

MCB Bank Limited Corporate Briefing September 30, 2020



Bank for Life

Presented by:
Hammad Khalid
● Chief Financial Officer

Financial and Operational Landscape

Financial Strength

Assets	➤	PKR 1,674.9 bn (US\$ 10.1 bn)
Deposits	➤	PKR 1,274.9 bn (US\$ 7.7 bn)
Advances (Gross)	➤	PKR 493.7 bn (US\$ 3 bn)
RoA	➤	1.92%
RoE	➤	20.35%
Profit before Tax	➤	PKR 38.35 bn (US\$ 235.5 mn)
Market capitalization	➤	PKR 205.9 bn (US\$ 1.24 bn)
No. of accounts	➤	8.1 mn

Domestic and International Footprint

Domestic Branches	➤	1,402
Foreign Branches	➤	11 (Sri Lanka : 8, Bahrain : 1, EPZ : 1, UAE : 1)
Subsidiaries	➤	MCB Financial Services MCB - Arif Habib Savings and Investments Limited 'MCB Non-Bank Credit Organization " MCB Leasing MCB Islamic Bank Limited Financial Management Services (Pvt) Limited
Associates	➤	Adamjee Insurance Company Limited Euronet Pakistan (Pvt) Limited
# of ATMs	➤	1361

**Highest Credit Rating by PACRA
Long Term AAA [triple A] and Short Term A1+ [A one plus]**



Bank for Life



***Financial
Performance
September 30, 2020***

Statement of Financial Position

Increase of 11% in Assets base

Rs. in mln

	Sep 2020	Dec 2019	Var.	% var.	Sep 2019	Var.	% var.
ASSETS	1,674,869	1,515,152	159,717	10.54%	1,581,493	93,376	6%
Advances - net	445,039	496,679	(51,640)	-10.40%	490,255	(45,216)	-9%
- Gross Advances	493,688	540,037	(46,349)	-8.58%	533,341	(39,653)	-7%
Investments	964,412	748,765	215,647	28.80%	864,430	99,982	12%
- T-Bills(11.56%) and PIBs(11.85%)	903,271	694,537	208,734	30.05%	820,083	83,188	10%
- Debt Securities(9.83%)	17,688	20,427	(2,739)	-13.41%	16,201	1,487	9%
- Equity Securities(3.13%)	24,656	24,958	(303)	-1.21%	27,194	(2,539)	-9%
- Subsidiaries and Associates(1.45%)	13,047	13,047	-	0.00%	12,697	350	3%
-Provision and surplus	5,750	(4,205)	9,955	-236.76%	(11,745)	17,495	-149%
Cash and Balances with Banks	157,206	145,247	11,959	8.23%	119,921	37,285	31%
Lending to Financial Institutions	2,140	1,090	1,050	96.30%	6,102	(3,962)	-65%
Other Assets (including fixed assets)	106,072	123,372	(17,299)	-14.02%	100,786	5,287	5%
LIABILITIES	1,489,494	1,346,237	143,256	10.64%	1,427,807	61,687	4%
Deposits	1,274,870	1,144,763	130,106	11.37%	1,145,140	129,730	11%
CASA	1,187,752	1,035,063	152,689	14.75%	1,032,394	155,357	15%
Term deposits	87,118	109,701	(22,583)	-20.59%	112,745	(25,627)	-23%
Borrowings	112,373	89,506	22,867	25.55%	200,398	(88,025)	-44%
Bills Payable	9,951	11,822	(1,871)	-15.82%	9,315	636	7%
Other Liabilities (including Deferred Tax)	92,300	100,146	(7,847)	-7.84%	72,954	19,346	27%
NET ASSETS	185,376	168,915	16,461	9.74%	153,686	31,689	21%
EQUITY	155,333	145,219	10,114	6.96%	142,304	13,029	9%

Investments:
T-Bills : +150B
PIBs : +59B

Gross Advances:
Retail : -13.48B
Corporate : -28.13B

Consumer : +240M

Deposits:

Retail : +140.11B

Overseas : -5.17B
Corporate : -6.66B

Ratios:

ROE : 20.35%
ROA : 1.92%



Bank for Life

Non Performing Loans (NPLs)

