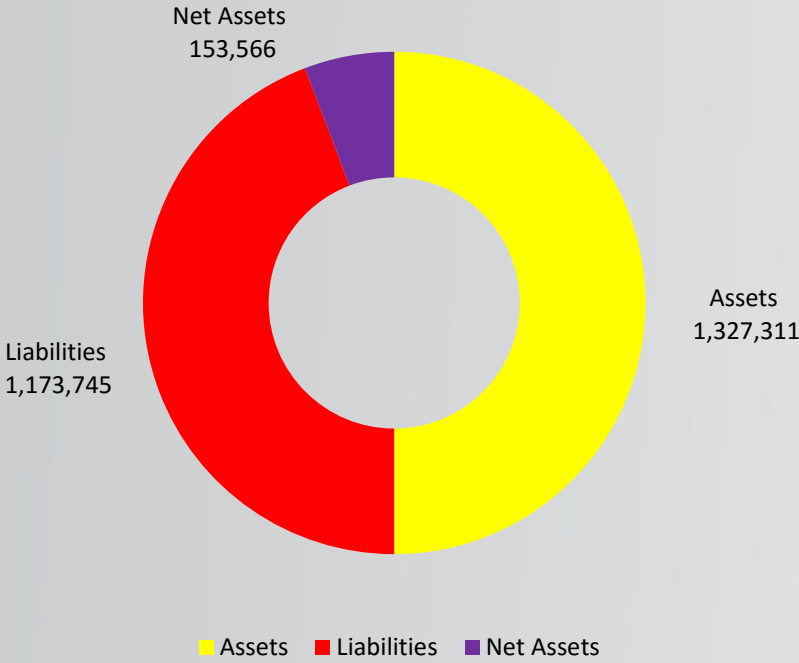


Statement of Financial Position

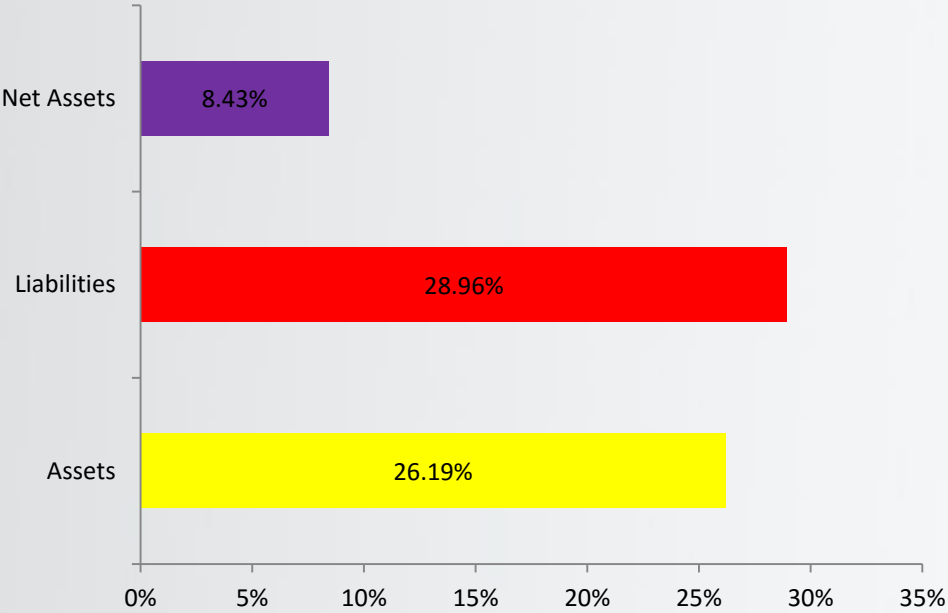
	Unconsolidated				Consolidated			
	Dec 2017	Dec 2016	YTD	%	Dec 2017	Dec 2016	YTD	%
Assets	1,327,311	1,051,814	275,497	26%	1,373,430	1,076,690	296,740	28%
Advances - net	469,356	348,117	121,239	35%	500,966	364,470	136,496	37%
Investments	656,964	555,929	101,035	18%	660,070	556,770	103,300	19%
Cash and Balances with Banks & Lending to Financial Institutions	115,049	81,376	33,674	41%	122,085	85,743	36,342	42%
Other Assets (including fixed assets & DT)	85,942	66,393	19,550	29%	90,309	69,706	20,603	30%
Liabilities	1,173,745	910,187	263,558	29%	1,216,887	930,730	286,157	31%
Deposits	968,483	781,430	187,053	24%	1,001,146	795,690	205,457	26%
Borrowings	133,070	74,515	58,554	79%	140,462	77,439	63,023	81%
Subordinated loans	3,893	-	3,893	0%	3,893	-	3,893	0%
Bills Payable	22,681	12,844	9,837	77%	22,995	13,291	9,704	73%
Other Liabilities	45,619	41,398	4,221	10%	48,392	44,310	4,081	9%
Net Assets	153,566	141,627	11,940	8%	156,543	145,960	10,583	7%
Equity without surplus (incl. M.I)	136,493	117,946	18,547	16%	138,680	120,661	18,019	15%

