

MCB Bank Limited

Investors Briefing

March 31, 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 : 1,374 **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.

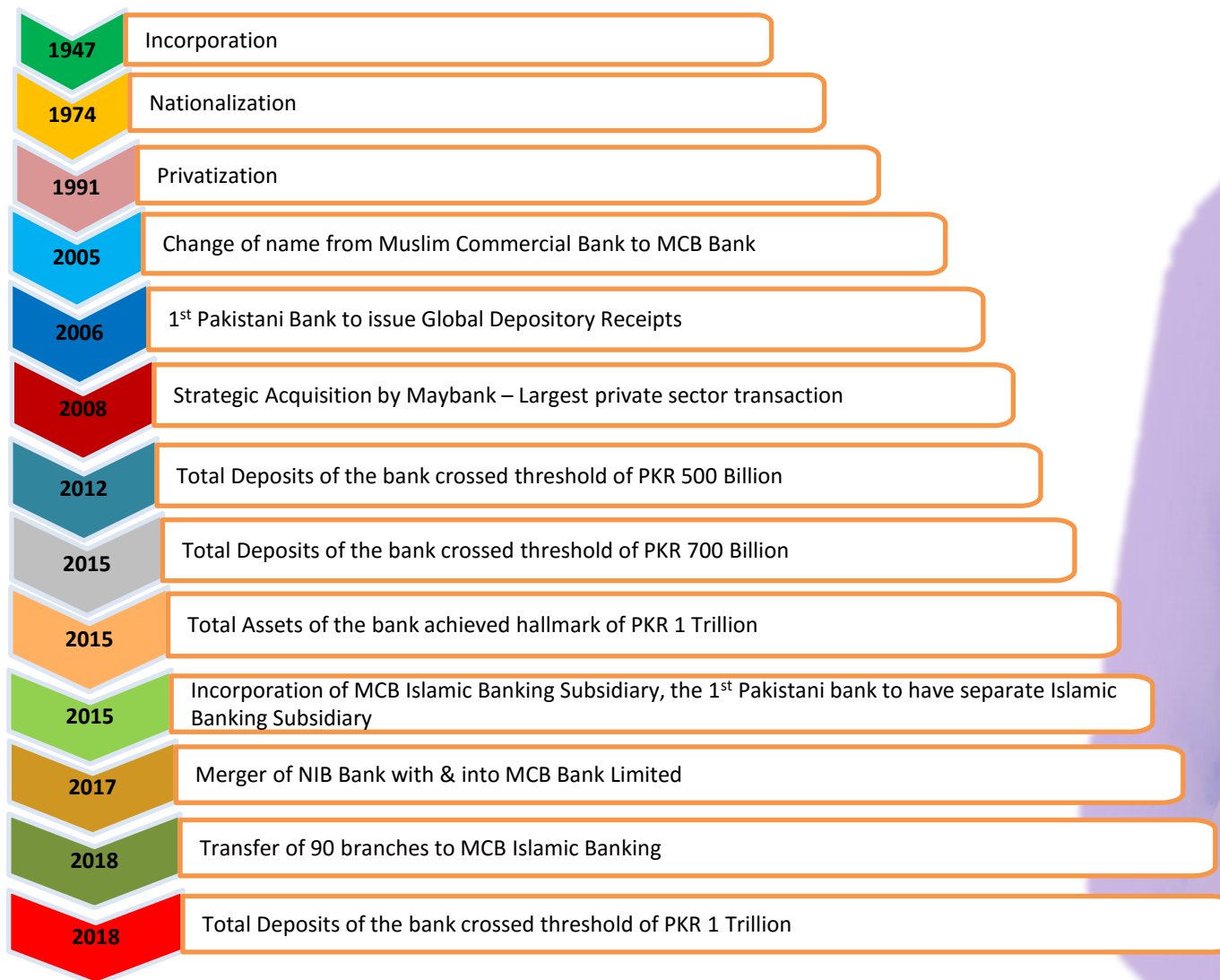
With reference to significant holding, the following entities are associates of the Bank;

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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Financial Performance



Bank for Life



1

Key Performance Indicators



Bank for Life

One of the largest Commercial Bank in Pakistan

Financial Strength

Assets	➤	PKR 1,365 bn (US\$ 9.7 bn)
Deposits	➤	PKR 1,066 bn (US\$ 7.6 bn)
Advances (Gross)	➤	PKR 543bn (US\$ 3.9 bn)
RoA	➤	1.42%
RoE	➤	14.53%
Profit before Tax	➤	PKR 9.08 bn (US\$ 65.19 mn)
Market capitalization	➤	PKR 233 bn (US\$ 1.6 bn)
No. of accounts	➤	7.8mn

