



# MCB Bank Limited

## Financial Highlights

Quarter Ended – March 31<sup>st</sup>, 2023

*Presented by:*  
**Hammad Khalid**  
Chief Financial Officer



# MCB - At a Glance



## Branches



Domestic : 1436  
EPZ : 01

## Global Presence



8 International  
branches in  
3 Countries

## Customers



Over 8.7 million  
customer  
accounts

## ADCs



Over 1472 ATMs



Over 800,000  
MCB Live users

## Deposits



Market Share  
6.12 % of Domestic  
Industry deposits

## Advances



Market Share  
5.64 % of Domestic  
Industry advances

## Home Remittance



Market Share  
12.3%

## Trade



Market Share  
7.00%

## Credit Rating



Long Term  
AAA

## Dividend



Rs. 6/share. One of  
the Highest  
dividend per share  
across industry

## Branch Network



2<sup>nd</sup> largest branch  
network on group  
basis (including MIB  
branches)

## Market Capitalization



2<sup>nd</sup> highest market  
capitalization in  
industry

# Key Highlights for the period ended March 31, 2023



## Key challenges for the Economy:

- Global recessionary outlook weighs in FY 2023; Challenges compounded for Pakistan on account of political, financial and growing law and order concerns;
- Pakistan remains in the midst of a severe Balance of Payment crisis as SBP reserves stand at a meager \$4.4 Bln;
- The ninth IMF review remains in a limbo as the fund awaits external financing guarantees from friendly countries;
- Pakistan's economy has undergone a sharp slowdown over the last two quarters. This has been a result of policy actions –
  - significant currency depreciation,
  - steep increase in the policy rate,
  - energy (Fuel, Electricity, Gas) price increase,
  - import rationing and fiscal consolidation;
- In Jul-Mar FY2023, workers' remittances recorded at \$ 20.5 billion (\$ 23.2 billion last year), decreased by 10.8%.
- Sharp increase of 500bps in policy rate with Pakistan Rupee loosing 25% value in 2023;

## Robust growth in current deposits

- Building no cost deposits, leading to a robust growth of Rs. 178 billion (YoY: +31%) in average current deposits
- 66% NIM growth; fueled by growth in no cost liability;
- Cost to Income Ratio improved to 32.77% on bank of 51% increase in total income;
- Strategic drive to buildup Current account, resulting in an improved concentration of 54%;
- 54% increase in PBT leads to PKR 23.02 billion i.e. highest ever PBT for the quarter;
- Ex-NIB related recovery FTP sums to Rs. 205 Mln.

## 54% increase in PBT

PBT PKR **23.02** Billion +54% YoY

PAT PKR **13.06** Billion +46% YoY

NIM PKR **30.07** Billion +66% YoY

NMI PKR **5.92** Billion +3% YoY

Deposits PKR **1.5** Trillion +12% YoY

Advances PKR **702.5** Billion -12% YoY

# Sound Balance Sheet footing



PKR in Billions	Mar 2023	Dec 2022	Var.	% var.
<b>ASSETS</b>	<b>2,114</b>	<b>2,085</b>	<b>29</b>	<b>1.39%</b>
Advances - net	657	753	(96)	-12.76%
- Gross Advances	703	798	(95)	-11.92%
Investments	946	979	(33)	-3.35%
Cash and Balances with Banks	181	121	60	49.62%
Lending to Financial Institutions	121	50	71	140.21%
Other Assets (including FA & DTA)	209	182	27	14.92%
<b>LIABILITIES</b>	<b>1,922</b>	<b>1,896</b>	<b>26</b>	<b>1.39%</b>
Deposits	1,540	1,379	161	11.68%
Current	827	680	147	21.59%
Savings	666	642	23	3.61%
Term	47	56	(9)	-15.94%
Borrowings	229	340	(111)	-32.56%
Bills Payable	12	39	(28)	-70.56%
Other Liabilities	142	138	4	2.72%
<b>NET ASSETS</b>	<b>192</b>	<b>189</b>	<b>3</b>	<b>1.41%</b>
<b>EQUITY</b>	<b>182</b>	<b>171</b>	<b>11</b>	<b>6.33%</b>

## Advances Portfolio:

- Gross advances of the Bank decreased of Rs. 95 billion (-12%), on account of monetary tightening by SBP;
- Corporate lending book decreased by Rs. 107.1 billion (-18%) whereas the Retail loan portfolio increased by Rs. 7.1 billion (+8%);
- ADR stands at 45.63% while Coverage & Infection ratios of the Bank were reported at 81.88% and 7.87% respectively.

