

# MCB Bank Limited

## Investors Briefing

### June 30, 2020

*Presented by:*  
Hammad Khalid  
Chief Financial Officer



Bank for Life

# Financial and Operational Landscape

Financial Strength			Domestic and International footprint		
Assets	>	PKR 1,667.6 bn (US\$ 9.9 bn)	Domestic Branches	>	1,400
Deposits	>	PKR 1,274.7 bn (US\$ 7.6 bn)	Foreign Branches	>	11 (Sri Lanka : 8, Bahrain : 1, EPZ : 1, UAE : 1)
Advances (Gross)	>	PKR 508 bn (US\$ 3 bn)	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
RoA	>	1.66%			
RoE	>	18.16%			
Profit before Tax	>	PKR 22.25 bn (US\$ 138.12 mn)			
Market capitalization	>	PKR 192.1 bn (US\$ 1.14 bn)	Associates	>	Adamjee Insurance Company Limited Euronet Pakistan (Pvt) Limited
No. of accounts	>	7.95 mn	# of ATMs	>	1363

**Highest Credit Rating by PACRA**

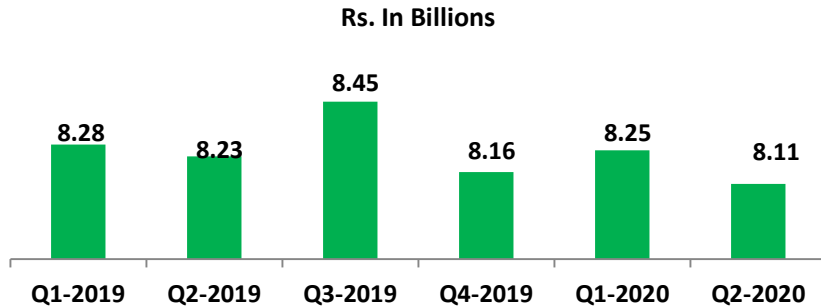
**Long Term AAA [triple A] and Short Term A1+ [A one plus]**



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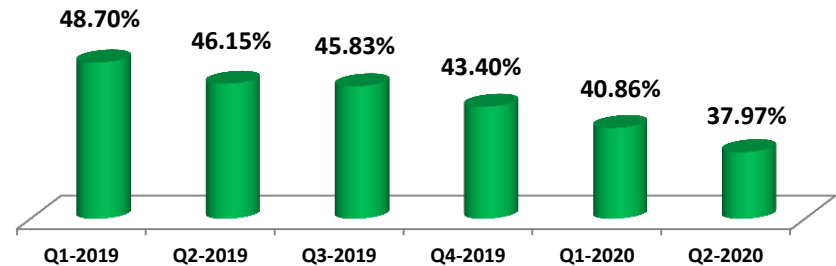
## Quarterly Operating expenses excluding PF

- Resulting into flat OPEX line
- Strategic cost efficiency drive



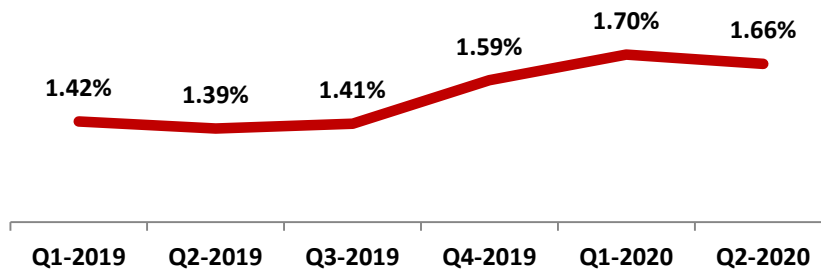
## Cost to Income Ratio

- C / I ratio averages 43.8% for last 6 quarters
- C / I ratio improving to 37.9% in Q2-20