Coverage ratio* at 96.89% (YE19: 87.73%), NPLs ratio stands at 10.17% (YE19: 9.15%)
 Domestic NPLs Ratio at 8.93% (YE19:8.14%), Industry NPL ratio June'20:9.67% (YE19:8.58%)

Rs. in mln

	Sep 20	Jun 20	Mar 20	Dec 19	Sep 19
Total NPLs	50,208	50,364	49,935	49,424	51,506
QoQ	(155)	429	511	(2,081)	3,355
QoQ % variance	0%	1%	1%	-4%	7%
Substandard	820	1,161	622	616	2,718
QoQ	(341)	539	5	(2,101)	2,465
QoQ % variance	-29%	87%	1%	-77%	976%
Doubtful	3,415	3,189	2,899	2,702	797
QoQ	227	290	197	1,905	(281)
QoQ % variance	7%	10%	7%	239%	-26%
Loss	45,874	45,928	46,219	45,982	46,332
QoQ	(54)	(291)	237	(350)	(397)
QoQ % variance	0%	-1%	1%	-1%	-1%
OAEM	98	86	195	124	1,659
QoQ	13	(109)	71	(1,536)	1,567
QoQ % variance	15%	-56%	58%	-93%	1705%

YTD (Sep 20 vs. Dec 19)		
	Var.	%
Total NPLs	784	1.6%
Substandard	204	33.1%
Doubtful	713	26.4%
Loss	(108)	-0.2%
OAEM	(25)	-20.4%

General Reserve Advances	
General Provision Consumer	498
General Provision SE	42
General Provision Overseas	341
General Provision Unencumbered	5,873
	<u>6,755</u>

Concentration of Category of NPLs

	Sep 20	Jun 20	Mar 20	Dec 19	Sep 19
Substandard	1.63%	2.30%	1.24%	1.25%	5.28%
Doubtful	6.80%	6.33%	5.81%	5.47%	1.55%
Loss	91.37%	91.19%	92.56%	93.04%	89.96%
OAEM	0.20%	0.17%	0.39%	0.25%	3.22%

* Coverage ratio = Specific plus General Provision/NPLs

** Recoveries from 07-07-17 till 30-09-20 related to NPL stock transferred from NIB Bank amount to Rs. 5.49 billion.



Bank for Life

Increase of Rs. 150B in Market Treasury Bills & Rs. 59B in Pakistan Investment Bonds.

Rs. In mln

	Sep 2020	Dec 2019			Sep 2019		
		Dec 2019	Var.	% var.	Sep 2019	Var.	% var.
Treasury Bills	551,540	401,814	149,726	37%	554,337	(2,796)	-1%
Pakistan Investment Bonds	351,731	292,723	59,008	20%	265,746	85,985	32%
TFCs, Debentures and Certificates	10,588	9,555	1,034	11%	9,654	935	10%
Other government securities / Sukooks / Euro Bonds	7,099	10,872	(3,773)	-35%	6,547	552	8%
Shares in Listed, Unlisted Co.s & Mutual funds	24,656	24,958	(303)	-1%	27,194	(2,539)	-9%
Subsidiaries & Associated Undertakings	13,047	13,047	-	0%	12,697	350	3%
Investments at cost	958,661	752,969	205,692	27%	876,175	82,487	9%
Prov for diminution in value of investments	(10,642)	(10,689)	47	0%	(10,092)	(550)	5%
Surplus on revaluation of securities	16,392	6,485	9,908	153%	(1,653)	18,045	-1092%
Investments at revalued amount - net of provision	964,412	748,765	215,647	29%	864,430	99,982	12%

Composition of Investments		
	Sep 2020	Dec 2019
T-Bills	58%	53%
PIBs	37%	39%
Equity securities	4%	5%
Debt instruments	2%	3%



**CASA reported at 93.17%, Current Deposits +13%,
Savings Deposits +16% & Term Deposits -21%**

YTD increase/decrease	YTD	
Current deposits	13%	56,199
Savings deposits	16%	96,490
CASA	15%	152,689
Term Deposits	-21%	(22,583)
Total Deposits	11%	130,106