Domestic and International footprint

Domestic Branches	➤	1,374
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	➤	Euronet Pakistan (Pvt) Limited
		1,335

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





"Winner -Best Corporate Report Award 2017 – Banking Sector"

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 member firm of the PBC network

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



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



ASIAMONEY

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



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			
	Mar 2019	Dec 2018	YTD	%	Mar 2019	Dec 2018	YTD	%
Assets	1,365,064	1,498,130	(133,066)	-8.88%	1,456,151	1,585,210	(129,059)	-8.14%
Advances - net	500,205	503,581	(3,376)	-0.67%	562,741	566,792	(4,051)	-0.71%
Investments	450,253	749,369	(299,116)	-39.92%	462,082	754,386	(292,304)	-38.75%
Cash and Balances with Banks & Lending to Financial Institutions	119,180	115,054	4,127	3.59%	331,203	162,653	168,550	103.63%
Other Assets (including fixed assets)	93,543	95,020	(1,478)	-1.55%	100,126	101,379	(1,253)	-1.24%
Liabilities	1,214,626	1,348,852	(134,227)	-9.95%	1,303,591	1,433,887	(130,296)	-9.09%
Deposits	1,066,013	1,049,038	16,975	1.62%	1,143,971	1,122,307	21,664	1.93%
Borrowings	70,235	216,019	(145,784)	-67.49%	76,821	223,216	(146,396)	-65.58%
Subordinated loans	3,891	3,891	-	0.00%	3,891	3,891	-	0.00%
Bills Payable	10,378	15,699	(5,321)	-33.89%	11,445	17,003	(5,558)	-32.69%
Other Liabilities (including Deferred Tax)	64,108	64,206	(97)	-0.15%	67,464	67,470	(6)	-0.01%
Net Assets	150,438	149,278	1,161	0.78%	152,560	151,323	1,237	0.82%
Equity without surplus (incl. M.I)	140,211	139,531	681	0.49%	141,536	140,905	631	0.45%



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Non Performing Loans (NPLs)

Coverage ratio* at 86.83% (YE18: 88.26 %), NPLs ratio stands at 9.09% (YE18: 8.95%)

Rs. In mln

	Mar 19	Dec 18	Sep 18	Jun 18	Mar 18
Total NPLs	49,337	48,956	47,080	47,131	48,377
QoQ	381	1,876	(51)	(1,246)	(376)
QoQ % variance	1%	4%	0%	-3%	-1%
Substandard	1,687	1,528	904	520	381
QoQ	159	625	383	140	(171)
QoQ % variance	10%	69%	74%	37%	-31%
Doubtful	2,047	1,742	332	302	696
QoQ	306	1,410	29	(394)	133
QoQ % variance	18%	425%	10%	-57%	24%
Loss	45,509	45,637	45,692	46,181	47,118
QoQ	(127)	(55)	(489)	(937)	(348)
QoQ % variance	0%	0%	-1%	-2%	-1%
OAEM	93	49	152	127	182
QoQ	44	(103)	25	(54)	10
QoQ % variance	89%	-68%	20%	-30%	6%

YTD (Mar 19 vs. Dec 18)		
	Var.	%
Total NPLs	381	0.78%
Substandard	159	10.41%
Doubtful	306	17.56%
Loss	(127)	-0.28%
OAEM	44	88.91%

Substandard
Doubtful
Loss
OAEM

	Mar 19	Dec 18	Sep 18	Jun 18	Mar 18
Substandard	3.42%	3.12%	1.92%	1.1%	0.8%
Doubtful	4.15%	3.56%	0.70%	0.6%	1.4%
Loss	92.24%	93.22%	97.05%	98.0%	97.4%
OAEM	0.19%	0.10%	0.32%	0.3%	0.4%

* Coverage ratio = Specific plus General Provision/NPLs



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Investments

Decrease of Rs. 330 B in Market Treasury Bills and increase of Rs. 29 B in Pakistan Investment Bonds.

Rs. In mln

	Mar 2019	Dec 2018	Var.	% var.	Mar 2018	Var.	% var.
Treasury Bills	248,634	578,343	(329,708)	-57%	360,247	(111,612)	-31%
Pakistan Investment Bonds	157,257	127,914	29,343	23%	193,811	(36,554)	-19%
TFCs, Debentures, Bonds and Certificates	8,983	9,102	(119)	-1%	7,204	1,779	25%
Other government securities	3,545	5,390	(1,845)	-34%	331	3,214	972%
Shares in Listed, Unlisted Co.s & Mutual funds	26,729	26,123	606	2%	24,895	1,834	7%
Sukuks Bonds	3,686	1,862	1,824	98%	1,625	2,061	127%
Subsidiaries & Associated Undertakings	12,747	12,747	-	0%	12,747	-	0%
Investments at cost	461,581	761,480	(299,899)	-39%	600,859	(139,278)	-23%
Prov for diminution in value of investments	(7,840)	(7,865)	26	0%	(5,499)	(2,341)	43%
Surplus on revaluation of securities	(3,489)	(4,246)	757	-18%	5,832	(9,321)	-160%
Investments at revalued amount - net of provision	450,253	749,369	(299,116)	-40%	601,192	(150,940)	-25%