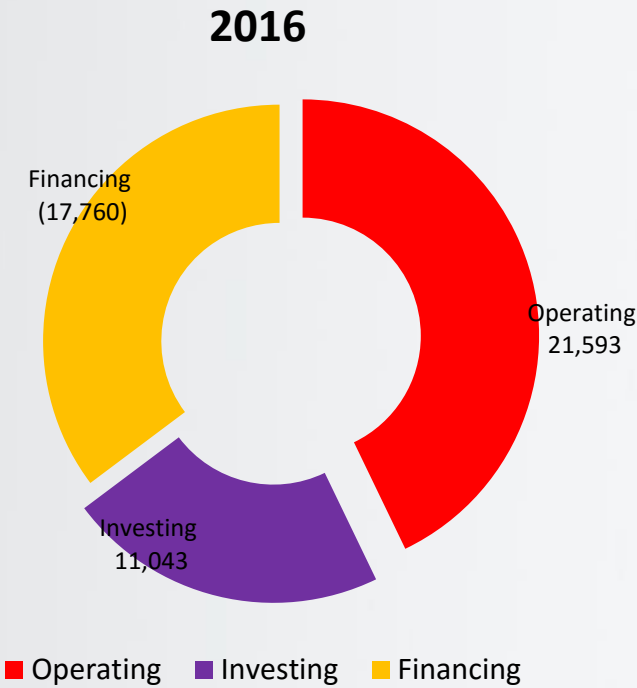
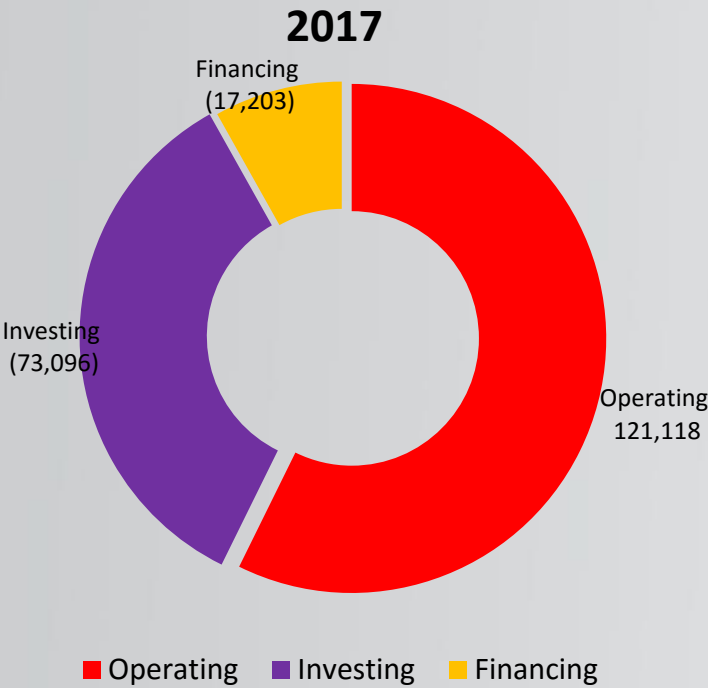
Statement of Financial Position