## Investment Portfolio:

- PKR 12.2 billion added to Floating PIBs portfolio closing at PKR 540 billion;
- PKR 1.3 billion added to Fixed PIBs closing at PKR 291 billion;
- TBs decreased by PKR 51.5 billion to PKR 80 billion;
- Yield on Investment increased to 15% in Q1-23 as compared to 10.16% in Q1-22;
- PIBs – AFS & HTM excluding floating – WA time to maturity of PIBs is 2.79 years.

## Strong Current Deposit Mobilization:

- Business initiatives, customer engagements and focus on building no cost deposits reflected on the unprecedented increase of 22% QoQ in current deposits base;
- A strong growth number of Rs. 147 Bln in absolute terms in current deposits;
- Current to Total Deposits Ratio further improved to 54% as compared to 49% as at Dec-22;
- CoD for Q1-23 works out 6.83% (Q1-22 - 4.74%) on account of sharp increase in policy rate since past 1 year.
- One of the highest CASA of 96.93%, showing strategic shift towards building no and low cost liability.

# Advances & NPLs



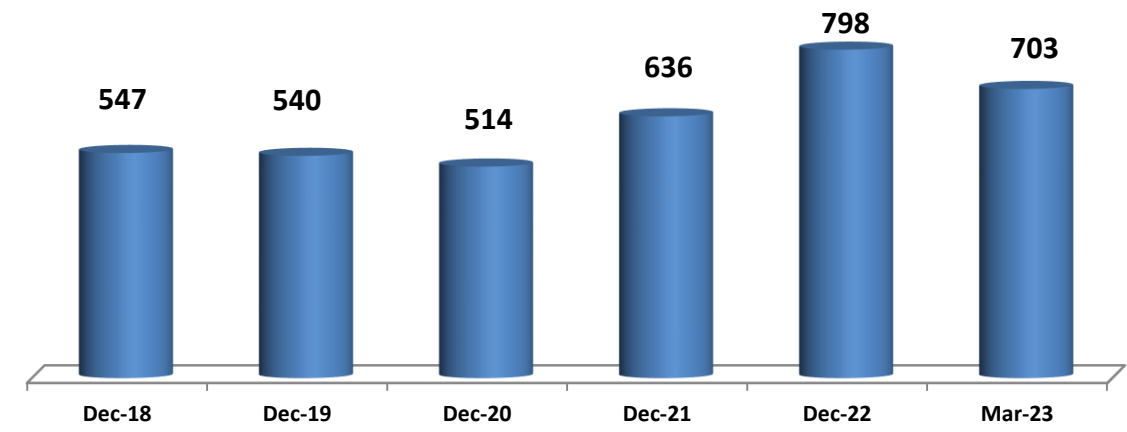
Coverage ratio\* at 81.88% (YE22: 86.17 %), NPLs ratio stands at 7.87% (YE22: 6.43 %)  
 Domestic NPLs Ratio at 6.04% (YE22: 5.12 %), Industry NPL ratio YE22:7.31% (YE21:7.89%)

PKR in Billions	Mar 2023	Dec 2022	Var.	% var.
	Advances (gross)	703	798	(95)
Retail	95	88	7	8%
Corporate	499	606	(107)	-18%
Consumer	42	43	(1)	-2%
Overseas	35	29	6	22%
Others	32	32	(1)	-2%
MCB Advances (domestic)	668	769	(101)	-13.18%
Industry Advances (domestic)**	11,836	11,913	(77)	-0.64%
Market Share	5.64%	6.46%		
Advances - Net	657	753	(96)	-13%

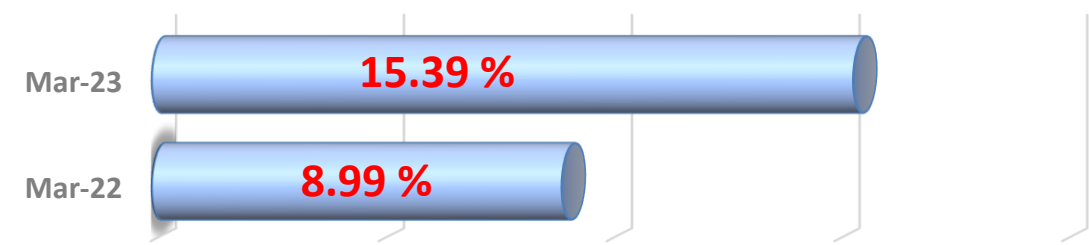
YTD (Mar 23 vs. Dec 22)				
	Mar-23	Dec-22	Var.	%
<b>Total NPLs</b>	<b>55,301</b>	<b>51,260</b>	<b>4,041</b>	<b>8%</b>
OAEM	1,490	1465	25	2%
Substandard	1771	126	1,645	1306%
Doubtful	680	568	112	20%
Loss	51,360	49,100	2,260	5%