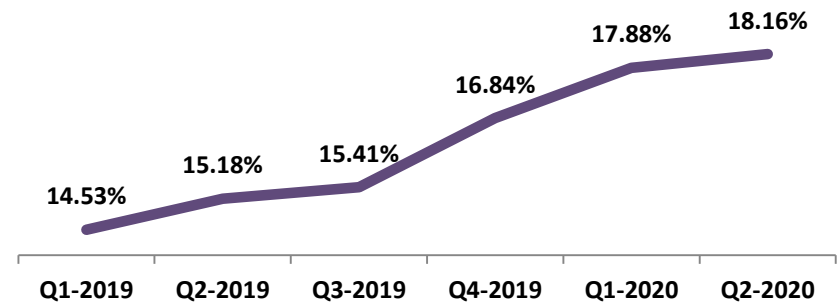
## Return on Assets

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



## Return on Equity

- RoE improving considerably from 14.53% to 18.16% during last 6 quarters

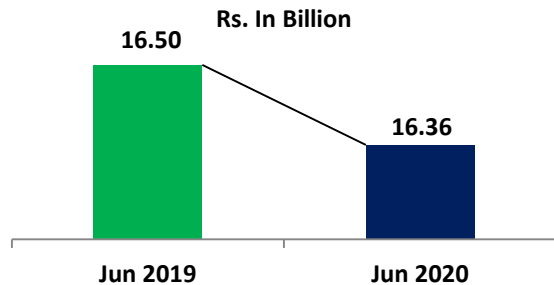


# Comparative Performance

## Admin Expenses

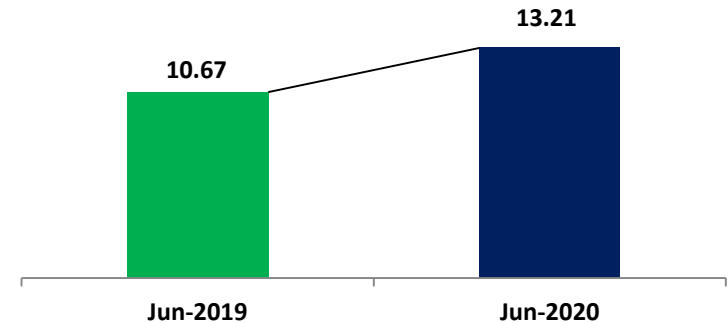
(Excluding PF Reversal)

Efficient cost management leads to 0.8% decrease over 1H-19.



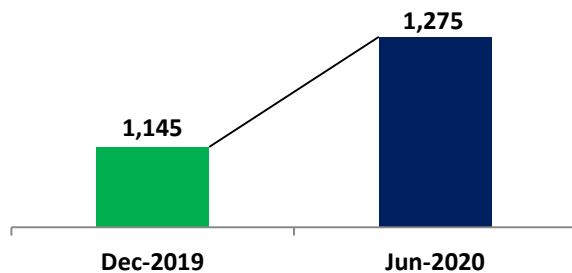
## Profit after Tax (PAT)

Significant increase of 24% in PAT over 1H-19.



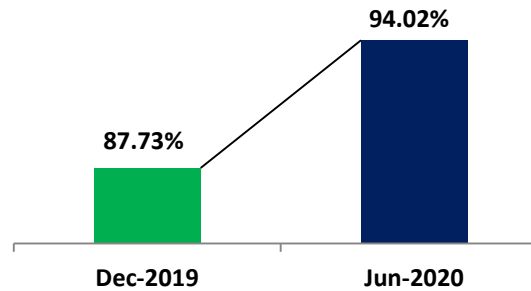
## Deposits

Unprecedented growth in deposit base i.e. PKR 130B over YE-19. Out of PKR 130B, more than 50% is contributed by current account.



