

MCB Bank Limited

Investors Briefing

June 30, 2019

Presented by:
Hammad Khalid
Chief Financial Officer



Bank for Life

Group Structure

MCB Bank is majority owned by Nishat group, a prominent business conglomerate, having diversified interests in Textiles, Cement, Banking, Insurance, Power Generation, Hotel Business, Agriculture, Dairy, and Paper Products. 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 18.78% stake in MCB through Maybank International Trust (Labuan) Berhad.

In 2017, Fullerton Financial Holdings (International) of Singapore through Bugis Investments (Mauritius) Pte Ltd acquired 5.49% stake in MCB under merger scheme of NIB Bank with and into MCB Bank Limited. MCB is the first Pakistani Bank which incorporated a wholly owned Islamic Banking subsidiary, MCB Islamic Bank Limited, to meet requirements of a significant segment of our customer base for financial solutions that conform to Shari’ah rulings and demonstrate our confidence in the potential of the Islamic Banking industry in the country. During 2018, the Bank transferred business of its 90 branches to its wholly owned subsidiary MCB Islamic Bank Limited to capitalize on opportunities for growth in Islamic Banking sector.

Local Branches : 1,377 **Foreign Branches : 11 (Including 1 EPZ branch)**

Subsidiaries

MCB Financial Services Limited Holding: 100%

Profile: Float, administer and manage modaraba funds and acts as trustees of various mutual funds.

MNET Services (Private) Limited Holding: 100%

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.

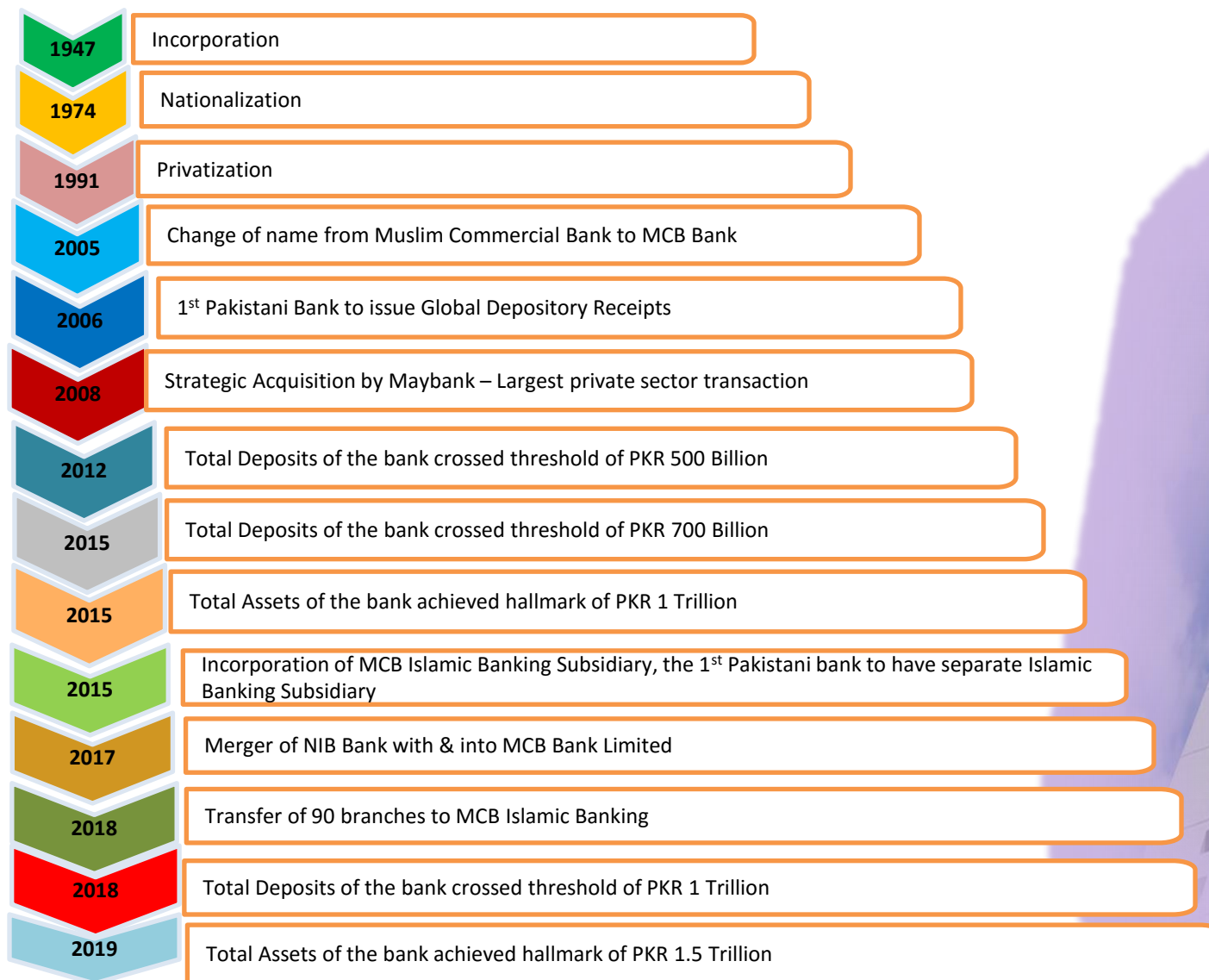
With reference to significant holding, the following entities are associates of the Bank;