PKR in Billions

## Gross Advances (CAGR 6.09%)

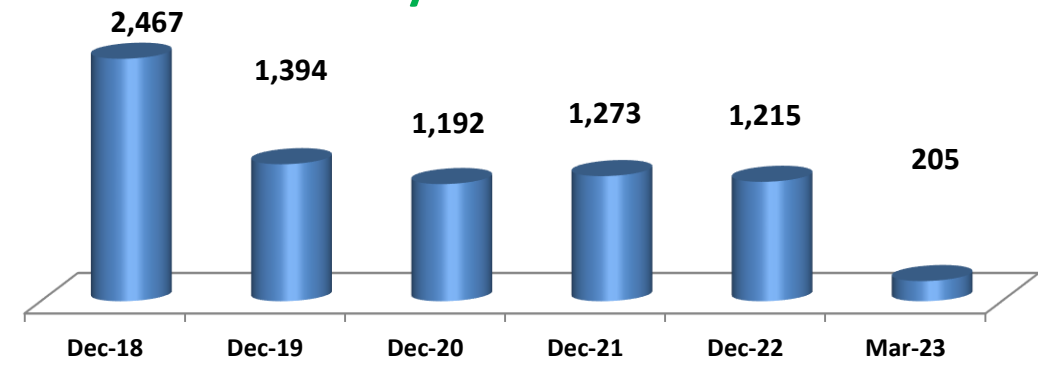


## Yield on Advances



PKR in Millions

## Recovery from NIB NPL Stock



Total Recoveries related to NPL stock transferred from NIB Bank amounts to Rs. 8.72 billion.

\*Coverage ratio = Specific plus General Provision/NPLs

# Diversified Investment Portfolio

91% of the portfolio has been invested in Risk Free Government Securities



PKR in Millions

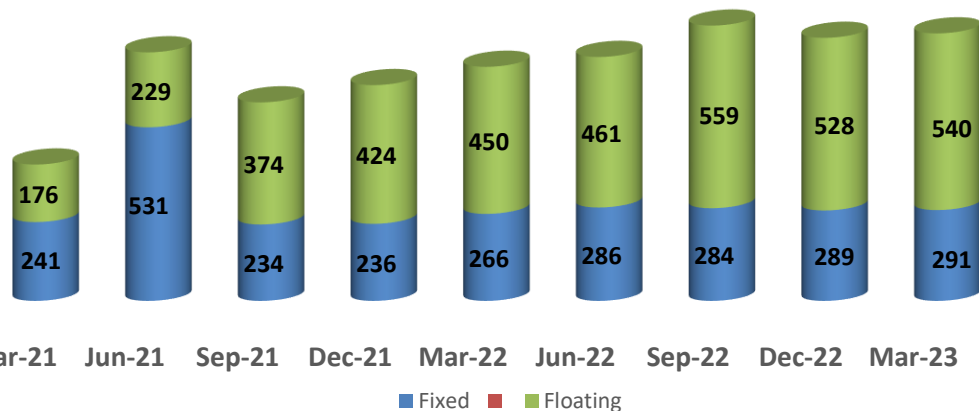
## Composition of Investments

	Mar 2023	Dec 2022
T-Bills	8%	13%
PIBs	83%	80%
Equity securities	5%	4%
Other Government Securities	4%	2%
Debt instruments	1%	1%

## Re-Pricing Schedule

	PIBs Floating	TBs	Total
Up to 1 M	324.04	10.23	<b>334.27</b>
1 M to 3 M	130.59	56.24	<b>186.83</b>
3 M to 6 M	85.86	7.33	<b>93.19</b>
6M to 1Y	-	4.27	<b>4.27</b>
	<b>540.49</b>	<b>78.07</b>	<b>618.56</b>

## Pakistan Investment Bonds



## Government Securities

	Mar-23	Dec-22	Var	Var
Treasury Bills	80	132	(51)	-39%
PIBs - Fixed	291	289	1	0%
PIBs - Floating	540	528	12	2%
	<b>949</b>	<b>986</b>	<b>-37</b>	<b>-4%</b>