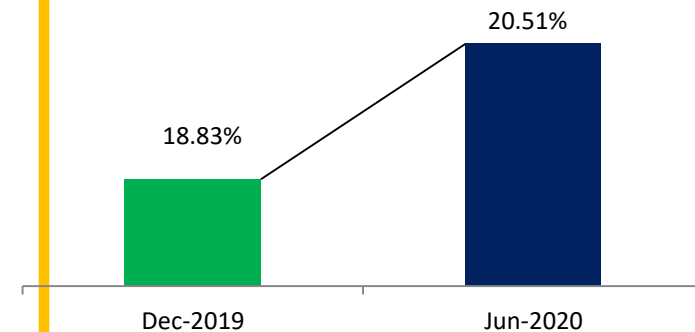
## Coverage

GP charge of PKR 4B in 1H-20 providing insulation and loss absorption capacity



## Capital Adequacy

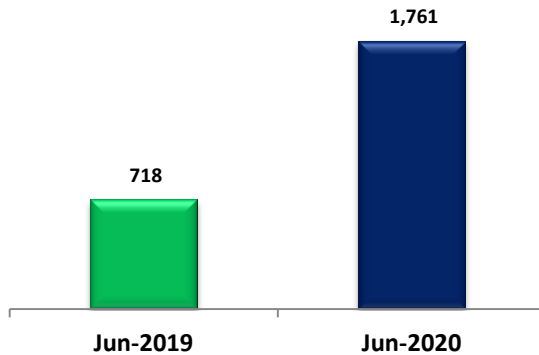
Capital Adequacy Ratio of 20.51% is well above the requirement of 11.50%



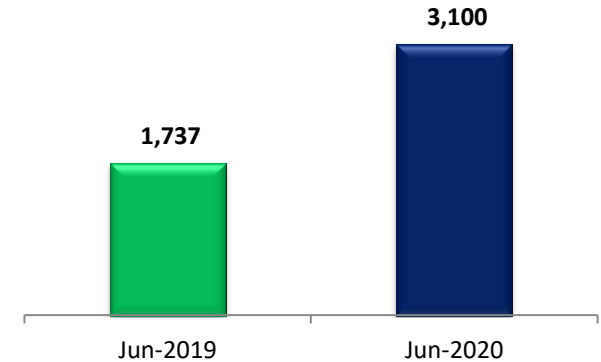
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## E-Commerce