Rs. in mln



Variance from YE 16





Advances and NPLs

Rs. in mln

Segments by class of business
Agri, feed, forestry , poultry
Textile
Chemical, Petroleum and pharmaceuticals
Cement
Sugar
Transport and Electronics
Construction, engineering and steel
Power, energy, gas, water, sanitary
Wholesale and Retail Trade
Transport, storage and communication
Financial Institutions
Services
Individuals
Others

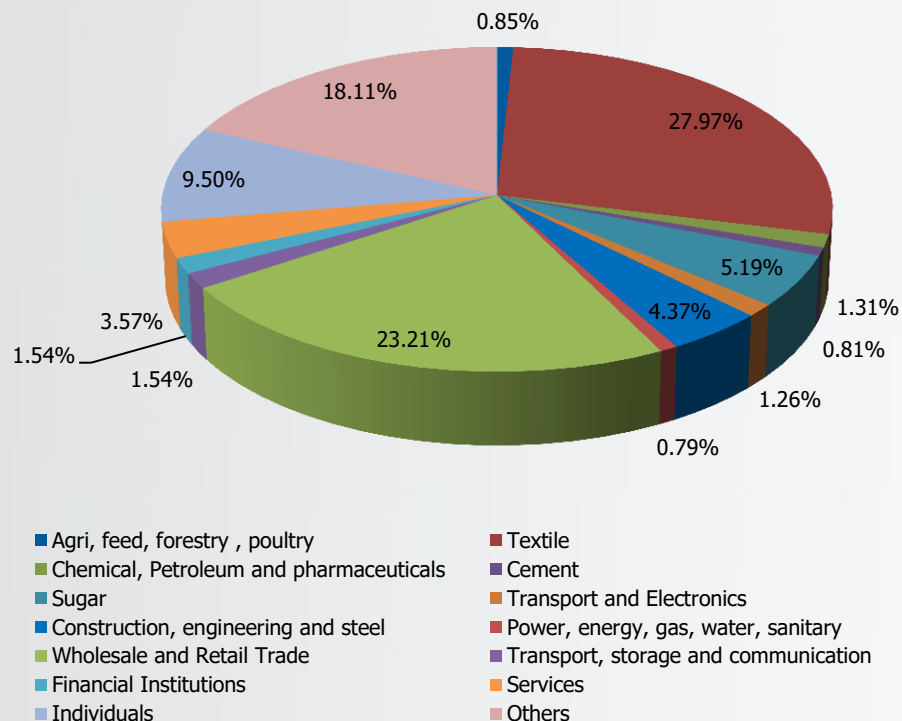
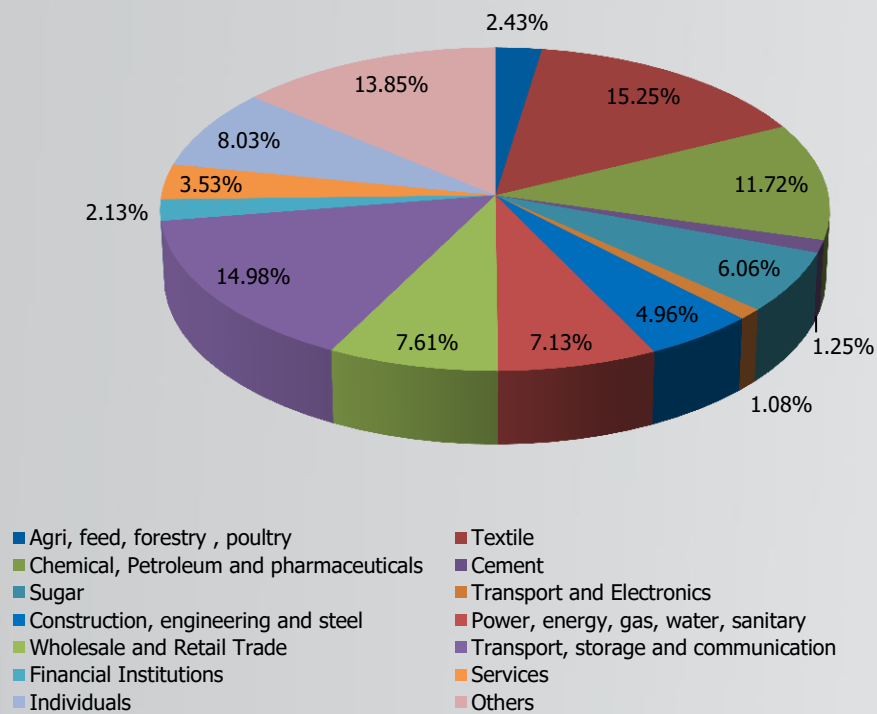
Advances (Gross)			Classified Advances		
PKR Mln	Mix	Var. %	PKR Mln	Mix	Var. %
12,509	2.43%	-10%	414	0.85%	34%
78,548	15.25%	96%	13,628	27.97%	311%
60,380	11.72%	-5%	636	1.31%	72%
6,419	1.25%	122%	393	0.00%	-
31,205	6.06%	37%	2,527	5.19%	182%
5,582	1.08%	104%	614	1.26%	117%
25,535	4.96%	23%	2,128	4.37%	59%
36,728	7.13%	37%	384	0.79%	20133%
39,201	7.61%	28%	11,306	23.21%	264%
77,156	14.98%	28%	748	1.54%	990%
10,945	2.13%	33%	748	1.54%	-2%
18,192	3.53%	84%	1,741	3.57%	132%
41,342	8.03%	63%	4,629	9.50%	57%
71,317	13.85%	79%	8,825	18.11%	17%