# Robust Growth in Current Deposits ; 12%



Total Deposits  
PKR **1.5** trillion

Current Deposits  
PKR **827** billion

Saving Deposits  
PKR **666** billion

CoD  
**6.83%**  
Up by 209 bps YoY

CASA  
**96.93%**  
Dec-22 : 95.93%

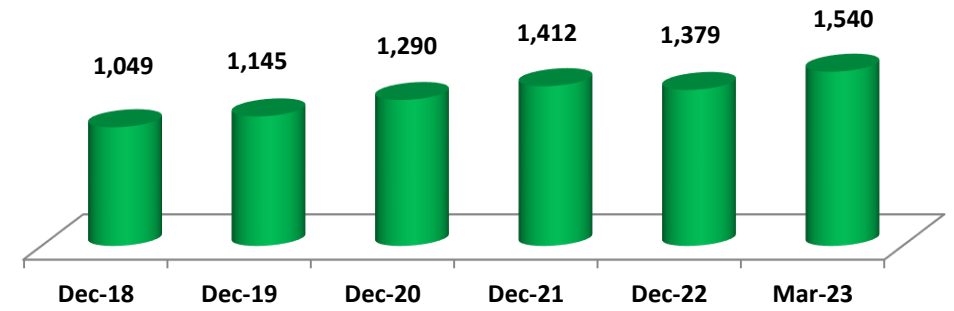
Market Share (Domestic)  
**6.1%**  
Dec-22 : 5.9%

Branches  
**1,436**  
domestic  
+(EPZ:1)

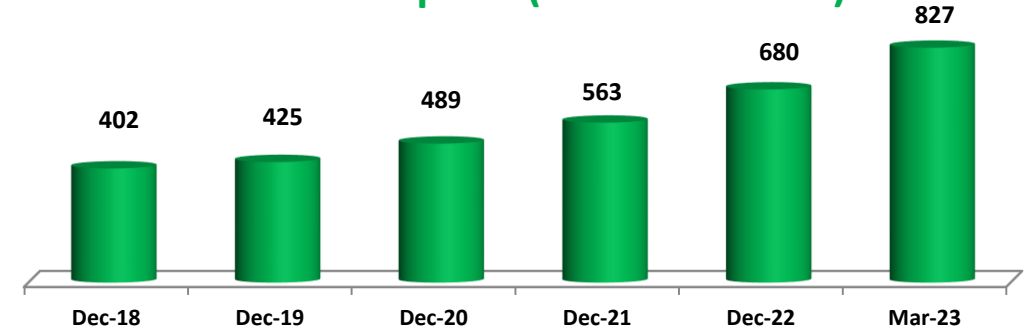
Branches  
**8**  
International

Customer Base  
Over **8.7** million

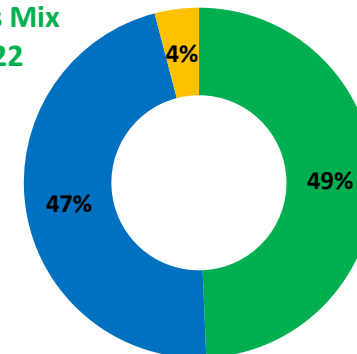
### Total Deposits (CAGR : 9.23%)



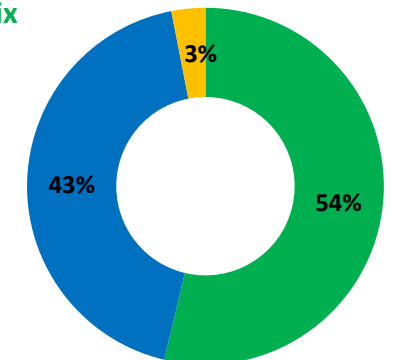
### Current Deposit (CAGR : 16.13%)