Adamjee Insurance Company Limited Holding: 20.00%

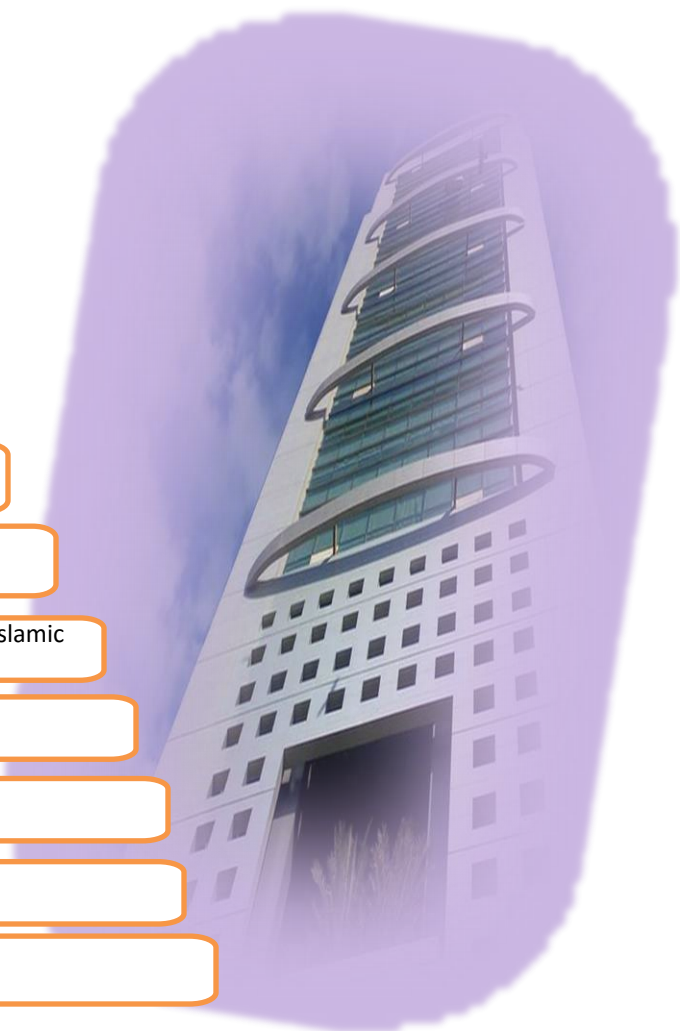
Euronet Pakistan (Private) Limited Holding: 30.00%



MCB Key Historical Milestones



Bank for Life



MCB Bank Limited, a name synonymous with quality service and trust, is a recognized brand working on strategic parameters through out the decades in order to register financial performance and sustainable business development.

Our broad spectrum of products and services provides a cutting edge advantage to service our customers countrywide through online branch network offering Corporate, Retail, Islamic and Investment banking products that have contributed towards making MCB Bank one of the leading banks in Pakistan. To account for change in trends and adding further 'customer-friendly' parameters, MCB's Internet Banking was re-launched during the year. Our revamped Call Centres is yet another step to reinforce our strategy to provide 24/7 product support and assistance to our valued clientele. To strengthen the retail product suite, consumer lending products i.e. personal loan and home loan facilities, were reintroduced to enlarge the range of MCB's products. Our Mobile Banking continues to be a strong player; attracting large segment of young educated tech-savvy professionals. Bancassurance / Investment products and Visa Debit Cards have been among MCB's best sellers and have gained substantial market share during the year under review.