Total

515,058	100%	40%	48,723	99%	125%
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Advances (Gross)

Classified Advances



Non Performing Loans (NPLs)

Coverage ratio* at 93.74% (YE16: 90.82%), NPLs ratio stands at 9.47%(YE16: 5.90%)

Rs. in mln

	Dec 17	Sep 17	Jun 17	Mar 17	Dec 16
Total NPLs	48,753	49,251	22,478	21,162	21,688
QoQ	(498)	26,773	1,316	(527)	(318)
QoQ % variance	-1%	119%	6%	-2%	-1%
Substandard	552	929	3,140	323	75
QoQ	(377)	(2,211)	2,817	248	(2,022)
QoQ % variance	-41%	-70%	872%	331%	-96%
Doubtful	563	197	202	174	363
QoQ	366	(5)	28	(189)	(424)
QoQ % variance	186%	-3%	16%	-52%	-54%
Loss	47,467	47,918	19,070	20,467	21,218
QoQ	(452)	28,849	(1,398)	(751)	2,141
QoQ % variance	-1%	151%	-7%	-4%	11%
OAEM	171	206	67	197	32
QoQ	(35)	140	(131)	165	(13)
QoQ % variance	-17%	210%	-66%	518%	-28%

YTD (Dec 17 vs. Dec 16)		
	Var.	%
Total NPLs	27,064	124.79%
Substandard	477	637%
Doubtful	200	55%
Loss	26,248	124%
OAEM	139	436%

Concentration of Category of NPLs

	Dec 17	Sep 17	Jun 17	Mar 17	Dec 16
Substandard	1.13%	1.9%	14.0%	1.5%	0.3%
Doubtful	1.15%	0.4%	0.9%	0.8%	1.7%
Loss	97.36%	97.3%	84.8%	96.7%	97.8%
OAEM	0.35%	0.4%	0.3%	0.9%	0.1%

* Coverage ratio = Specific plus General Provision/NPLs

Investments

Increase of Rs. 86.98B in Market Treasury Bills and increase of Rs. 22.71B in Pakistan Investment Bonds.