	Q3 20		Q2 20		Q1 20		Q4 19		Q3 19	
	Volume	Mix								

Deposits - Volume	1,274,870		1,274,682		1,184,139		1,144,763		1,145,140	
Current deposits	480,751	38%	497,714	39%	433,967	37%	424,552	37%	416,922	36%
Savings deposits	707,001	55%	702,586	55%	656,484	55%	610,511	53%	615,472	54%
Term Deposits	87,118	7%	74,382	6%	93,688	8%	109,701	10%	112,745	10%

CASA	1,187,752	93.17%	1,200,300	94.16%	1,090,451	92.09%	1,035,063	90.42%	1,032,394	90.15%
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Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	15%	-3%	14%	15%	7%	2%	6%	2%	6%	-5%
Savings deposits	15%	1%	16%	7%	16%	8%	10%	-1%	10%	2%
CASA	15%	-1%	15%	10%	12%	5%	8%	0%	8%	-1%
Term Deposits	-23%	17%	-30%	-21%	0%	-15%	16%	-3%	45%	6%
Total Deposits	11%	0%	11%	8%	11%	3%	9%	0%	11%	0%

	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
	130,106	188	129,919	90,543	39,376	39,376	95,726	(376)	96,102	(3,491)

Market Share (Domestic)	QoQ									
Industry	16,886,204	4.05%	16,229,036	7.29%	15,126,310	3.38%	14,631,875	4.32%	14,025,990	-2.99%
MCB	1,225,163	0%	1,224,765	7%	1,141,757	5%	1,089,881	-1%	1,102,839	0%
Share	7.26%		7.55%		7.55%		7.45%		7.86%	



Profit and Loss Statement

PBT of Rs. 38.35B (+39.44%) and PAT of Rs. 22.93B (+40.82%)

	Sep 2020	Sep 2019	Rs. in mln	
			Var.	% var.
Mark-up Income	107,035	98,450	8,586	8.72%
Mark-up Expense	51,689	55,456	(3,767)	-6.79%
Net Mark-up Income	55,346	42,994	12,352	28.73%
Non Interest Income	13,559	11,453	2,106	18.39%
Total Income	68,905	54,447	14,459	26.56%
Non Mark-up Expense	25,443	25,325	118	0.47%
admin expenses	24,662	24,954	(292)	-1.17%
PF reversal	(246)	(327)	82	-24.96%
other charges & WWF	1,026	698	328	47.05%
Profit before Provisions	43,462	29,122	14,340	49.24%
Provisions	5,109	1,616	3,493	216.12%
against Investments	(62)	2,227	(2,289)	-102.79%
against loans & advances	5,290	(460)	5,751	1249.09%
Others including write off recovery	(120)	(150)	31	-20.48%
Profit before Tax	38,354	27,506	10,848	39.44%
Taxation	15,419	11,219	4,200	37.43%
Profit after Tax	22,935	16,287	6,648	40.82%

Markup Income:
On Investments: +18.09B
On Lending to Fls : -2.85B
On Advances: -6.45B

Markup Expense:
On Deposits: -1.15B
On Borrowings : -2.87B

Non Interest Income:
Capital Gain : +2.86B

Dividend Income : -138M
FX income : -272M
Fee, Comm.: -302M

Admin expenses:
Compensation: +831M

Other Operating Exp: -1.12B
-R & M Building: -229M
-Hardware/Software Maint: -169M
-Security : -141M
-Fuel Exp : -137M
-Stat & Print : -107M
-Donations: +112M

Cost to Income Ratio **35.79%** **45.83%**

Earnings per Share - Rupees **19.35** **13.74**

[Spread Analysis](#)



Bank for Life

Core Earnings

Rs. in mln

	Sep 2020	Sep 2019	Var.	% var.
Net Mark-up Income	55,346	42,994	12,352	29%
Non Interest Income *	12,959	10,723	2,236	21%
Total Income	68,305	53,717	14,589	27%
Non Mark-up Expense**	25,688	25,652	36	0%
Profit before Provisions	42,617	28,065	14,552	52%
Provisions***	5,257	(602)	5,859	974%
Core Income	37,360	28,666	8,694	30%
Non - core income				
Capital Gain / (Loss) on Equity	(129)	(137)	8	6%
Provision against shares	148	(2,218)	2,366	107%
Dividend	729	867	(138)	-16%
PF reversal	246	327	(82)	-25%
	993	(1,161)	2,154	186%
Profit before Tax	38,354	27,506	10,848	39%
Taxation	15,419	11,219	4,200	37%
Profit after Tax	22,935	16,287	6,648	41%

* Excluding Dividend Income and capital gains.