As developing technology-driven product range is the need of the hour, MCB is moving in that direction with a clear vision. The launch of MCB Lite is expected to usher a new chapter of 'banking convenience' for MCB's existing and prospective customer base. We are confident that through these innovative products, coupled with our quality service standards, MCB would significantly increase its share of the business and support financial inclusion through alternate distribution channels.

In line with Bank's Business Strategy, our financial results reflected strong underlying performance across virtually all our businesses, fueled by strong Balance Sheet management and profit growth. Our key focus areas remain cost management, non-fund income growth and no significant accretion in our NPL base.

Strategic Objectives

- ✓ Delivering remarkable returns to stakeholders, sustainable performance, exceeding market and shareholder expectations
- ✓ Providing value added services through operational expansion, geography and upgraded system
- ✓ Building a corporate culture of equality, trust and team spirit as we remain dedicated to being a socially responsible organization



Vision & Mission

Vision

To be the leading financial services provider, partnering with our customers for a more prosperous and secure future.

Mission

We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us.



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1 Key Performance Indicators

2 Awards & Accolades

3 Financial Performance



Bank for Life



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Key Performance Indicators



Bank for Life



One of the largest Commercial Bank in Pakistan

Financial Strength

Assets	➤	PKR 1,573 bn (US\$ 9.8 bn)
Deposits	➤	PKR 1,148 bn (US\$ 7.2 bn)
Advances (Gross)	➤	PKR 557bn (US\$ 3.5bn)
RoA	➤	1.39%
RoE	➤	15.18%
Profit before Tax	➤	PKR 18.25 bn (US\$ 126.26 mn)
Market capitalization	➤	PKR 206.7 bn (US\$ 1.3 bn)
No. of accounts	➤	7.9mn

Domestic and International footprint

Domestic Branches	➤	1,377
Foreign Branches	➤	11 (Sri Lanka : 8, Bahrain : 1, EPZ : 1, UAE : 1) 1 Rep Office in Dubai
Subsidiaries		MCB Financial Services
		MNET Services (Private) Limited
		MCB - Arif Habib Savings and Investments Limited
		"MCB Leasing" Closed' Joint Stock Company
Associates	➤	MCB Islamic Bank Limited
		Financial Management Services (Pvt) Limited
		Adamjee Insurance Company Limited
# of ATMs	➤	1,356

Highest Credit Rating by PACRA

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



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Awards & Accolades



Bank for Life

International Recognition

Awards/ Accolades



"Winner -Best Corporate Report Award 2018 – Banking Sector"

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
 Knowledge Partner
 A.F. FERGUSON & CO. | A member firm of the PwC network

**Best bank for
 Corporate Finance & Capital market
 Development - 2016**



ASIAMONEY

Best Domestic Bank in Pakistan: 2014;
 2009, 2008, 2006, 2005 & 2004

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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



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



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: 2012:
 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



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Financial Performance



Bank for Life

Statement of Financial Position

Rs. In mln

	Unconsolidated				Consolidated			
	Jun 2019	Dec 2018	YTD	%	Jun 2019	Dec 2018	YTD	%
Assets	1,573,398	1,498,130	75,268	5.02%	1,670,125	1,585,210	84,915	5.4%
Advances - net	514,143	503,581	10,562	2.10%	574,354	566,792	7,562	1.3%
Investments	793,510	749,369	44,141	5.89%	803,876	754,386	49,490	6.6%
Cash and Balances with Banks & Lending to Financial Institutions	156,759	150,160	6,599	4.39%	171,427	162,653	8,774	5.4%
Other Assets (including fixed assets)	108,986	95,020	13,966	14.70%	120,468	101,379	19,089	18.8%
Liabilities	1,423,018	1,348,852	74,166	5.50%	1,517,973	1,433,887	84,086	5.9%
Deposits	1,148,631	1,049,038	99,594	9.49%	1,231,815	1,122,307	109,509	9.8%
Borrowings	183,982	216,019	(32,037)	-14.83%	187,588	223,216	(35,628)	-16.0%
Subordinated loans	-	3,891	(3,891)	-100.00%	-	3,891	(3,891)	-100.0%
Bills Payable	10,514	15,699	(5,186)	-33.03%	11,605	17,003	(5,399)	-31.8%
Other Liabilities (including Deferred Tax)	79,891	64,206	15,686	24.43%	86,964	67,470	19,494	28.9%
Net Assets	150,380	149,278	1,102	0.74%	152,152	151,323	829	0.5%
Equity without surplus (incl. M.I)	141,846	139,531	2,315	1.66%	143,029	140,905	2,124	1.5%



