

MCB Bank Limited

Investors Briefing

September 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 : 1,382

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.

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 Non-Bank Credit Organization" 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%

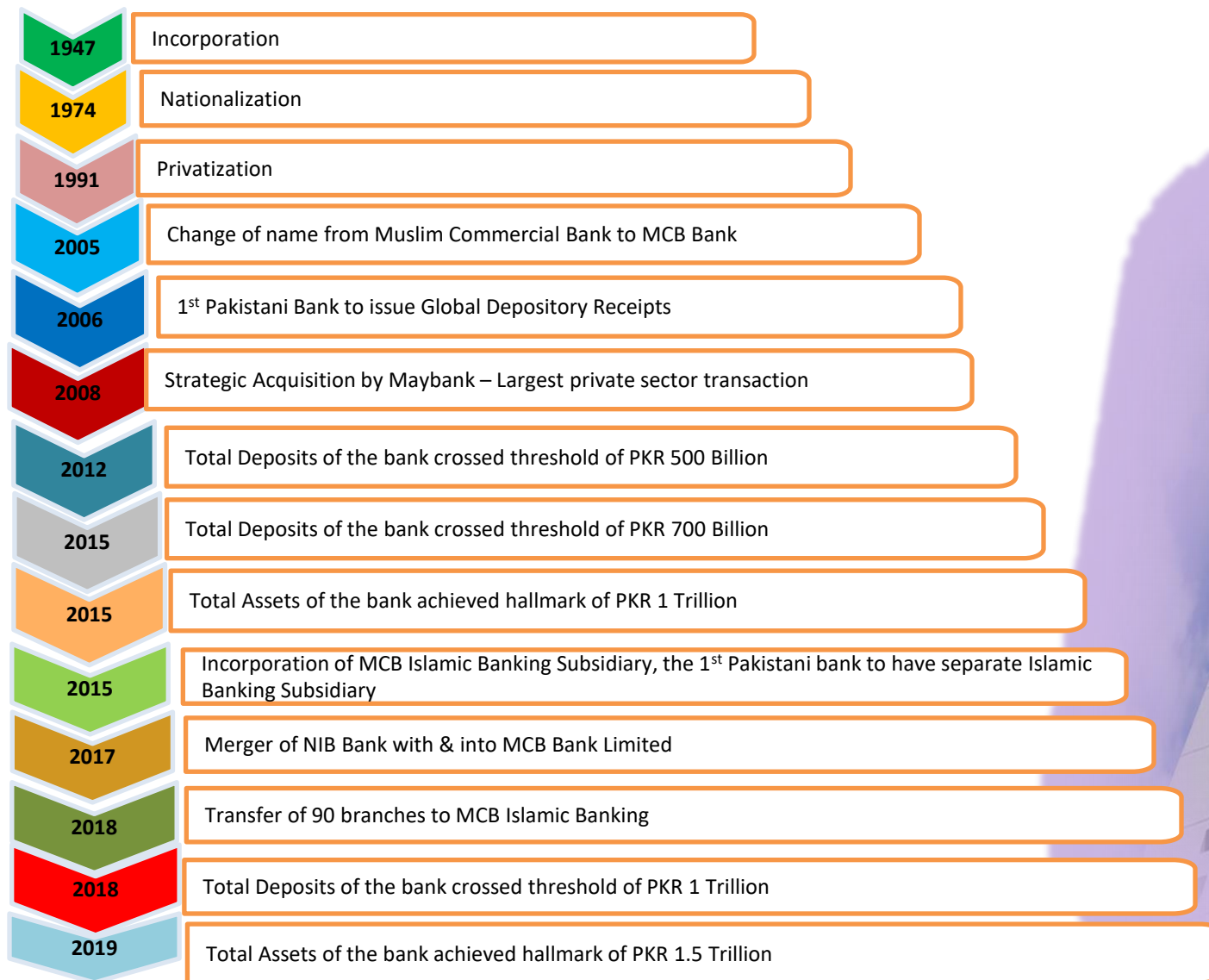
Euronet Pakistan (Private) Limited

Holding: 30.00%

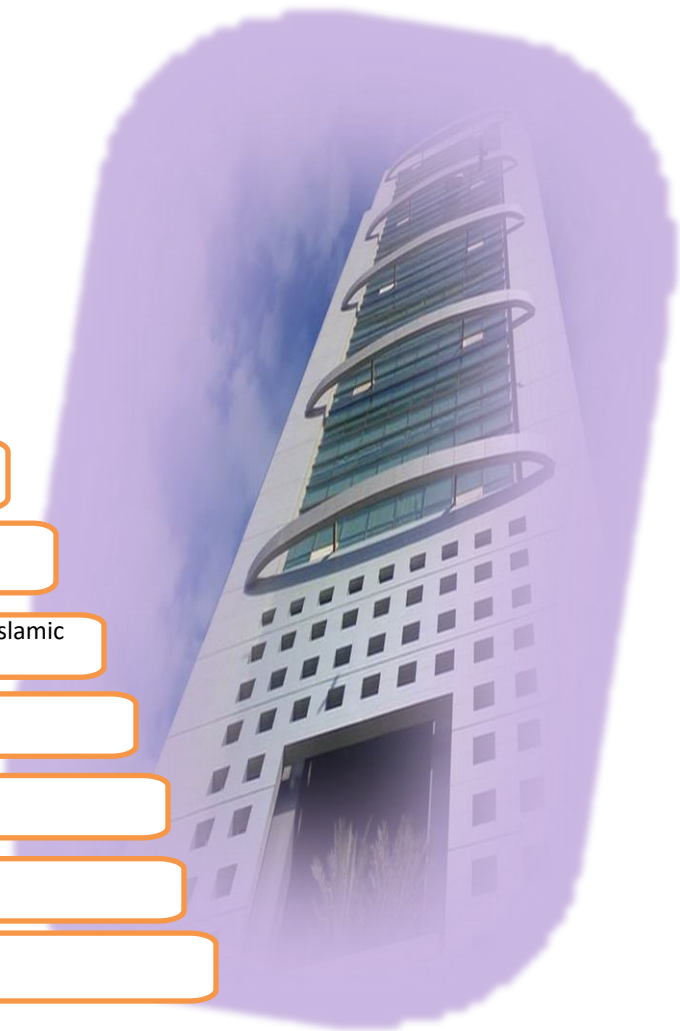


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MCB Key Historical Milestones



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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



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1

Key Performance Indicators



Bank for Life

One of the largest Commercial Bank in Pakistan

Financial Strength

Assets	➤	PKR 1,581.5 bn (US\$ 10.1 bn)
Deposits	➤	PKR 1,145.1 bn (US\$ 7.3 bn)
Advances (Gross)	➤	PKR 533.3bn (US\$ 3.4bn)
RoA	➤	1.41%
RoE	➤	15.41%
Profit before Tax	➤	PKR 27.5 bn (US\$ 184.7 mn)
Market capitalization	➤	PKR 201 bn (US\$ 1.3 bn)
No. of accounts	➤	8.1mn

Domestic and International footprint

Domestic Branches	➤	1,382
Foreign Branches	➤	11 (Sri Lanka : 8, Bahrain : 1, EPZ : 1, UAE : 1) 1 Rep Office in Dubai
Subsidiaries		MCB Financial Services
		MCB - Arif Habib Savings and Investments Limited
		MCB Non-Bank Credit Organization” Closed Joint Stock Company, Azerbaijan
		MCB Islamic Bank Limited
Associates	➤	Financial Management Services (Pvt) Limited
		Adamjee Insurance Company Limited
		Euronet Pakistan (Pvt) Limited
# of ATMs	➤	1,362

Highest Credit Rating by PACRA

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



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Awards & Accolades



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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



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Statement of Financial Position