** Excluding (pension cost) / pension fund reversal

*** Excluding provision against investments



Bank for Life

Spread	September 2020			September 2019			Variance			Variance Analysis		
	Average Volume	Rate	Markup	Average Volume	Rate	Markup	Volume	Price/ bps	Markup	Volume Variance	Price Variance	Markup Inc/ Exp
Assets												
Cash	26,089	-	-	24,566	-	-	1,523	-	-	-	-	-
Balance with Banks	100,807	0.24	184	87,910	0.60	393	12,897	(35)	(210)	58	(267)	(210)
Lending to Financial Institutions	16,075	7.69	925	48,216	10.46	3,773	(32,142)	(277)	(2,848)	(2,515)	(333)	(2,848)
Gross Advances less unearned income & NPLs	465,136	10.07	35,026	492,710	11.25	41,472	(27,575)	(119)	(6,446)	(2,321)	(4,125)	(6,446)
Gross Investments excluding equity investments	813,760	11.65	70,901	640,309	11.03	52,812	173,450	62	18,089	14,306	3,783	18,089
Others	47,212	-	-	61,099	-	-	(13,887)	-	-	-	-	-
Total	1,469,078	9.74	107,035	1,354,811	9.72	98,450	114,267	3	8,586	9,528	(942)	8,586
Liabilities												
Deposits	1,205,909	4.92	44,341	1,078,701	5.64	45,491	127,208	(72)	(1,149)	5,365	(6,514)	(1,149)
<i>Saving (including overdue term)</i>	666,445	7.68	38,271	580,642	9.03	39,197	85,803	(135)	(926)	5,792	(6,718)	(926)
<i>Term</i>	90,355	8.98	6,070	98,747	8.52	6,294	(8,392)	46	(223)	(535)	312	(223)
<i>Current</i>	449,109	-	-	399,312	-	-	49,797	-	-	-	-	-
Borrowings	103,405	5.64	4,359	119,305	8.10	7,225	(15,900)	(246)	(2,866)	(963)	(1,903)	(2,866)
Subordinated loan	-	-	-	2,414	11.83	214	(2,414)	(1,183)	(214)	(214)	-	(214)
Bills Payable	9,541	-	-	11,453	-	-	(1,913)	-	-	-	-	-
Equity	150,224	-	-	142,938	-	-	7,286	-	-	-	-	-
Others	-	-	2,988	-	-	2,526	-	-	462	462	-	462
Total	1,469,078	4.70	51,689	1,354,812	5.47	55,456	114,267	(77)	(3,767)	4,543	(8,310)	(3,767)
Spread		5.04			4.24			79				



