



**MCB**

**MCB Bank Limited**  
**Investors Briefing**

**Financial Performance Analysis**

For the year ended  
December 31, 2015

**Presented by:**  
**Hammad Khalid**

Head Investor Relations, Financial Reporting and Taxation

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## Please Note

*Certain prior period financial numbers have been restated to conform to current period results presentation*

*All numbers are presented on the basis of **unconsolidated** financial results, unless stated otherwise*

*The figures are presented in millions, rounded, and as percentages, unless otherwise stated in '000s, billions and bps.*



## Key Achievements

- **MCB Bank carries the highest CASA base of over 93%;**
- **Financial strength depicted by asset base of over PKR 1 Trillion;**
- **MCB Bank has maintained one of the highest spreads in the industry over the last many years;**
- **MCB Bank has the highest return on assets of 2.62% as at December 31, 2015;**
- **One of the highest Return on Equity of 23.25% in the industry;**
- **One of the Lowest Infection Ratio of 6.12% in the industry;**
- **One of the Lowest Cost to Income Ratio of 35.23%;**
- **One of the highest market capitalization in the equity markets;**
- **Highest Dividend payout ratio in the industry;**
- **Winner of Best Presented Annual Accounts Award by SAFA being the 1<sup>st</sup> Pakistani Bank to win this accolade;**
- **Winner of Best Corporate Awards (by ICAP/ICMAP) 5 times in past 6 years.**

## Statement of Financial Position

Rs. in mln

*Increase of 6% in Equity*

	Unconsolidated				Consolidated			
	2015	2014	YTD	%	2015	2014	YTD	%
<b>Assets</b>	<b>1,016,630</b>	<b>934,631</b>	<b>81,998</b>	<b>9%</b>	<b>1,020,980</b>	<b>941,606</b>	<b>79,373</b>	<b>8%</b>
Advances - net	314,125	303,559	10,565	3.5%	315,311	304,001	11,310	4%
Investments	568,803	511,137	57,665	11.3%	564,300	516,898	47,401	9%
Cash and Balances with Banks & Lending to Financial Institutions	70,023	51,188	18,836	37%	76,457	51,236	25,221	49%
Other Assets(including Fixed Assets)	63,679	68,747	(5,068)	-7%	64,912	69,472	(4,560)	-7%
<b>Liabilities</b>	<b>878,829</b>	<b>804,527</b>	<b>74,302</b>	<b>9%</b>	<b>878,803</b>	<b>805,337</b>	<b>73,465</b>	<b>9%</b>
Deposits	708,091	688,330	19,762	3%	706,240	688,270	17,970	3%
Borrowings	118,459	59,543	58,917	99%	118,615	59,777	58,838	98%
Bills Payable	11,975	16,628	(4,652)	-28%	11,975	16,628	(4,652)	-28%
Other Liabilities(including Deferred Tax)	40,303	40,027	276	1%	41,972	40,663	1,309	3%
<b>Net Assets</b>	<b>137,800</b>	<b>130,104</b>	<b>7,696</b>	<b>6%</b>	<b>142,177</b>	<b>136,269</b>	<b>5,908</b>	<b>4%</b>
<b>Equity without surplus (incl. M.I)</b>	<b>112,904</b>	<b>106,908</b>	<b>5,995</b>	<b>6%</b>	<b>115,765</b>	<b>110,607</b>	<b>5,158</b>	<b>5%</b>