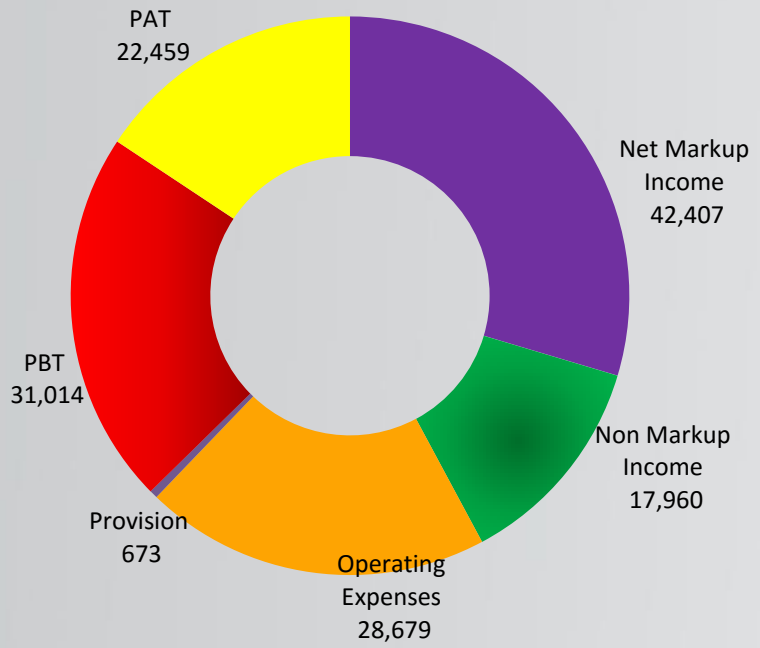
	Dec 2017	Rs. In mln					
		Dec 2016	Var.	% var.	Sep 2017	Var.	% var.
Treasury Bills	384,367	297,386	86,982	29%	416,108	(31,741)	-8%
Pakistan Investment Bonds	222,838	200,132	22,706	11%	215,046	7,792	4%
TFCs, Debentures, Bonds and Certificates	7,381	5,977	1,405	24%	6,854	528	8%
Other government securities	2,721	6,377	(3,655)	-57%	1,129	1,593	141%
Shares in Listed, Unlisted Co.s & Mutual funds	25,361	19,077	6,285	33%	24,765	596	2%
Sukuks Bonds & Treasury Bonds (Sri Lanka)	1,632	36	1,596	4395%	722	910	126%
Subsidiaries & Associated Undertakings	11,595	11,691	(96)	-1%	11,595	-	0%
Investments at cost	655,896	540,675	115,221	21%	676,219	(20,322)	-3%
Prov for diminution in value of investments	(5,986)	(1,887)	(4,099)	217%	(2,991)	(2,995)	100%
Surplus on revaluation of securities	7,053	17,140	(10,087)	-59%	9,040	(1,987)	-22%
Investments at revalued amount - net of provision	656,964	555,929	101,035	18%	682,268	(25,305)	-4%