# of Transactions in 000

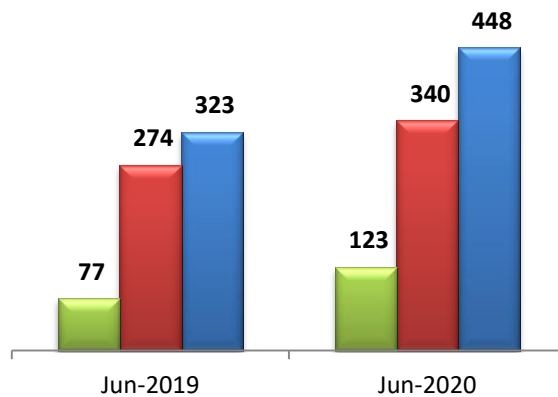


Volume – PKR Mlns

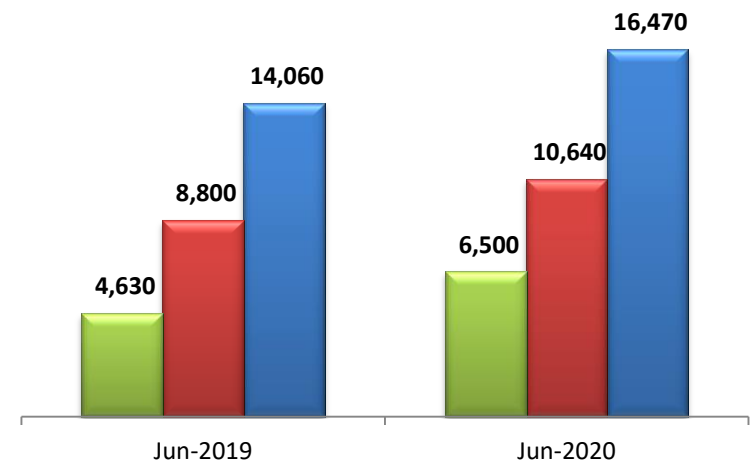


## IBFT

# of Transactions in 000



Volume – PKR Mlns

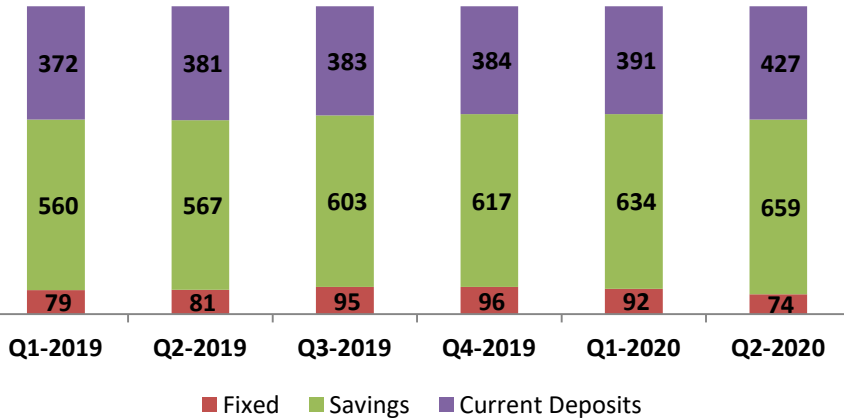


■ Mobile Banking ■ ATM ■ Internet Banking

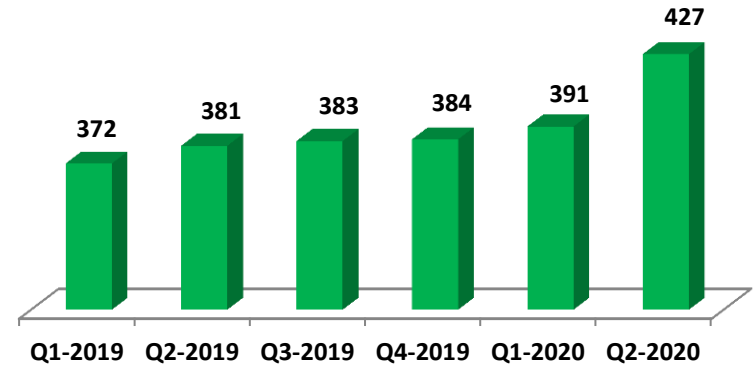
■ Mobile Banking ■ ATM ■ Internet Banking