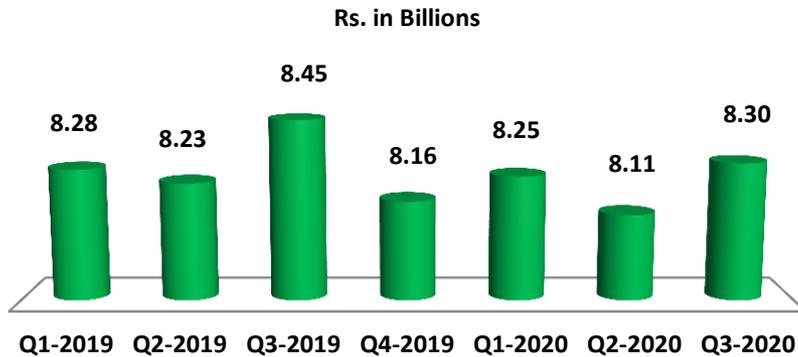


***Key
Performance
Indicators
September 30, 2020***

Key Performance Indicators

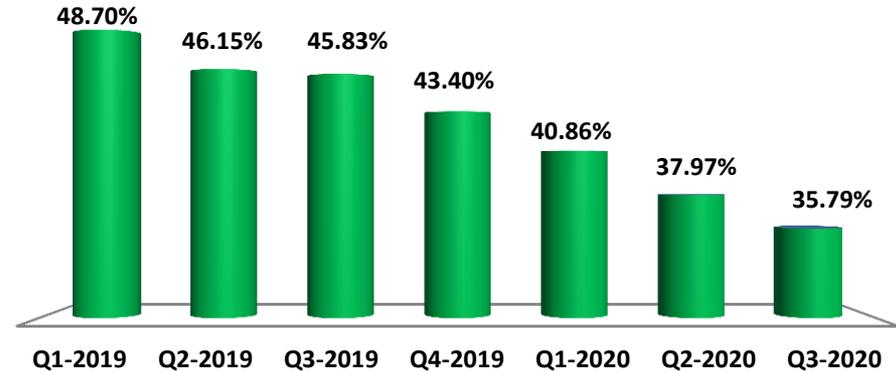
Quarterly Operating expenses excluding PF

- Resulting into flat OPEX line
- Strategic cost efficiency drive



Cost to Income Ratio

- C / I ratio averages 42.7% for last 7 quarters
- C / I ratio improving to 35.8% in Q3-20



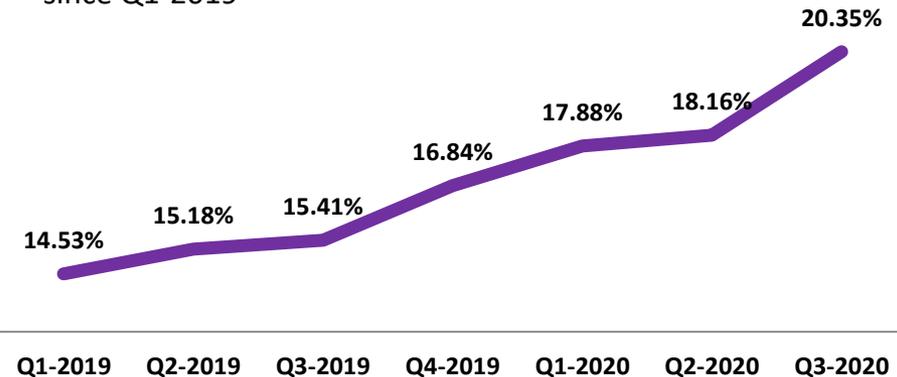
Return on Assets

- RoA consistently reflecting an increasing trend due to higher returns on assets deployed



Return on Equity

- RoE improving considerably from 14.53% to 20.35% since Q1-2019



Comparative Performance

Admin Expenses

(Excluding PF Reversal)

Efficient cost management leads to 1.2% decrease over Sep-19.

Rs. in Billion

24.95



Sep 2019

24.66



Sep 2020

Profit after Tax (PAT)

Significant increase of 41% in PAT over Sep-19.

Rs. in Billion

16.29



Sep-19

22.93



Sep-20

Deposits

Unprecedented growth in deposit base i.e. PKR 130B over YE-19.