### Deposits Mix Dec-22



### Deposits Mix Mar-23



■ CURRENT ACCOUNT ■ SAVINGS ACCOUNT ■ TERM ACCOUNT

# Strong buildup in Core Earnings



PKR in Billions	Mar 2023	Mar 2022	Var.	% var.
	Mark-up Income	63.85	39.72	24.14
Mark-up Expense	33.79	21.60	12.18	56%
<b>Net Mark-up Income</b>	<b>30.07</b>	<b>18.11</b>	<b>11.96</b>	<b>66%</b>
Non Interest Income	5.92	5.72	0.20	3%
<b>Total Income</b>	<b>35.99</b>	<b>23.83</b>	<b>12.16</b>	<b>51%</b>
<b>Non Mark-up Expense</b>	<b>12.35</b>	<b>9.77</b>	<b>2.58</b>	<b>26%</b>
Operating expenses	11.79	9.45	2.34	25%
other charges & WWF	0.56	0.32	0.24	75%
<b>Profit before Provisions</b>	<b>23.64</b>	<b>14.06</b>	<b>9.58</b>	<b>68%</b>
<b>Provisions</b>	<b>0.62</b>	<b>(0.86)</b>	<b>1.49</b>	<b>172%</b>
against Investments	0.94	(0.19)	1.13	601%
against loans & advances	(0.29)	(0.62)	0.32	52%
Others including write off recovery	(0.02)	(0.06)	0.04	65%
<b>Profit before Tax</b>	<b>23.02</b>	<b>14.93</b>	<b>8.09</b>	<b>54%</b>
Taxation	9.96	6.01	3.95	66%
<b>Profit after Tax</b>	<b>13.06</b>	<b>8.91</b>	<b>4.14</b>	<b>46%</b>

## Exceptional performance in Core Earnings:

- Strong volumetric growth in current account and favorable yield curve movements, net interest income for Mar-23 increased by 66%
- Non-markup income increased to Rs. 5.9 billion (+3%) against Rs. 5.7 billion in the corresponding period last year with major contributions coming in from fee commission income.
- Registered a growth of 27% in fee commission with income from trade and guarantee business up by 59%, cards related income up by 42% and income from home remittances up by 39%.
- Manage an efficient operating expense base and manage costs prudently.
- Amidst an exceptionally persistent high-inflation, impact of sharp currency devaluation and rapidly escalating fuel and utility costs, the operating expenses of the Bank reported at Rs. 11.8 billion (+25%).
- Profit of overseas operations increased by 220% YoY to PKR 890 Million (USD 3.28 million)
- Highest ever quarterly PBT of Rs. 23.02 billion (+54%) while PAT registered a growth of 46%;

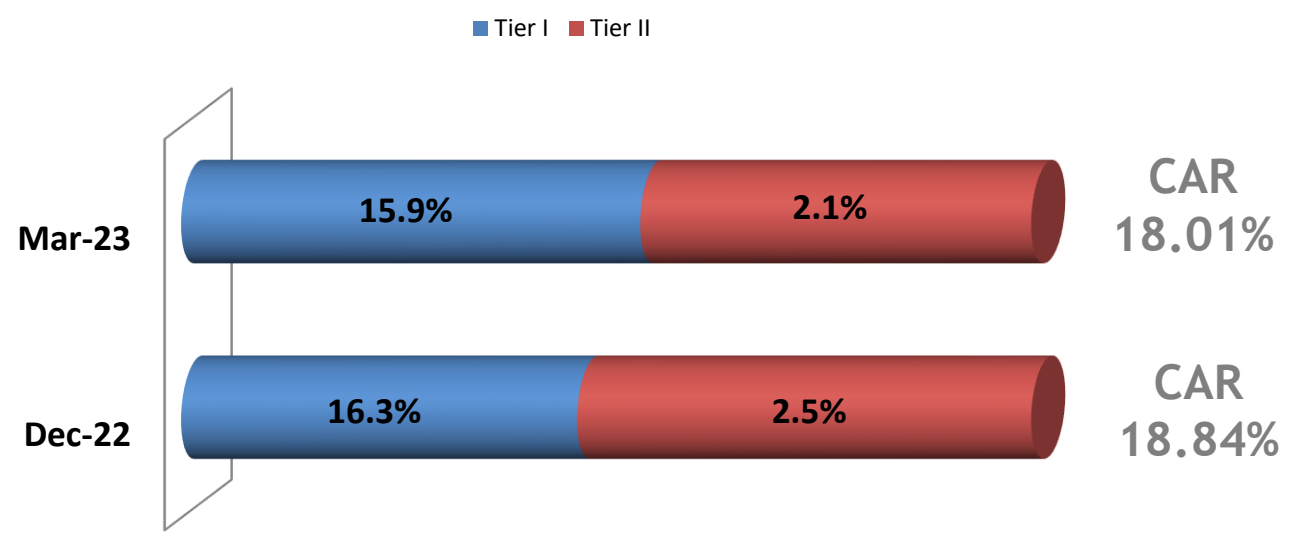
## Profitability Ratios:

- RoE 29.63% (Dec-22: 19.78%) and RoA 2.49% (Dec-22: 1.61%), healthy profitability ratios;
- Cost to Income ratio significantly improved to 32.8% from 39.7% YoY;



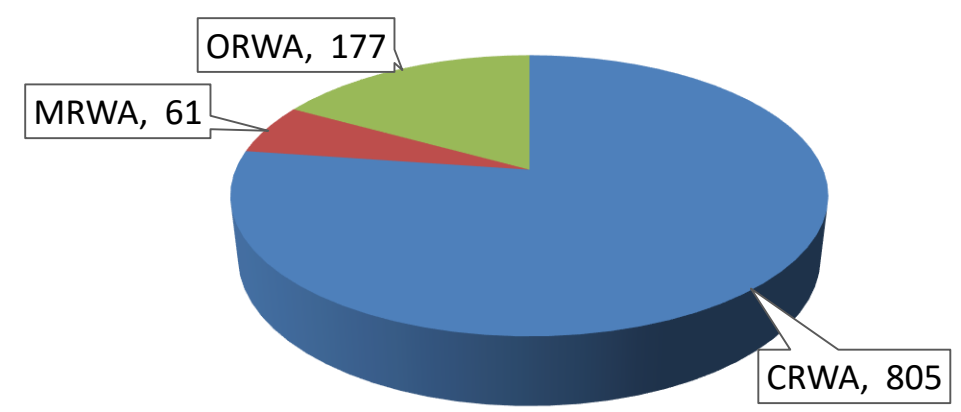
# Strong Capital Position & Ratios

Buffer of 651bps on top of regulatory CAR

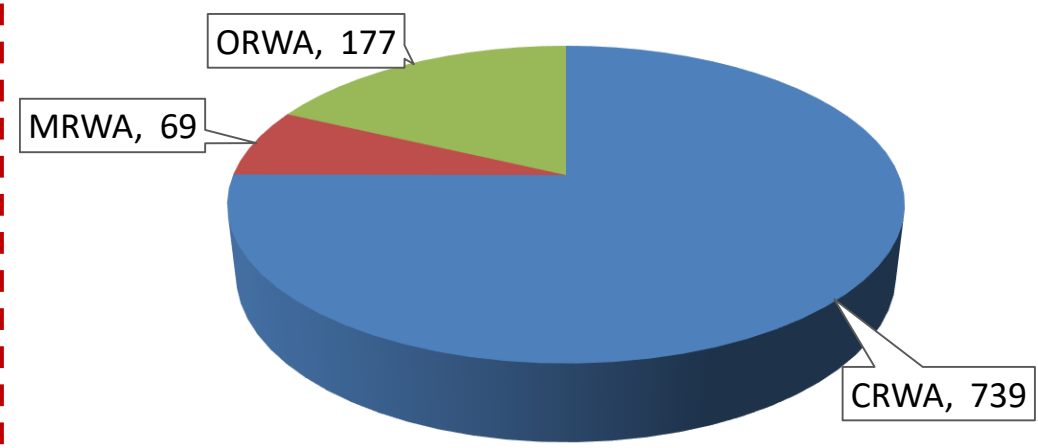


## Risk Weighted Assets

**RWA Mar-23 : PKR 1,043 billion**



**RWA Dec-22 : PKR 984 billion**



- Bank's total Capital Adequacy Ratio (CAR) is 18.01% 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 6.15% which is well above the regulatory limit of 3.0%
- Liquidity Coverage Ratio (LCR) of 245.14% and Net Stable Funding Ratio (NSFR) of 138.35% 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%.