# Domestic Deposits - Growth

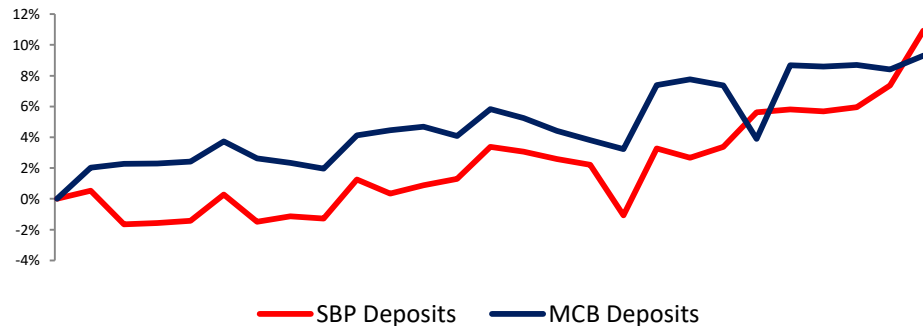
## Domestic Deposits – Bln PKR



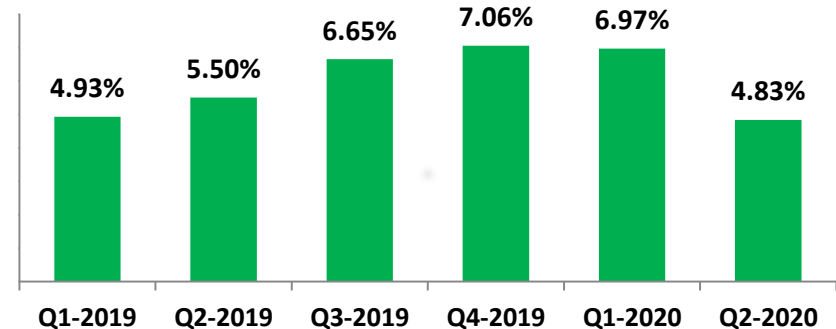
## Domestic Current Deposits – Bln PKR



## Domestic Deposits Weekly Growth in 2020



## MCB COD – Domestic (QoQ)



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# Financial Performance

## June 30, 2020



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# Statement of Financial Position

Rs. in Million

	Unconsolidated				Consolidated			
	Jun 2020	Dec 2019	YTD	%	Jun 2020	Dec 2019	YTD	%
<b>Assets</b>	<b>1,667,604</b>	<b>1,515,152</b>	<b>152,452</b>	<b>10.1%</b>	<b>1,781,057</b>	<b>1,612,215</b>	<b>168,842</b>	<b>10.5%</b>
Advances - net	460,611	496,679	(36,068)	-7.3%	530,556	548,473	(17,917)	-3.3%
Investments	928,708	748,765	179,943	24.0%	945,690	757,442	188,248	24.9%
Cash and Balances with Banks & Lending to Financial Institutions	160,926	146,337	14,589	10.0%	174,203	170,390	3,813	2.2%
Other Assets (including fixed assets)	117,360	123,372	(6,012)	-4.9%	130,609	135,910	(5,302)	-3.9%
<b>Liabilities</b>	<b>1,482,719</b>	<b>1,346,237</b>	<b>136,481</b>	<b>10.1%</b>	<b>1,593,813</b>	<b>1,440,868</b>	<b>152,945</b>	<b>10.6%</b>
Deposits	1,274,682	1,144,763	129,919	11.3%	1,371,348	1,226,593	144,755	11.8%
Borrowings	113,230	89,506	23,724	26.5%	117,073	92,860	24,213	26.1%
Bills Payable	10,504	11,822	(1,317)	-11.1%	12,613	12,795	(182)	-1.4%
Other Liabilities (including Deferred Tax)	84,303	100,146	(15,844)	-15.8%	92,779	108,620	(15,840)	-14.6%
<b>Net Assets</b>	<b>184,886</b>	<b>168,915</b>	<b>15,971</b>	<b>9.5%</b>	<b>187,244</b>	<b>171,347</b>	<b>15,897</b>	<b>9.3%</b>
<b>Equity without surplus (incl. M.I)</b>	<b>145,685</b>	<b>145,219</b>	<b>465</b>	<b>0.3%</b>	<b>147,330</b>	<b>146,595</b>	<b>735</b>	<b>0.5%</b>



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# Non Performing Loans (NPLs)

Coverage ratio\* at 94.02% (YE19: 87.73%), NPLs ratio stands at 9.91% (YE19: 9.15%)

Rs. in Million

	Jun 20	Mar 20	Dec 19	Sep 19	Jun 19
Total NPLs	50,364	49,935	49,424	51,506	48,150
QoQ	429	511	(2,081)	3,355	(1,187)
QoQ % variance	1%	1%	-4%	7%	-2%
Substandard	1,161	622	616	2,718	253
QoQ	539	5	(2,101)	2,465	(1,435)
QoQ % variance	87%	1%	-77%	976%	-85%
Doubtful	3,189	2,899	2,702	797	1,077
QoQ	290	197	1,905	(281)	(970)
QoQ % variance	10%	7%	239%	-26%	-47%
Loss	45,928	46,219	45,982	46,332	46,729
QoQ	(291)	237	(350)	(397)	1,219
QoQ % variance	-1%	1%	-1%	-1%	3%
OAEM	86	195	124	1,659	92
QoQ	(109)	71	(1,536)	1,567	(1)
QoQ % variance	-56%	58%	-93%	1705%	-1%