Rs. In mln

	Unconsolidated				Consolidated			
	Sep 2019	Dec 2018	YTD	%	Sep 2019	Dec 2018	YTD	%
Assets	1,581,493	1,498,130	83,363	5.56%	1,680,552	1,585,210	95,342	6.0%
Advances - net	490,255	503,581	(13,326)	-2.65%	548,254	566,792	(18,539)	-3.3%
Investments	864,430	749,369	115,061	15.35%	873,249	754,386	118,863	15.8%
Cash and Balances with Banks & Lending to Financial Institutions	126,023	150,160	(24,137)	-16.07%	147,225	162,653	(15,428)	-9.5%
Other Assets (including fixed assets)	100,786	95,020	5,766	6.07%	111,825	101,379	10,446	10.3%
Liabilities	1,427,807	1,348,852	78,954	5.85%	1,524,963	1,433,887	91,076	6.4%
Deposits	1,145,140	1,049,038	96,102	9.16%	1,226,179	1,122,307	103,872	9.3%
Borrowings	200,398	216,019	(15,621)	-7.23%	208,332	223,216	(14,884)	-6.7%
Subordinated loans	-	3,891	(3,891)	-100.00%	-	3,891	(3,891)	-100.0%
Bills Payable	9,315	15,699	(6,385)	-40.67%	10,414	17,003	(6,589)	-38.8%
Other Liabilities (including Deferred Tax)	72,954	64,206	8,749	13.63%	80,038	67,470	12,568	18.6%
Net Assets	153,686	149,278	4,409	2.95%	155,588	151,323	4,266	2.8%
Equity without surplus (incl. M.I)	142,304	139,531	2,774	1.99%	143,643	140,905	2,738	1.9%



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Non Performing Loans (NPLs)

Coverage ratio* at 83.65% (YE18: 88.26 %), NPLs ratio stands at 9.66% (YE18: 8.95%)

		Rs. In mln				
		Sep 19	Jun 19	Mar 19	Dec 18	Sep 18
Total NPLs		51,506	48,150	49,337	48,956	47,080
	QoQ	3,355	(1,187)	381	1,876	(51)
	QoQ % variance	7%	-2%	1%	4%	0%
Substandard		2,718	253	1,687	1,528	904
	QoQ	2,465	(1,435)	159	625	383
	QoQ % variance	976%	-85%	10%	69%	74%
Doubtful		797	1,077	2,047	1,742	332
	QoQ	(281)	(970)	306	1,410	29
	QoQ % variance	-26%	-47%	18%	425%	10%
Loss		46,332	46,729	45,509	45,637	45,692
	QoQ	(397)	1,219	(127)	(55)	(489)
	QoQ % variance	-1%	3%	0%	0%	-1%
OAEM		1,659	92	93	49	152
	QoQ	1,567	(1)	44	(103)	25
	QoQ % variance	1705%	-1%	89%	-68%	20%

YTD (Sep 19 vs. Dec 18)		
	Var.	%
Total NPLs	2,550	5.21%
Substandard	1,189	77.83%
Doubtful	(945)	-54.26%
Loss	695	1.52%
OAEM	1,610	3272%

Concentration of Category of NPLs

	Sep 19	Jun 19	Mar 19	Dec 18	Sep 18
Substandard	5.28%	0.52%	3.42%	3.12%	1.92%
Doubtful	1.55%	2.24%	4.15%	3.56%	0.70%
Loss	89.96%	97.05%	92.24%	93.22%	97.05%
OAEM	3.22%	0.19%	0.19%	0.10%	0.32%

* Coverage ratio = Specific plus General Provision/NPLs



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Investments

Increase of Rs. 138B in Pakistan Investment Bonds & decrease of Rs. 24B in Market Treasury Bills.

Rs. In mln

	Sep 2019	Dec 2018	Var.	% var.	Sep 2018	Var.	% var.
Treasury Bills	554,337	578,343	(24,006)	-4%	276,054	278,283	101%
Pakistan Investment Bonds	265,746	127,914	137,832	108%	134,228	131,518	98%
TFCs, Debentures and Certificates	9,654	9,102	552	6%	8,295	1,358	16%
Other government securities / Sukooks / Euro Bonds	6,547	7,251	(704)	-10%	2,975	3,572	120%
Shares in Listed, Unlisted Co.s & Mutual funds	27,194	26,123	1,071	4%	26,014	1,180	5%
Subsidiaries & Associated Undertakings	12,697	12,747	(50)	0%	12,747	(50)	0%
Investments at cost	876,175	761,480	114,695	15%	460,313	415,862	90%
Prov for diminution in value of investments	(10,092)	(7,865)	(2,227)	28%	(5,695)	(4,397)	77%
Surplus on revaluation of securities	(1,653)	(4,246)	2,593	-61%	(427)	(1,226)	287%
Investments at revalued amount - net of provision	864,430	749,369	115,061	15%	454,190	410,239	90%