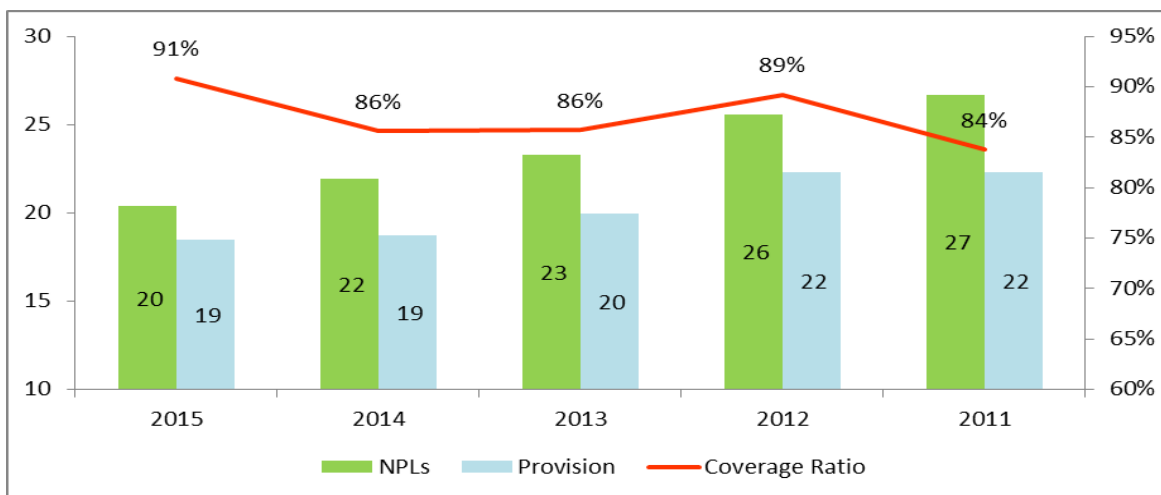
# Non Performing Loans (NPLs)

Rs. In mln

Coverage ratio\* at 90.83% (YE14: 85.62%), NPLs ratio improved to 6.12% (YE14: 6.80 %)

	Dec 15	Sep 15	June 15	Mar 15	Dec 14
<b>Total NPLs</b>	<b>20,369</b>	<b>20,814</b>	<b>21,201</b>	<b>21,684</b>	<b>21,908</b>
QoQ	(444)	(387)	(483)	(224)	(17)
QoQ % variance	-2%	-2%	-2%	-1%	0%
<b>Substandard</b>	<b>-</b>	<b>254</b>	<b>299</b>	<b>215</b>	<b>234</b>
QoQ	(254)	(45)	84	(19)	(90)
QoQ % variance	-100%	-15%	39%	-8%	-28%
<b>Doubtful</b>	<b>46</b>	<b>678</b>	<b>865</b>	<b>972</b>	<b>874</b>
QoQ	(632)	(187)	(107)	99	(46)
QoQ % variance	-93%	-22%	-11%	11%	-5%
<b>Loss</b>	<b>20,323</b>	<b>19,830</b>	<b>19,984</b>	<b>20,467</b>	<b>20,749</b>
QoQ	493	(154)	(483)	(282)	153
QoQ % variance	2%	-1%	-2%	-1%	1%
<b>OAEM</b>	<b>-</b>	<b>52</b>	<b>53</b>	<b>29</b>	<b>50</b>
QoQ	(52)	(1)	23	(21)	(35)
QoQ % variance	-100%	-1%	79%	-42%	-41%

YTD (Dec 15 vs. Dec 14)		
	Var.	%
<b>Total NPLs</b>	(1,539)	-7%
Substandard	(234)	-100%
Doubtful	(828)	-95%
Loss	(426)	-2%
OAEM	(50)	-100%



## Concentration of Category of NPLs

	Dec 15	Sep 15	June 15	Mar 15	Dec 14
Substandard	0.00%	1.2%	1.4%	1.0%	1.1%
Doubtful	0.23%	3.3%	4.1%	4.5%	4.0%
Loss	99.77%	95.3%	94.3%	94.4%	94.7%
OAEM	0.00%	0.2%	0.2%	0.1%	0.2%

\* Coverage ratio = Specific plus General Provision

## Investments

Increase of Rs. 85.67B in Market Treasury Bills & decrease of Rs. 48.95B in Pakistan Investment Bonds .