## Concentration of Category of NPLs

	Jun 20	Mar 20	Dec 19	Sep 19	Jun 19
Substandard	2.30%	1.24%	1.25%	5.28%	0.52%
Doubtful	6.33%	5.81%	5.47%	1.55%	2.24%
Loss	91.19%	92.56%	93.04%	89.96%	97.05%
OAEM	0.17%	0.39%	0.25%	3.22%	0.19%

\* Coverage ratio = Specific plus General Provision/NPLs



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Increase of Rs. 31B in Market Treasury Bills & Rs. 121B in Pakistan Investment Bonds

Rs. in Million

	Jun 2020	Dec 2019	Var.	% var.	June 2019	Var.	% var.
Treasury Bills	433,066	401,814	31,253	8%	611,595	(178,529)	-29%
Pakistan Investment Bonds	413,475	292,723	120,752	41%	140,908	272,567	193%
TFCs, Debentures and Certificates	10,891	9,555	1,336	14%	9,403	1,488	16%
Other government securities / Sukooks / Euro Bonds	12,207	10,872	1,335	12%	7,143	5,064	71%
Shares in Listed, Unlisted Co.s & Mutual funds	26,491	24,958	1,533	6%	27,211	(719)	-3%
Subsidiaries & Associated Undertakings	13,047	13,047	-	0%	12,747	300	2%
<b>Investments at cost</b>	<b>909,178</b>	<b>752,969</b>	<b>156,209</b>	<b>21%</b>	<b>809,007</b>	<b>100,171</b>	<b>12%</b>
Prov for diminution in value of investments	(10,895)	(10,689)	(206)	2%	(9,436)	(1,459)	15%
Surplus on revaluation of securities	30,425	6,485	23,940	369%	(6,061)	36,486	-602%
<b>Investments at revalued amount - net of provision</b>	<b>928,708</b>	<b>748,765</b>	<b>179,943</b>	<b>24%</b>	<b>793,510</b>	<b>135,198</b>	<b>17%</b>

Composition of Investments		
	Jun 2020	Dec 2019
T-Bills	48%	53%
PIBs	45%	39%
Equity securities	4%	5%
Debt instruments	3%	3%



# Deposits

Rs. in Million

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

<b>Deposits - Volume</b>	<b>1,274,682</b>		<b>1,184,139</b>		<b>1,144,763</b>		<b>1,145,140</b>		<b>1,148,631</b>	
Current deposits	497,714	39%	433,967	37%	424,552	37%	416,922	36%	437,496	38%
Savings deposits	702,586	55%	656,484	55%	610,511	53%	615,472	54%	604,695	53%
Term Deposits	74,382	6%	93,688	8%	109,701	10%	112,745	10%	106,440	9%

<b>CASA</b>	<b>1,200,300</b>	<b>94.16%</b>	<b>1,090,451</b>	<b>92.09%</b>	<b>1,035,063</b>	<b>90.42%</b>	<b>1,032,394</b>	<b>90.15%</b>	<b>1,042,191</b>	<b>90.73%</b>
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<b>Variance</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>
Current deposits	14%	15%	7%	2%	6%	2%	6%	-5%	9%	8%
Savings deposits	16%	7%	16%	8%	10%	-1%	10%	2%	11%	7%
<b>CASA</b>	15%	10%	12%	5%	8%	0%	8%	-1%	10%	7%
Term Deposits	-30%	-21%	0%	-15%	16%	-3%	45%	6%	47%	13%
<b>Total Deposits</b>	<b>11%</b>	<b>8%</b>	<b>11%</b>	<b>3%</b>	<b>9%</b>	<b>0%</b>	<b>11%</b>	<b>0%</b>	<b>13%</b>	<b>8%</b>

YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
129,919	90,543	39,376	39,376	95,726	(376)	96,102	(3,491)	99,594	82,618

Market Share (Domestic)	QoQ		QoQ		QoQ		QoQ		QoQ	
Industry	16,229,036	7.29%	15,126,310	3.38%	14,631,875	4.32%	14,025,990	-2.99%	14,458,307	7.45%
MCB	1,224,765	7%	1,141,757	5%	1,089,881	-1%	1,102,839	0%	1,106,006	7%
Share	7.55%		7.55%		7.45%		7.86%		7.65%	



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# Profit and Loss Statement

Rs. in Million

	Unconsolidated				Consolidated			
	Jun 2020	Jun 2019	+/-	%	Jun 2020	Jun 2019	+/-	%
Mark-up Income	75,212	59,133	16,079	27.2%	80,409	63,418	16,990	26.8%
Mark-up Expense	39,199	31,333	7,866	25.1%	42,156	33,839	8,317	24.6%
<b>Net Mark-up Income</b>	<b>36,013</b>	<b>27,800</b>	8,213	29.5%	<b>38,253</b>	<b>29,580</b>	8,673	29.3%
Non Interest Income	7,083	7,959	(877)	-11.0%	7,627	8,385	(759)	-9.1%
<b>Total Income</b>	<b>43,096</b>	<b>35,759</b>	7,337	20.5%	<b>45,879</b>	<b>37,965</b>	7,914	20.8%
Non Mark-up Expense	16,878	16,751	127	0.8%	19,369	19,282	87	0.5%
<i>admin expenses</i>	16,363	16,501	(138)	-0.8%	18,854	19,032	(177)	-0.9%
<i>(PF reversal)</i>	(171)	(222)	52	-23.3%	(171)	(222)	52	-23.3%
<i>other charges &amp; WWF</i>	685	472	213	45.2%	685	473	213	45.0%
Share of Undertaking	-	-	-	-	413	200	213	106.5%
<b>Profit before Provisions</b>	<b>26,218</b>	<b>19,008</b>	7,210	37.9%	<b>26,923</b>	<b>18,883</b>	8,040	42.6%
Provisions	3,963	760	3,204	421.7%	4,076	907	3,169	349.1%
against Investments	191	1,571	(1,380)	0.0%	201	1,708	(1,507)	0.0%
against loans & advances	3,857	(701)	4,558	-650.0%	3,959	(691)	4,650	-673.2%
Others including write off recovery	(84)	(110)	25	-23.2%	(84)	(110)	26	-23.4%
<b>Profit before Tax</b>	<b>22,254</b>	<b>18,249</b>	4,006	22.0%	<b>22,847</b>	<b>17,975</b>	4,872	27.1%
Taxation	9,045	7,574	1,471	19.4%	9,373	7,554	1,820	24.1%
<b>Profit after Tax</b>	<b>13,209</b>	<b>10,675</b>	2,534	23.7%	<b>13,474</b>	<b>10,422</b>	3,052	29.3%



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# Key Performance Ratios

	BV	ROA	ROE	EPS (annualized)	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non- markup/Total Rev
Jun 2020	122.93	1.66%	18.16%	22.29	20.51%	39.85%	9.91%	94.02%	93.84%	16.44%
Dec 2019	122.54	1.59%	16.84%	20.23	18.83%	47.17%	9.15%	87.73%	95.04%	21.86%
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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# 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



DAWN with IBP  
Knowledge Partner  
A FERGUSON & CO. | A member firm of the PwC network

Best bank for  
Corporate Finance & Capital market  
Development - 2016



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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



Most outstanding Company in Pakistan 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



**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



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; 2  
Best Bank – Pakistan 2014





MCB Bank Limited

# Thankyou

For further details on MCB Bank Limited, please visit [www.mcb.com.pk](http://www.mcb.com.pk)

For any query/comments/feedback, please e-mail  
[investor.relations@mcb.com.pk](mailto:investor.relations@mcb.com.pk)



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