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Non Performing Loans (NPLs)

Coverage ratio* at 89.14% (YE18: 88.26 %), NPLs ratio stands at 8.64% (YE18: 8.95%)

Rs. In mln

	Jun 19	Mar 19	Dec 18	Sep 18	Jun 18
Total NPLs	48,150	49,337	48,956	47,080	47,131
QoQ	(1,187)	381	1,876	(51)	(1,246)
QoQ % variance	-2%	1%	4%	0%	-3%
Substandard	253	1,687	1,528	904	520
QoQ	(1,435)	159	625	383	140
QoQ % variance	-85%	10%	69%	74%	37%
Doubtful	1,077	2,047	1,742	332	302
QoQ	(970)	306	1,410	29	(394)
QoQ % variance	-47%	18%	425%	10%	-57%
Loss	46,729	45,509	45,637	45,692	46,181
QoQ	1,219	(127)	(55)	(489)	(937)
QoQ % variance	3%	0%	0%	-1%	-2%
OAEM	92	93	49	152	127
QoQ	(1)	44	(103)	25	(54)
QoQ % variance	-1%	89%	-68%	20%	-30%

YTD (Jun 19 vs. Dec 18)

	Var.	%
Total NPLs	(805)	-1.64%
Substandard	(1,276)	-83.47%
Doubtful	(664)	-38.14%
Loss	1,092	2.39%
OAEM	43	86.82%

Concentration of Category of NPLs

	Jun 19	Mar 19	Dec 18	Sep 18	Jun 18
Substandard	0.52%	3.42%	3.12%	1.92%	1.1%
Doubtful	2.24%	4.15%	3.56%	0.70%	0.6%
Loss	97.05%	92.24%	93.22%	97.05%	98.0%
OAEM	0.19%	0.19%	0.10%	0.32%	0.3%

* Coverage ratio = Specific plus General Provision/NPLs



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Investments

Increase of Rs. 33B in Market Treasury Bills and Rs. 13B in Pakistan Investment Bonds.

Rs. In mln

	Jun 2019	Dec 2018	Var.	% var.	Jun 2018	Var.	% var.
Treasury Bills	611,595	578,343	33,252	6%	452,439	159,156	35%
Pakistan Investment Bonds	140,908	127,914	12,994	10%	192,574	(51,666)	-27%
TFCs, Debentures and Certificates	9,403	9,102	301	3%	7,674	1,730	23%
Other government securities / Sukuks / Euro Bonds	7,143	7,251	(108)	-1%	1,963	5,180	264%
Shares in Listed, Unlisted Co.s & Mutual funds	27,211	26,123	1,088	4%	25,140	2,071	8%
Subsidiaries & Associated Undertakings	12,747	12,747	-	0%	12,747	-	0%
Investments at cost	809,007	761,480	47,527	6%	692,537	116,470	17%
Prov for diminution in value of investments	(9,436)	(7,865)	(1,571)	20%	(5,695)	(3,742)	66%
Surplus/(deficit) on revaluation of securities	(6,061)	(4,246)	(1,815)	43%	2,267	(8,328)	-367%
Investments at revalued amount - net of provision	793,510	749,369	44,141	6%	689,109	104,401	15%



Bank for Life

Deposits

Rs. in mln

	Q2 19		Q1 19		Q4 18		Q3 18		Q2 18	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
Deposits - Volume	1,148,631		1,066,013		1,049,038		1,032,649		1,018,740	
Current deposits	437,496	38%	406,850	38%	401,899	38%	394,167	38%	399,611	39%
Savings deposits	604,695	53%	565,100	53%	552,914	53%	560,573	54%	546,769	54%
Term Deposits	106,440	9%	94,063	9%	94,224	9%	77,909	8%	72,360	7%
CASA	1,042,191	90.73%	971,950	91.18%	954,813	91.02%	954,740	92.46%	946,381	92.90%
Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	9%	8%	3%	1%	7%	2%	7%	-1%	8%	1%
Savings deposits	11%	7%	5%	2%	6%	-1%	6%	3%	16%	2%
CASA	10%	7%	4%	2%	6%	0%	6%	1%	13%	2%
Term Deposits	47%	13%	28%	0%	36%	21%	24%	8%	36%	-2%
Total Deposits	13%	8%	6%	2%	8%	2%	7%	1%	14%	1%
	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
	99,594	82,618	16,975	16,975	80,555	16,388	64,167	13,909	50,258	13,713
Market Share (Domestic)	QoQ		QoQ		QoQ		QoQ		QoQ	
Industry	14,458,307	7.45%	13,456,273	0.77%	13,353,916	2.47%	13,031,815	-0.24%	13,062,787	3.91%
MCB	1,106,006	7%	1,030,407	2%	1,010,851	1%	1,003,800	1%	991,413	1%
Share	7.65%		7.66%		7.57%		7.70%		7.59%	