Bank for Life

Deposits

Rs. in mln

	Q1 19		Q4 18		Q3 18		Q2 18		Q1 18	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
Deposits - Volume	1,066,013		1,049,038		1,032,649		1,018,740		1,005,027	
Current deposits	406,850	38%	401,899	38%	394,167	38%	399,611	39%	395,346	39%
Savings deposits	565,100	53%	552,914	53%	560,573	54%	546,769	54%	536,095	53%
Term Deposits	94,063	9%	94,224	9%	77,909	8%	72,360	7%	73,586	7%
CASA	971,950	91.18%	954,813	91.02%	954,740	92.46%	946,381	92.90%	931,441	92.68%
Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	3%	1%	7%	2%	7%	-1%	8%	1%	24%	5%
Savings deposits	5%	2%	6%	-1%	6%	3%	16%	2%	18%	3%
CASA	4%	2%	6%	0%	6%	1%	13%	2%	21%	4%
Term Deposits	28%	0%	36%	21%	24%	8%	36%	-2%	58%	6%
Total Deposits	6%	2%	8%	2%	7%	1%	14%	1%	23%	4%
	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
	16,975	16,975	80,555	16,388	64,167	13,909	50,258	13,713	36,544	36,544
Market Share (Domestic)	QoQ		QoQ		QoQ		QoQ		QoQ	
Industry	13,456,273	0.77%	13,353,916	2.47%	13,031,815	-0.24%	13,062,787	3.91%	12,571,277	1.69%
MCB	1,030,407	2%	1,010,851	1%	1,003,800	1%	991,413	1%	977,703	4%
Share	7.66%		7.57%		7.70%		7.59%		7.78%	



Bank for Life

Profit and Loss Statement

Rs. In mln

	Unconsolidated				Consolidated			
	Mar 2019	Mar 2018	+/-	%	Mar 2019	Mar 2018	+/-	%
Mark-up Income	27,382	18,214	9,168	50.33%	29,336	18,947	10,389	54.83%
Mark-up Expense	13,903	7,182	6,721	93.58%	14,997	7,573	7,425	98.04%
Net Mark-up Income	13,479	11,032	2,447	22.18%	14,339	11,374	2,965	26.07%
Non Interest Income	3,514	4,379	(864)	-19.74%	3,791	4,468	(677)	-15.15%
Total Income	16,993	15,411	1,583	10.27%	18,130	15,842	2,288	14.44%
Non Mark-up Expense	8,398	9,585	(1,187)	-12.38%	9,690	10,226	(536)	-5.24%
<i>admin expenses</i>	8,275	7,375	900	12.21%	9,566	8,016	1,550	19.34%
<i>(PF reversal)</i>	(105)	2,025	(2,130)	-105.18%	(105)	2,025	(2,130)	-105.18%
<i>other charges & WWF</i>	228	185	43	23.15%	229	185	44	23.96%
Share of Undertaking	-	-	-	-	158	200	(42)	-21.10%
Profit before Provisions	8,595	5,826	2,770	47.54%	8,597	5,815	2,781	47.83%
Provisions	(484)	(1,481)	997	-67.30%	(448)	(1,480)	1,032	-69.72%
against Investments	(26)	(416)	390	0.00%	(63)	(416)	353	0.00%
against loans & advances	(405)	(314)	(91)	28.96%	(332)	(313)	(19)	5.93%
Others including write off recovery	(53)	(751)	697	-92.88%	(53)	(751)	698	-92.93%
Profit before Extra Ordinary Item	9,079	7,306	1,773	24.27%	9,045	7,296	1,749	23.98%
Extra Ordinary Item - Pension Cost	-	-	-	0.00%	-	-	-	0.00%
Profit before Tax	9,079	7,306	1,773	24.27%	9,045	7,296	1,749	23.98%
Taxation	3,999	2,529	1,470	58.13%	4,035	2,584	1,450	56.13%
Profit after Tax	5,080	4,777	303	6.34%	5,010	4,711	299	6.34%



Bank for Life

Key Performance Ratios

	BV	ROA	ROE	EPS (annualised)	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non- markup/Total Rev
Mar 2019	118.32	1.42%	14.53%	17.15	17.82%	50.94%	9.09%	86.83%	92.97%	20.68%
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	2.16%	19.39%	20.13	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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