Rs. In mln

	Dec 2015	Dec 2014	Var.	% var.	Sep 2015	Var.	% var.
Treasury Bills	227,208	141,538	85,670	61%	270,804	(43,596)	-16%
Pakistan Investment Bonds	280,042	328,987	(48,945)	-15%	282,211	(2,169)	-1%
TFCs, Debentures, Bonds and PTCs	7,055	4,448	2,608	59%	5,384	1,671	31%
Euro Bonds	3,699	2,284	1,415	62%	2,415	1,284	53%
Shares in Listed, Unlisted Co.s & Mutual funds	17,063	12,151	4,912	40%	15,662	1,401	9%
Sukuks Bonds	3,260	3,960	(700)	-18%	5,620	(2,361)	-42%
Subsidiaries & Associated Undertakings	11,792	1,573	10,219	650%	11,784	8	0%
<b>Investments at cost</b>	<b>550,119</b>	<b>494,940</b>	<b>55,180</b>	<b>11%</b>	<b>593,881</b>	<b>(43,762)</b>	<b>-7%</b>
Prov for diminution in value of investments	(2,534)	(1,703)	(831)	-49%	(1,347)	(1,187)	88%
Surplus on revaluation of securities	21,217	17,900	3,317	19%	22,966	(1,749)	-8%
<b>Investments at revalued amount - net of provision</b>	<b>568,803</b>	<b>511,137</b>	<b>57,665</b>	<b>11%</b>	<b>615,500</b>	<b>(46,697)</b>	<b>-8%</b>

Composition of Investments		
	Dec 2015	Dec 2014

T-Bills	41.30%	29%
PIBs	50.91%	66%
Equity securities	5.25%	3%
Debt instruments	2.55%	2%

## Deposits

CASA reported at 93%, Increase recorded in Current Deposits +10%, Saving Deposits +2%

	Q4 15		Q3 15		Q2 15		Q1 15		Q4 14	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
<b>Deposits - Volume</b>	<b>708,091</b>		<b>712,197</b>		<b>765,791</b>		<b>736,157</b>		<b>688,330</b>	
Current deposits	259,818	37%	260,294	37%	303,474	40%	258,949	35%	236,427	34%
Savings deposits	398,492	56%	404,564	57%	408,359	53%	413,424	56%	389,685	57%
Term Deposits	49,782	7%	47,338	7%	53,958	7%	63,784	9%	62,218	9%
<b>CASA</b>	<b>658,310</b>	<b>92.97%</b>	<b>664,859</b>	<b>93.35%</b>	<b>711,833</b>	<b>92.95%</b>	<b>672,373</b>	<b>91.34%</b>	<b>626,112</b>	<b>90.96%</b>
<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	10%	0%	15%	-14%	15%	17%	22%	10%	10%	5%
Savings deposits	2%	-2%	6%	-1%	12%	-1%	15%	6%	10%	2%
<b>CASA</b>	<b>5%</b>	<b>-1%</b>	<b>10%</b>	<b>-7%</b>	<b>13%</b>	<b>6%</b>	<b>17%</b>	<b>7%</b>	<b>10%</b>	<b>3%</b>
Term Deposits	-20%	5%	-21%	-12%	-7%	-15%	17%	3%	-4%	4%
<b>Total Deposits</b>	<b>3%</b>	<b>-1%</b>	<b>7%</b>	<b>-7%</b>	<b>12%</b>	<b>4%</b>	<b>17%</b>	<b>7%</b>	<b>9%</b>	<b>3%</b>
<b>Market Share (Domestic)</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>
Industry	9,675,588	6.79%	9,060,700	-0.88%	9,141,126	7%	8,508,337	2%	8,342,172	4%
MCB	692,751	-1%	700,454	-7%	755,448	4%	727,415	7%	679,977	3%
Share	7.16%		7.73%		8.26%		8.55%		8.15%	

## Profit and Loss Statement

Standalone PBT increased by 15% and PAT increased by 5%

Rs. In mln

	Unconsolidated				Consolidated			
	2015	2014	+/-	%	2015	2014	+/-	%
Mark-up Income	80,532	77,269	3,263	4%	80,726	77,411	3,315	4%
Mark-up Expense	31,210	33,757	(2,546)	-8%	31,172	33,770	(2,598)	-8%
<b>Net Mark-up Income</b>	<b>49,322</b>	<b>43,512</b>	5,810	13%	<b>49,554</b>	<b>43,641</b>	5,913	14%
Non Interest Income	17,115	12,944	4,171	32%	17,063	13,261	3,802	29%
<b>Total Income</b>	<b>66,437</b>	<b>56,456</b>	9,981	18%	<b>66,617</b>	<b>56,902</b>	9,715	17%
Non Mark-up Expense	23,560	21,668	1,892	9%	24,078	22,071	2,007	9%
<i>admin expenses</i>	23,252	21,443	1,809	8%	23,762	21,846	1,916	9%
<i>PF reversal</i>	(776)	(832)	56	-7%	(776)	(832)	56	-7%
<i>other charges</i>	1,084	1,056	28	3%	1,091	1,056	35	3%
Share of Undertaking	-	-	-	-	796	582	214	37%
<b>Profit before Provisions</b>	<b>42,877</b>	<b>34,788</b>	8,088	23%	<b>43,335</b>	<b>35,413</b>	7,922	22%
Provisions	543	(1,941)	2,484	-128%	545	(1,941)	2,486	-128%
against Investments	831	(847)	1,679	-198%	831	(847)	1,679	-198%
against loans & advances	(288)	(1,094)	806	-74%	(286)	(1,094)	808	-74%
<b>Profit before Tax</b>	<b>42,333</b>	<b>36,729</b>	5,604	15%	<b>42,789</b>	<b>37,354</b>	5,436	15%
Taxation	16,782	12,405	4,378	35%	17,754	12,580	5,175	41%
<b>Profit after Tax</b>	<b>25,551</b>	<b>24,325</b>	1,226	5%	<b>25,035</b>	<b>24,774</b>	261	1%