Rs. in mln

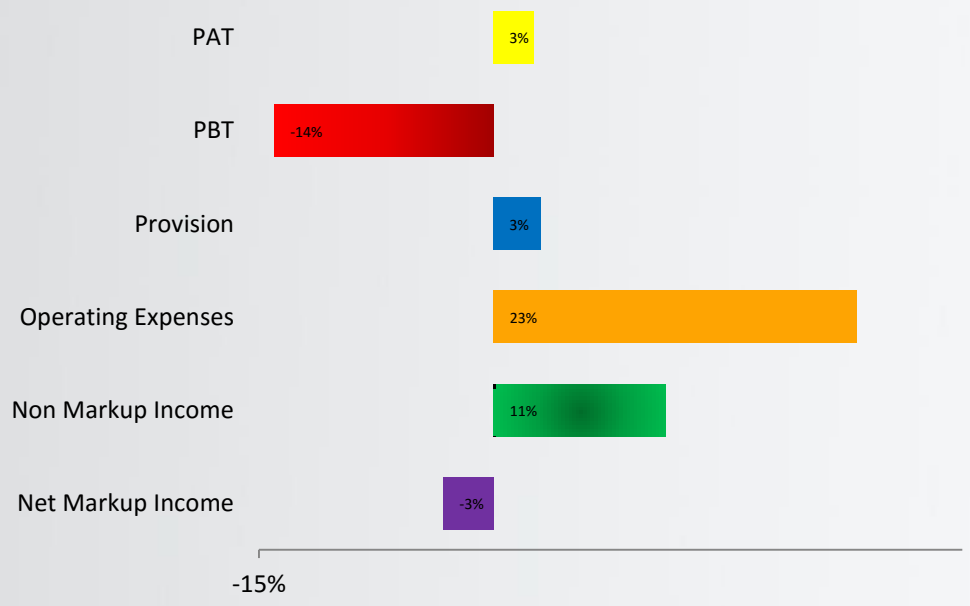
	Q4 17		Q3 17		Q2 17		Q1 17		Q4 16	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
Deposits - Volume	968,483		962,500		891,551		818,950		781,430	
Current deposits	377,083	39%	368,553	38%	368,779	41%	318,132	39%	298,032	38%
Savings deposits	522,281	54%	530,883	55%	469,570	53%	454,369	55%	437,519	56%
Term Deposits	69,119	7%	63,064	7%	53,201	6%	46,448	6%	45,879	6%
CASA	899,364	92.86%	899,436	93.45%	838,349	94.03%	772,502	94.33%	735,550	94.13%
Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	27%	2%	28%	0%	22%	16%	16%	7%	16%	3%
Savings deposits	19%	-2%	26%	13%	14%	3%	12%	4%	11%	4%
CASA	22%	0%	26%	7%	18%	9%	13%	5%	13%	3%
Term Deposits	51%	10%	45%	19%	24%	15%	15%	1%	0%	5%
Total Deposits	24%	1%	28%	8%	18%	9%	13%	5%	12%	4%
	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
	187,053	5,982	181,070	70,950	110,121	72,600	37,520	37,520	84,625	26,545
Market Share (Domestic)	QoQ		QoQ		QoQ		QoQ		QoQ	
Industry	12,361,806	3.19%	11,979,886	-0.01%	11,980,697	7.26%	11,170,035	-0.29%	11,202,886	6.59%
MCB	938,873	0%	937,135	8%	866,317	9%	797,617	5%	760,419	3%
Share	7.59%		7.82%		7.23%		7.14%		6.79%	

Profit and Loss Statement

	Unconsolidated				Consolidated			
	Dec 2017	Dec 2016	+/-	%	Dec 2017	Dec 2016	+/-	%
Mark-up Income	74,091	67,400	6,691	10%	76,190	69,014	7,176	10%
Mark-up Expense	31,684	23,586	8,098	34%	32,650	24,167	8,482	35%
Net Mark-up Income	42,407	43,814	(1,407)	-3%	43,540	44,847	(1,307)	-3%
Non Interest Income	17,960	16,175	1,785	11%	18,340	16,309	2,032	12%
Total Income	60,367	59,989	378	1%	61,881	61,155	725	1%
Non Mark-up Expense	28,679	23,260	5,419	23%	31,024	24,824	6,200	25%
<i>admin expenses</i>	27,925	22,590	5,335	24%	30,264	24,145	6,119	25%
<i>PF reversal</i>	(572)	(516)	(55)	11%	(572)	(516)	(55)	11%
<i>other charges</i>	1,326	1,187	139	12%	1,332	1,196	136	11%
Share of Undertaking	-	-	-	-	433	947	(514)	-54%
Profit before Provisions	31,688	36,728	(5,041)	-14%	31,289	37,278	(5,989)	-16%
Provisions	673	654	20	3%	676	558	118	21%
against Investments	3,570	(647)	4,218	-	3,570	(647)	4,218	0%
against loans & advances	(2,897)	1,301	(4,198)	-323%	(2,894)	1,205	(4,099)	-340%
Profit before Tax	31,014	36,075	(5,060)	-14%	30,614	36,721	(6,107)	-17%
Taxation	8,555	14,184	(5,628)	-40%	8,566	14,547	(5,981)	-41%
Profit after Tax	22,459	21,891	568	3%	22,048	22,174	(126)	-1%



Variance from YE 16



Key Performance Ratios

	BV	ROA	ROE	EPS (annualised)	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non- markup/Total Rev
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%
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



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