Rs. in Billion

1,144.76



Dec-2019

1,274.87



Sep-20

Coverage

GP charge of PKR 5B providing insulation and loss absorption capacity

87.73%



Dec-2019

96.89%



Sep-20

Capital Adequacy

Capital Adequacy Ratio of 21.84% is well above the requirement of 11.50%

18.86%



Dec-2019

21.84%



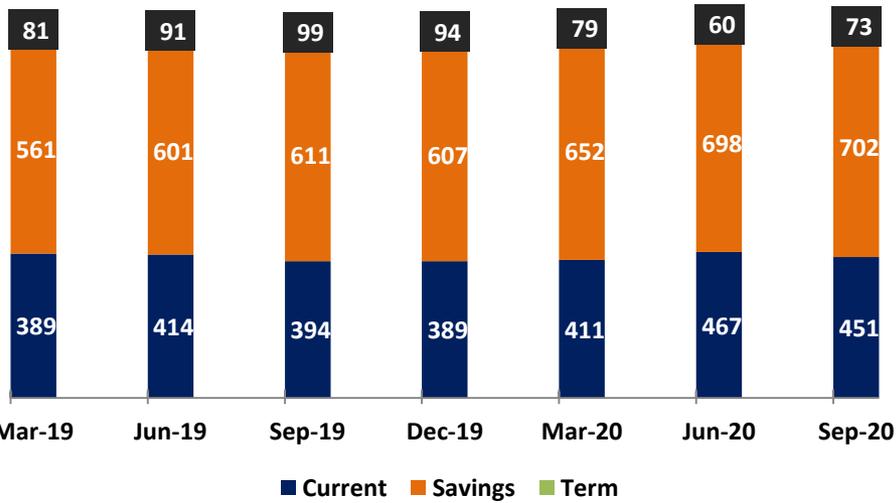
Sep-20



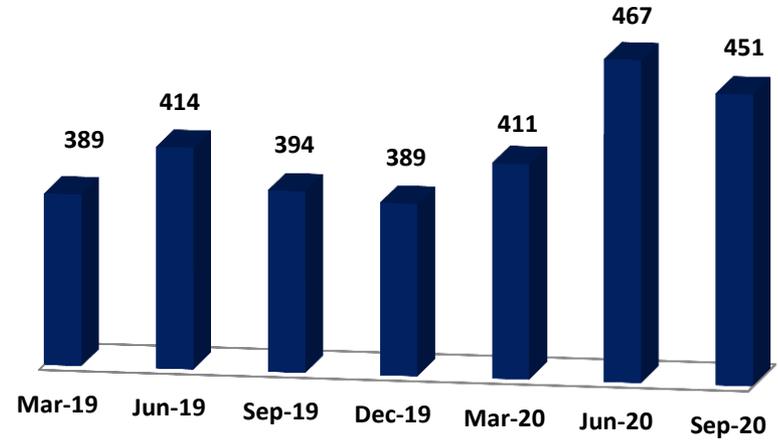
Bank for Life

Domestic Deposits - Growth

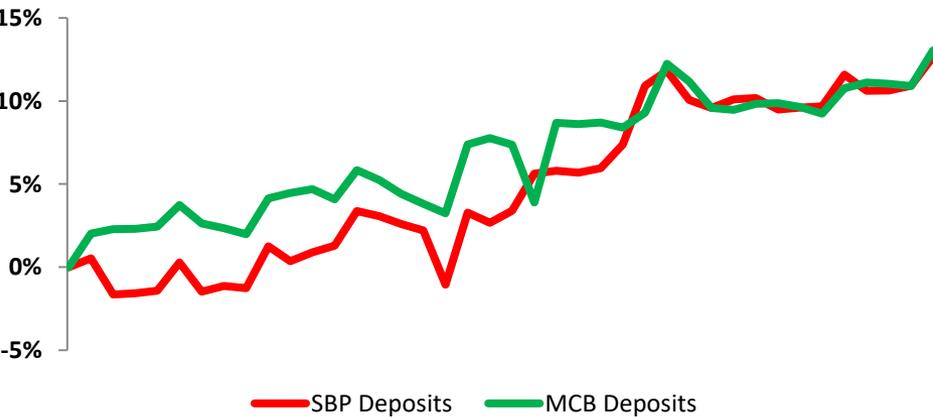
Domestic Deposits – Bln PKR



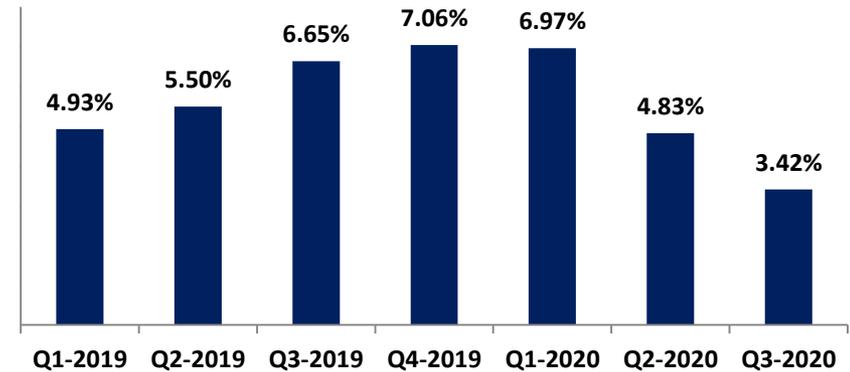
Domestic Current Deposits – Bln PKR



Domestic Deposits Weekly Growth in 2020



Cost of Deposits – Domestic QoQ





***Group
Financial
Performance
September 30, 2020***

Statement of Financial Position

Rs. in Million

	Unconsolidated				Consolidated			
	Sep 2020	Dec 2019	YTD	%	Sep 2020	Dec 2019	YTD	%
Assets	1,674,869	1,515,152	159,717	10.5%	1,796,065	1,612,215	183,850	11.4%
Advances - net	445,039	496,679	(51,640)	-10.4%	523,265	548,473	(25,208)	-4.6%
Investments	964,412	748,765	215,647	28.8%	985,833	757,442	228,391	30.2%
Cash and Balances with Banks & Lending to Financial Institutions	159,346	146,337	13,009	8.9%	168,864	170,390	(1,526)	-0.9%
Other Assets (including fixed assets)	106,072	123,372	(17,299)	-14.0%	118,104	135,910	(17,807)	-13.1%
Liabilities	1,489,494	1,346,237	143,256	10.6%	1,607,788	1,440,868	166,920	11.6%
Deposits	1,274,870	1,144,763	130,106	11.4%	1,364,406	1,226,593	137,812	11.2%
Borrowings	112,373	89,506	22,867	25.5%	131,878	92,860	39,018	42.0%
Bills Payable	9,951	11,822	(1,871)	-15.8%	11,163	12,795	(1,633)	-12.8%
Other Liabilities (including Deferred Tax)	92,300	100,146	(7,847)	-7.8%	100,342	108,620	(8,278)	-7.6%
Net Assets	185,376	168,915	16,461	9.7%	188,277	171,347	16,930	9.9%
Equity without surplus (incl. M.I)	155,333	145,219	10,114	7.0%	157,291	146,595	10,696	7.3%



Bank for Life

Profit and Loss Statement

Rs. in Million

	Unconsolidated				Consolidated			
	Sep 2020	Sep 2019	+/-	%	Sep 2020	Sep 2019	+/-	%
Mark-up Income	107,035	98,450	8,586	8.7%	114,517	105,533	8,984	8.5%