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Profit and Loss Statement

Rs. In mln

	Unconsolidated				Consolidated			
	Jun 2019	Jun 2018	+/-	%	Jun 2019	Jun 2018	+/-	%
Mark-up Income	59,133	37,715	21,418	56.79%	63,418	39,272	24,146	61.5%
Mark-up Expense	31,333	15,096	16,237	107.55%	33,839	15,948	17,891	112.2%
Net Mark-up Income	27,800	22,618	5,181	22.91%	29,580	23,325	6,255	26.8%
Non Interest Income	7,959	8,430	(471)	-5.58%	8,385	8,773	(387)	-4.4%
Total Income	35,759	31,049	4,711	15.17%	37,965	32,097	5,868	18.3%
Non Mark-up Expense	16,751	17,511	(760)	-4.34%	19,282	18,975	307	1.6%
<i>admin expenses</i>	16,501	15,413	1,088	7.06%	19,032	16,875	2,157	12.8%
<i>(PF reversal)</i>	(222)	1,703	(1,925)	-113.05%	(222)	1,703	(1,925)	-113.1%
<i>other charges & WWF</i>	472	395	77	19.53%	473	397	76	19.1%
Share of Undertaking	-	-	-	-	200	358	(158)	-44.1%
Profit before Provisions	19,008	13,538	5,471	40.41%	18,883	13,480	5,403	40.1%
Provisions	760	(2,462)	3,222	-130.85%	907	(2,212)	3,119	-141.0%
against Investments	1,571	(220)	1,791	0.00%	1,708	27	1,680	0.0%
against loans & advances	(701)	(1,427)	725	-50.85%	(691)	(1,422)	732	-51.4%
Others including write off recovery	(110)	(815)	706	-86.56%	(110)	(817)	707	-86.6%
Profit before Tax	18,249	16,000	2,249	14.06%	17,975	15,691	2,284	14.6%
Taxation	7,574	6,237	1,337	21.44%	7,554	6,220	1,334	21.4%
Profit after Tax	10,675	9,763	912	9.34%	10,422	9,471	950	10.0%



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Key Performance Ratios

	BV	ROA	ROE	EPS (annualised)	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non- markup/Total Rev
Jun 2019	119.69	1.39%	15.18%	18.02	17.48%	48.50%	8.64%	89.14%	96.64%	22.26%
Dec 2018	117.74	1.50%	15.48%	18.02	18.13%	52.12%	8.95%	88.26%	94.49%	27.21%
Dec 2017	115.18	1.86%	17.65%	19.56	16.44%	53.18%	9.47%	93.74%	97.31%	29.81%
Dec 2016	105.97	2.11%	18.94%	19.67	19.33%	47.07%	5.90%	90.82%	98.76%	26.96%
Dec 2015	101.69	2.71%	23.92%	23.65	19.43%	46.29%	6.32%	90.37%	99.82%	25.14%
Dec 2014	96.05	2.87%	24.64%	22.60	20.41%	46.83%	6.80%	85.62%	94.00%	22.93%
Dec 2013	87.39	2.93%	24.92%	20.84	22.25%	42.41%	8.68%	85.74%	94.66%	22.78%
Dec 2012	79.85	3.18%	26.89%	20.31	22.24%	48.14%	9.74%	89.23%	87.55%	18.30%
Dec 2011	71.22	3.54%	29.12%	19.42	21.79%	50.88%	10.67%	83.76%	94.74%	15.41%
Dec 2010	62.15	3.13%	25.91%	18.05	22.07%	63.55%	8.95%	79.83%	91.82%	10.26%
Dec 2009	54.87	3.25%	27.35%	17.44	19.07%	73.37%	8.62%	70.89%	83.41%	9.86%

* 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



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MCB Bank Limited

Thank you

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



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