## Non- Markup Income

Rs. In mln

	Dec 2015	Dec 2014	Var.	% var.	Budgeted		
					Dec 2015	Var.	% var.
<b>NON MARKUP INCOME</b>	17,115	12,944	4,171	32%	13,248	3,867	29%
Fee, Commission & Brokerage	8,383	7,225	1,158	16%	8,417	(34)	0%
Dividend Income	1,267	1,061	206	19%	1,100	166	15%
Income from dealing in Foreign Currencies	950	1,443	(493)	-34%	1,684	(735)	-44%
Capital Gains	4,428	1,648	2,780	169%	1,260	3,168	251%
Other Income	2,088	1,566	521	33%	786	1,301	165%

### Capital Gains

#### Federal Government Securities

-Market Treasury Bills

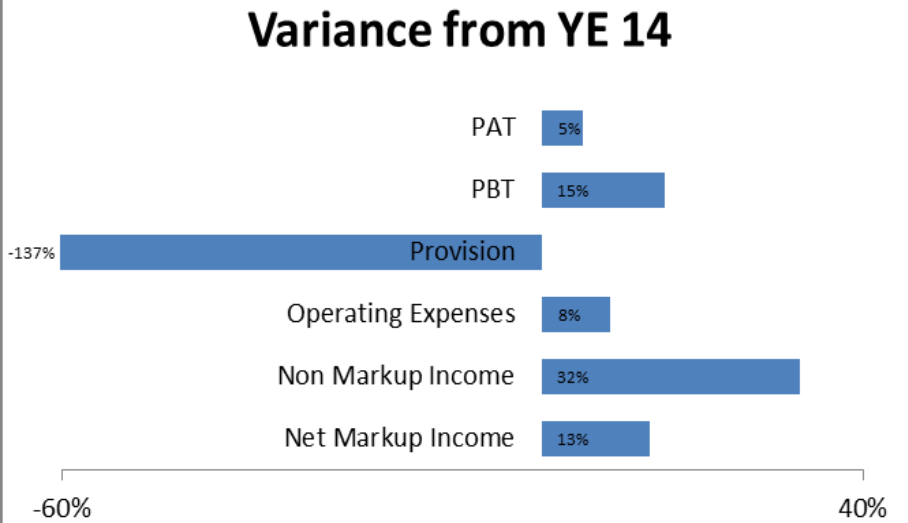
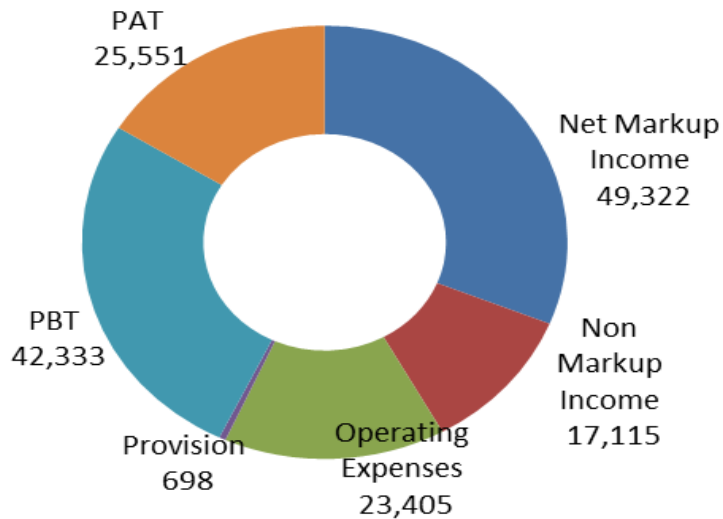
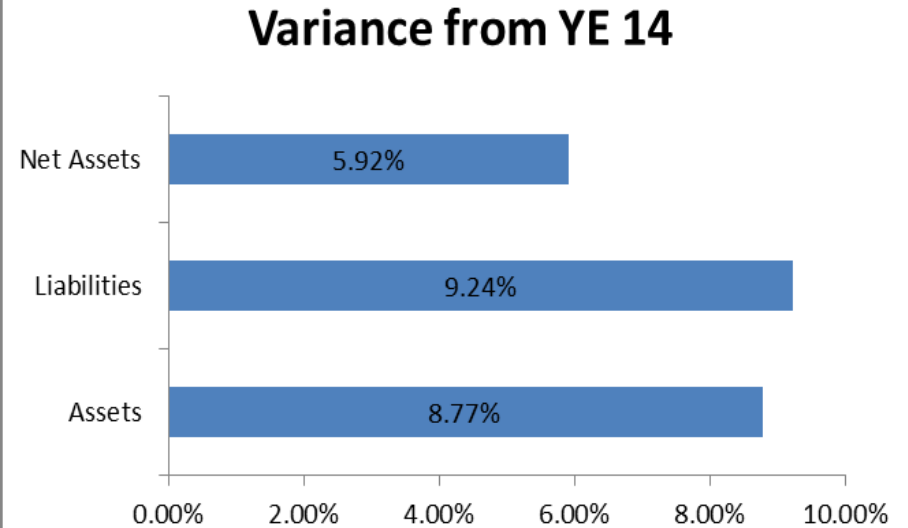
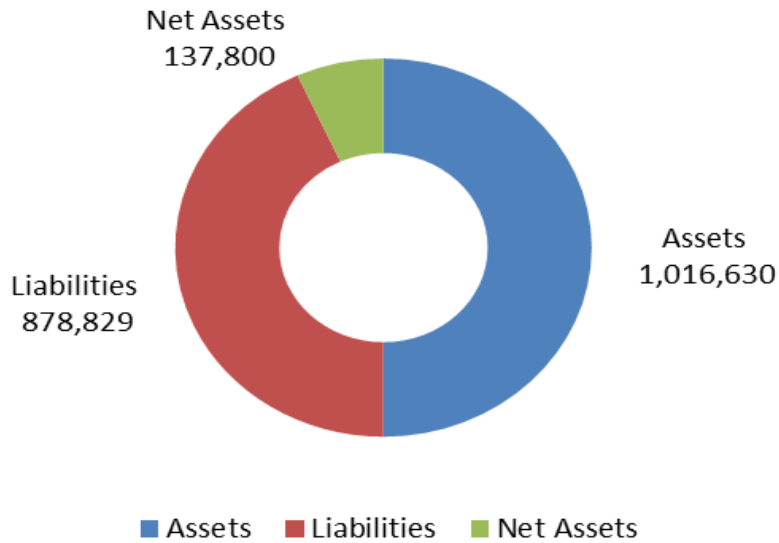
-Pakistan Investment Bonds

#### Listed Shares / Units

	Dec 2015	Dec 2014	Var.	% var.
-Market Treasury Bills	172	(60)	232	-387%
-Pakistan Investment Bonds	2,135	181	1,954	1080%
Listed Shares / Units	2,121	1,527	594	39%
	4,428	1,648	2,780	169%