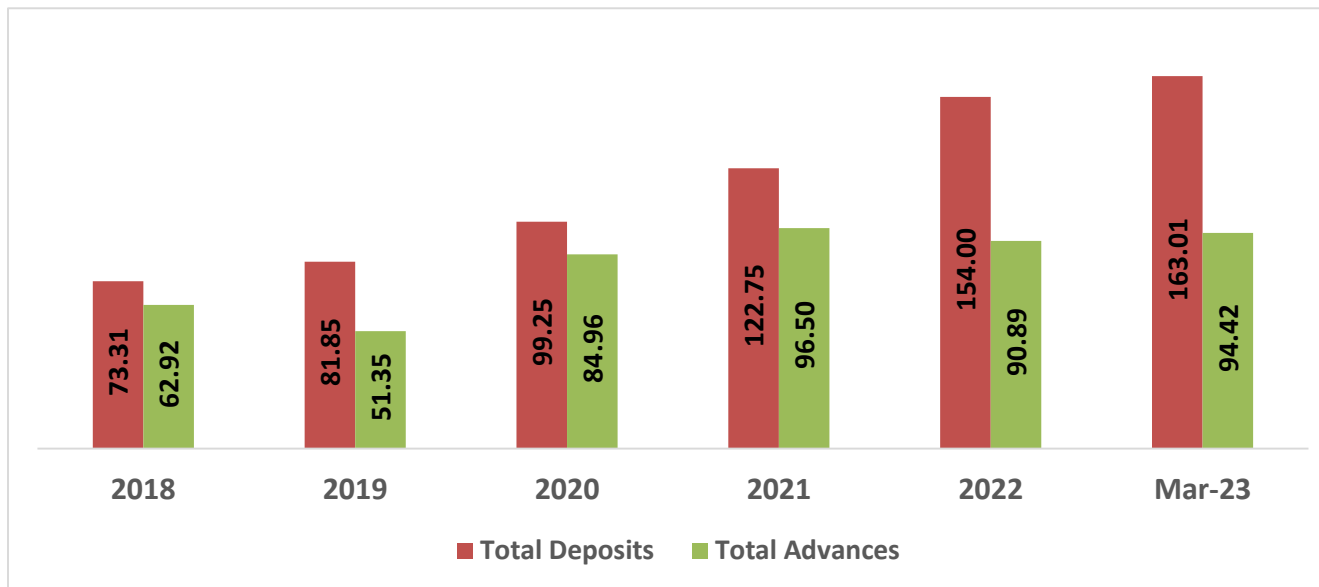
# MCB Islamic Bank - Footprint



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

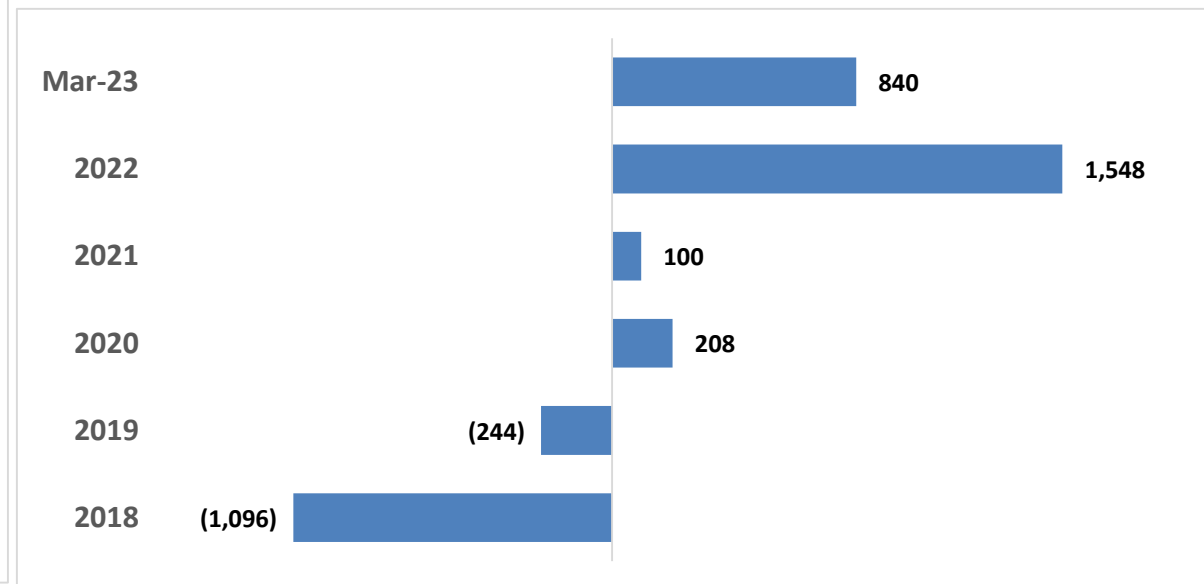
## MCB Islamic – Deposits & Advances

PKR in Billions

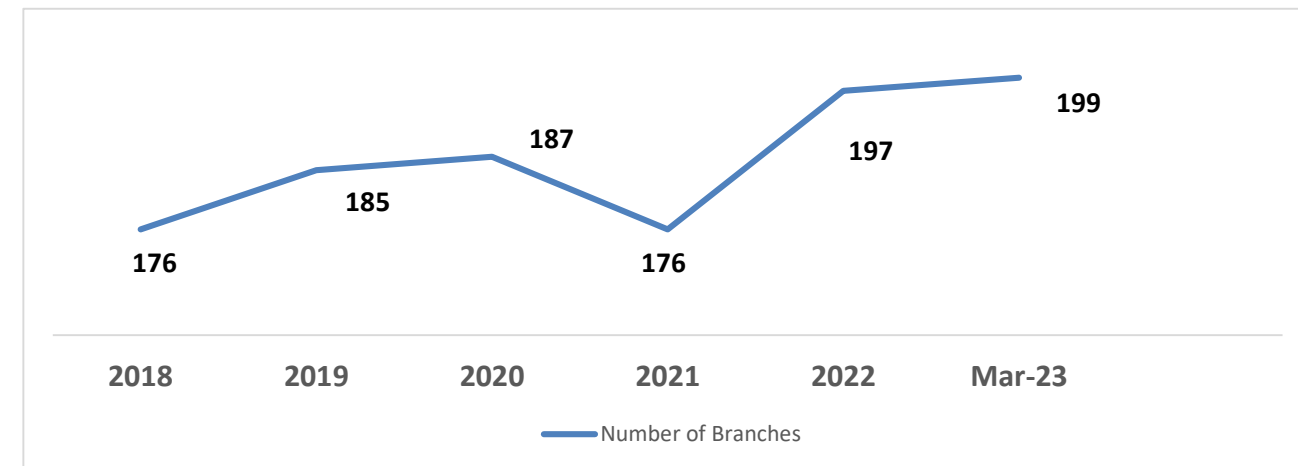


## Profit / (Loss) after Tax

PKR in Millions

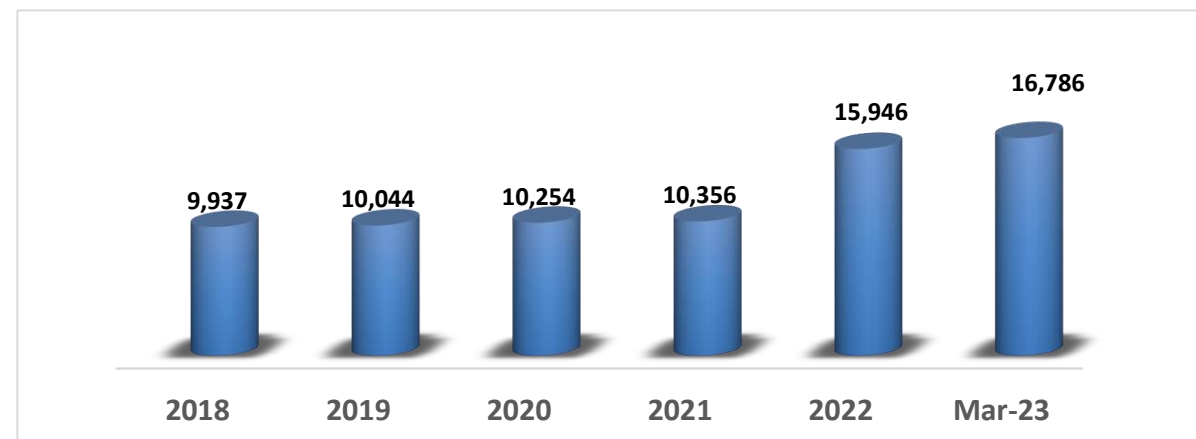


## MCB Islamic Bank - Branches



## Equity

PKR in Millions



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

\*PKR 4.0 billion injected by MCB Bank in June 2022

# Awards & Accolades

## Best Corporate Report

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

**“Joint Winner” - Best Corporate Report 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

## Asset AAA Country Awards

Best loan adviser - 2021

Best Structured Finance Deal - 2021

Best equity-Linked Deal – 2021

Telecom Deal of the Year - 2020

Best Corporate Sukuk - 2020

Best Acquisition Financing - 2020

Best Syndicated Loan - 2020

## Asiamoney Awards

**Best Corporate Bank in Pakistan 2022**

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

## Euromoney Awards

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

## FinanceAsia’s Country Awards

Best Bank in Pakistan - 2021

Best Bank in Pakistan - 2019

Best Bank in Pakistan - 2018

Best Pakistan Deal, IPO of Pakistan Stock Exchange - 2017

Best Bank in Pakistan - 2016



# ***Thank you!***

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