Mark-up Expense	51,689	55,456	(3,767)	-6.8%	55,717	59,509	(3,792)	-6.4%
Net Mark-up Income	55,346	42,994	12,352	28.7%	58,800	46,025	12,775	27.8%
Non Interest Income	13,559	11,453	2,106	18.4%	14,563	12,023	2,541	21.1%
Total Income	68,905	54,447	14,459	26.6%	73,363	58,047	15,316	26.4%
Non Mark-up Expense	25,443	25,325	118	0.5%	29,259	29,109	150	0.5%
<i>admin expenses</i>	24,662	24,954	(292)	-1.2%	28,478	28,713	(235)	-0.8%
<i>(PF reversal)</i>	(246)	(327)	82	-25.0%	(246)	(327)	82	-25.0%
<i>other charges & WWF</i>	1,026	698	328	47.1%	1,026	723	303	41.9%
Share of Undertaking	-	-	-	-	519	374	145	38.6%
Profit before Provisions	43,462	29,122	14,340	49.2%	44,623	29,313	15,310	52.2%
Provisions	5,109	1,616	3,493	216.1%	5,190	1,823	3,366	184.7%
against Investments	(62)	2,227	(2,289)	-102.79%	(89)	2,423	(2,512)	0.0%
against loans & advances	5,290	(460)	5,751	-1249.1%	5,397	(450)	5,847	-1300.7%
Others including write off recovery	(120)	(150)	31	-20.5%	(119)	(150)	31	-20.8%
Profit before Tax	38,354	27,506	10,848	39.4%	39,434	27,490	11,944	43.4%
Taxation	15,419	11,219	4,200	37.4%	15,922	11,327	4,595	40.6%
Profit after Tax	22,935	16,287	6,648	40.8%	23,512	16,163	7,349	45.5%



Bank for Life

Awards/ Accolades



Estd. 1951

“Winner -Best Corporate Report Award 2019 – Banking Sector”

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 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



Pakistan Banking Awards

DAWN with IBP
 A.F. FERGUSON & CO. | A member firm of the Pricewaterhouse

Best bank for Corporate Finance & Capital market Development - 2016



Bank for Life



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

ASIAMONEY

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



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



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; 2010

Best Bank – Pakistan 2014



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



Thank you!

For more information write to us on info@mcb.com.pk.
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Bank for Life