# Financial Statements Variance Analysis

Rs. In mln



## Key Ratios

	BV	ROA	ROE	EPS (annualised)	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non- markup/Total Rev
<b>Dec 2015</b>	<b>101.44</b>	<b>2.62%</b>	<b>23.25%</b>	<b>22.96</b>	<b>19.00%</b>	<b>46.98%</b>	<b>6.12%</b>	<b>90.83%</b>	<b>99.82%</b>	<b>25.76%</b>
Sep 2015	101.20	2.74%	24.55%	24.22	20.13%	45.67%	6.40%	85.16%	94.08%	26.76%
June 2015	99.21	2.68%	24.92%	24.33	19.02%	43.52%	6.36%	84.98%	93.59%	27.52%
Mar 2015	99.19	3.25%	29.13%	28.43	19.54%	43.76%	6.73%	85.36%	93.87%	30.45%
<b>Dec 2014</b>	<b>96.05</b>	<b>2.78%</b>	<b>23.83%</b>	<b>21.85</b>	<b>20.41%</b>	<b>46.83%</b>	<b>6.80%</b>	<b>85.62%</b>	<b>94.00%</b>	<b>22.93%</b>
Sep 2014	94.09	2.87%	23.93%	21.71	20.46%	46.24%	7.12%	84.62%	95.11%	22.98%
June 2014	91.68	2.79%	23.53%	21.07	20.22%	44.19%	7.29%	85.60%	94.15%	20.29%
Mar 2014	89.15	2.68%	22.44%	19.81	21.09%	43.45%	8.26%	85.66%	94.23%	21.49%
<b>Dec 2013</b>	<b>87.39</b>	<b>2.72%</b>	<b>23.09%</b>	<b>19.31</b>	<b>22.25%</b>	<b>42.41%</b>	<b>8.68%</b>	<b>85.74%</b>	<b>94.66%</b>	<b>22.78%</b>
Sep 2013	86.81	3.03%	24.70%	20.58	24.77%	41.98%	10.17%	84.28%	92.65%	23.09%
June 2013	85.05	3.08%	25.91%	21.36	23.96%	40.08%	10.12%	86.92%	95.42%	23.70%
Mar 2013	82.68	3.02%	25.51%	20.73	22.54%	46.37%	9.41%	88.97%	97.22%	19.47%
<b>Dec 2012</b>	<b>79.85</b>	<b>2.91%</b>	<b>24.59%</b>	<b>18.57</b>	<b>22.24%</b>	<b>48.14%</b>	<b>9.74%</b>	<b>89.23%</b>	<b>87.55%</b>	<b>18.30%</b>
Sep 2012	77.75	3.14%	26.87%	19.83	24.18%	46.29%	10.41%	85.79%	93.58%	18.17%
June 2012	76.17	3.35%	27.38%	20.14	22.15%	49.81%	10.00%	86.12%	94.30%	19.91%
Mar 2012	73.51	3.38%	27.73%	20.02	22.26%	49.37%	10.39%	85.00%	95.87%	18.41%
<b>Dec 2011</b>	<b>71.22</b>	<b>3.18%</b>	<b>26.17%</b>	<b>17.45</b>	<b>21.79%</b>	<b>50.88%</b>	<b>10.67%</b>	<b>83.76%</b>	<b>94.74%</b>	<b>15.41%</b>

\* 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

## International Recognition



Estd. 1951

### “Winner -Best Corporate Report Award 2014 – Banking Sector”

“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



Euromoney Awards for Excellence 2012:  
 Best Bank in Pakistan  
 Best Bank in Pakistan 2011, 2008, 2003-  
 2005, 2001, 2000  
 Best Bank in Asia 2008



Best Bank Led Mobile Money Transfer  
 Program 2010

# ASIAMONEY

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



Best bank in Pakistan - 2015



PCR Corporate Philanthropy Survey 2011:  
**Certificate of Philanthropy**  
 Ranked 25<sup>th</sup> out of 490 PLCs (by volume of  
 donations)



**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: 3<sup>rd</sup> highest among the local  
 Top 5**



## 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



Ranked among the **Top 25  
 Companies** in Pakistan



Best Commercial Bank –  
 Pakistan 2012



CSR Business Excellence Award 2012:  
 Best Media Coverage

## Awards / Accolades



### Winner – Best Presented Annual Accounts 2014

1st Runner Up Best Presented Annual  
 Report Awards 2013 – Category Private  
 Sector Banks

2<sup>nd</sup> Runner Up Best Presented Annual  
 Report Awards 2012– Category Private  
 Sector Banks

Joint 2nd runner-up in the banking sector  
 - Best Presented Accounts and Corporate  
 Governance Disclosure Awards 2010



**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





**MCB**

**MCB Bank Limited**

**Thankyou**

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