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Deposits

Rs. in mln

	Q3 19		Q2 19		Q1 19		Q4 18		Q3 18	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
Deposits - Volume	1,145,140		1,148,631		1,066,013		1,049,038		1,032,649	
Current deposits	416,922	36%	437,496	38%	406,850	38%	401,899	38%	394,167	38%
Savings deposits	615,472	54%	604,695	53%	565,100	53%	552,914	53%	560,573	54%
Term Deposits	112,745	10%	106,440	9%	94,063	9%	94,224	9%	77,909	8%
CASA	1,032,394	90.15%	1,042,191	90.73%	971,950	91.18%	954,813	91.02%	954,740	92.46%
Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	6%	-5%	9%	8%	3%	1%	7%	2%	7%	-1%
Savings deposits	10%	2%	11%	7%	5%	2%	6%	-1%	6%	3%
CASA	8%	-1%	10%	7%	4%	2%	6%	0%	6%	1%
Term Deposits	45%	6%	47%	13%	28%	0%	36%	21%	24%	8%
Total Deposits	11%	0%	13%	8%	6%	2%	8%	2%	7%	1%
	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
	96,102	(3,491)	99,594	82,618	16,975	16,975	80,555	16,388	64,167	13,909
Market Share (Domestic)	QoQ		QoQ		QoQ		QoQ		QoQ	
Industry	14,025,990	-2.99%	14,458,307	7.45%	13,456,273	0.77%	13,353,916	2.47%	13,031,815	-0.24%
MCB	1,102,839	0%	1,106,006	7%	1,030,407	2%	1,010,851	1%	1,003,800	1%
Share	7.86%		7.65%		7.66%		7.57%		7.70%	



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Profit and Loss Statement

Rs. In mln

	Unconsolidated				Consolidated			
	Sep 2019	Sep 2018	+/-	%	Sep 2019	Sep 2018	+/-	%
Mark-up Income	98,450	58,926	39,524	67.07%	105,533	61,541	43,992	71.5%
Mark-up Expense	55,456	25,000	30,456	121.83%	59,509	26,392	33,117	125.5%
Net Mark-up Income	42,994	33,926	9,068	26.73%	46,025	35,149	10,876	30.9%
Non Interest Income	11,453	12,109	(656)	-5.42%	12,023	12,582	(559)	-4.4%
Total Income	54,447	46,035	8,412	18.27%	58,047	47,731	10,316	21.6%
Non Mark-up Expense	25,325	25,739	(414)	-1.61%	29,109	28,283	826	2.9%
<i>admin expenses</i>	24,954	23,466	1,489	6.34%	28,713	26,006	2,706	10.4%
<i>(PF reversal)</i>	(327)	1,703	(2,030)	-119.22%	(327)	1,703	(2,030)	-119.2%
<i>other charges & WWF</i>	698	570	128	22.40%	723	573	150	26.2%
Share of Undertaking	-	-	-	-	374	477	(103)	-21.5%
Profit before Provisions	29,122	20,296	8,826	43.48%	29,313	19,926	9,387	47.1%
Provisions	1,616	(3,019)	4,635	-153.53%	1,823	(2,525)	4,348	-172.2%
against Investments	2,227	(220)	2,447	-1113.58%	2,423	296	2,127	719.1%
against loans & advances	(460)	(1,917)	1,456	-75.98%	(450)	(1,910)	1,460	-76.5%
Others including write off recovery	(150)	(883)	732	-82.97%	(150)	(910)	760	-83.5%
Profit before Tax	27,506	23,315	4,191	17.97%	27,490	22,450	5,040	22.4%
Taxation	11,219	9,004	2,215	24.60%	11,327	8,827	2,500	28.3%
Profit after Tax	16,287	14,311	1,976	13.81%	16,163	13,623	2,539	18.6%



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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
Sep 2019	120.08	1.41%	15.41%	18.45	18.15%	46.57%	9.66%	83.65%	90.98%	21.03%
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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