



**MCB**

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

**Financial Performance Analysis**

For the Half Year Ended  
June 30, 2016

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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.*



# Statement of Financial Position

Rs. in mln

*Increase of 2% in Equity*

	Unconsolidated				Consolidated			
	1H-2016	2015	YTD	%	1H-2016	2015	YTD	%
<b>Assets</b>	<b>1,086,377</b>	<b>1,004,410</b>	<b>81,966</b>	<b>8%</b>	<b>1,110,478</b>	<b>1,020,980</b>	<b>89,497</b>	<b>9%</b>
Advances - net	342,315	304,122	38,193	13%	358,641	316,771	41,869	13%
Investments	598,236	565,696	32,540	6%	599,794	566,564	33,229	6%
Cash and Balances with Banks & Lending to Financial Institutions	80,157	67,258	12,898	19%	83,749	74,192	9,557	13%
Other Assets (including fixed assets)	65,669	67,334	(1,665)	-2%	68,294	63,452	4,842	8%
<b>Liabilities</b>	<b>945,100</b>	<b>866,608</b>	<b>78,492</b>	<b>9%</b>	<b>964,662</b>	<b>878,803</b>	<b>85,859</b>	<b>10%</b>
Deposits	755,434	696,805	58,629	8%	768,195	706,240	61,955	9%
Borrowings	139,989	118,040	21,949	19%	143,716	118,615	25,101	21%
Bills Payable	11,203	11,889	(686)	-6%	11,823	11,975	(152)	-1%
Other Liabilities (including deferred tax)	38,474	39,875	(1,401)	-4%	40,928	41,973	(1,045)	-2%
<b>Net Assets</b>	<b>141,277</b>	<b>137,802</b>	<b>3,475</b>	<b>3%</b>	<b>145,815</b>	<b>142,177</b>	<b>3,639</b>	<b>3%</b>
<b>Equity without surplus (incl. M.I)</b>	<b>114,903</b>	<b>113,186</b>	<b>1,717</b>	<b>2%</b>	<b>117,742</b>	<b>115,765</b>	<b>1,977</b>	<b>2%</b>

# Non Performing Loans (NPLs)

Rs. In mln

Coverage ratio\* at 86.49% (YE15: 90.37%), NPLs ratio stands at 5.71% (YE15: 6.32%)

	Jun 16	Mar 16	Dec 15	Sep 15	Jun 15
<b>Total NPLs</b>	<b>20,557</b>	<b>20,774</b>	<b>20,368</b>	<b>20,814</b>	<b>21,201</b>
QoQ	(217)	406	(446)	(387)	(483)
QoQ % variance	-1%	2%	-2%	-2%	-2%
<b>Substandard</b>	<b>508</b>	<b>945</b>	<b>-</b>	<b>254</b>	<b>299</b>
QoQ	(437)	945	(254)	(45)	84
QoQ % variance	-46%	100%	-100%	-15%	39%
<b>Doubtful</b>	<b>647</b>	<b>31</b>	<b>46</b>	<b>678</b>	<b>865</b>
QoQ	616	(15)	(632)	(187)	(107)
QoQ % variance	1957%	-32%	-93%	-22%	-11%
<b>Loss</b>	<b>19,356</b>	<b>19,766</b>	<b>20,322</b>	<b>19,830</b>	<b>19,984</b>
QoQ	(410)	(556)	492	(154)	(483)
QoQ % variance	-2%	-3%	2%	-1%	-2%
<b>OAEM</b>	<b>45</b>	<b>31</b>	<b>-</b>	<b>52</b>	<b>53</b>
QoQ	14	31	(52)	(1)	23
QoQ % variance	45%	100%	-100%	-1%	79%

YTD (Jun 16 vs. Dec 15)		
	Var.	%
<b>Total NPLs</b>	<b>188</b>	<b>1%</b>
Substandard	508	100%
Doubtful	601	1297%
Loss	(966)	-5%
OAEM	45	100%

### Concentration of Category of NPLs

	Jun 16	Mar 16	Dec 15	Sep 15	Jun 15
Substandard	2.47%	4.5%	0.0%	1.2%	1.4%
Doubtful	3.15%	0.2%	0.2%	3.3%	4.1%
Loss	94.16%	95.1%	99.8%	95.3%	94.3%
OAEM	0.22%	0.2%	0.0%	0.2%	0.2%

\* Coverage ratio = Specific plus General Provision/NPLs

## Investments

Increase of Rs. 79.84B in Pakistan Investment Bonds & decrease of Rs. 48.17B in Market Treasury Bills.

Rs. In mln

	June 2016	Dec 2015	Var.	% var.	June 2015	Var.	% var.
Treasury Bills	179,040	227,208	(48,168)	-21%	242,539	(63,499)	-26%
Pakistan Investment Bonds	359,882	280,042	79,841	29%	326,730	33,153	10%
TFCs, Debentures, Bonds and Certificates	5,890	7,055	(1,165)	-17%	3,999	1,891	47%
Other government securities	2,773	3,699	(925)	-25%	2,339	435	19%
Shares in Listed, Unlisted Co.s & Mutual funds	17,522	17,063	458	3%	12,902	4,620	36%
Sukuks Bonds	37	126	(89)	-70%	5,564	(5,526)	-99%
Subsidiaries & Associated Undertakings	11,772	11,792	(20)	0%	11,523	250	2%
<b>Investments at cost</b>	<b>576,918</b>	<b>546,986</b>	<b>29,932</b>	<b>5%</b>	<b>605,595</b>	<b>(28,677)</b>	<b>-5%</b>
Prov for diminution in value of investments	(2,539)	(2,516)	(23)	-1%	(1,686)	(852)	51%
Surplus on revaluation of securities	23,857	21,226	2,631	12%	23,616	241	1%
<b>Investments at revalued amount - net of provision</b>	<b>598,236</b>	<b>565,696</b>	<b>32,540</b>	<b>6%</b>	<b>627,524</b>	<b>(29,288)</b>	<b>-5%</b>

\*June 2015 numbers were inclusive of IBG.

## Deposits

CASA reported at 94%, Increase recorded in Current Deposits +17%, Saving Deposits +5%, Term Deposits -7%.

	Q2 16		Q1 16		Q4 15		Q3 15*		Q2 15*	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
<b>Deposits - Volume</b>	<b>755,434</b>		<b>721,930</b>		<b>696,805</b>		<b>712,197</b>		<b>765,791</b>	
Current deposits	301,322	40%	274,974	38%	257,789	37%	260,294	37%	303,474	40%
Savings deposits	411,309	54%	406,644	56%	392,950	56%	404,564	57%	408,359	53%
Term Deposits	42,803	6%	40,312	6%	46,066	7%	47,338	7%	53,958	7%
<b>CASA</b>	<b>712,631</b>	<b>94.33%</b>	<b>681,618</b>	<b>94.42%</b>	<b>650,739</b>	<b>93.39%</b>	<b>664,859</b>	<b>93.35%</b>	<b>711,833</b>	<b>92.95%</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	-1%	10%	6%	7%	9%	-1%	15%	-14%	15%	17%
Savings deposits	1%	1%	-2%	3%	1%	-3%	6%	-1%	12%	-1%
CASA	0%	5%	1%	5%	4%	-2%	10%	-7%	13%	6%
Term Deposits	-21%	6%	-37%	-12%	-26%	-3%	-21%	-12%	-7%	-15%
<b>Total Deposits</b>	<b>-1%</b>	<b>5%</b>	<b>-2%</b>	<b>4%</b>	<b>1%</b>	<b>-2%</b>	<b>7%</b>	<b>-7%</b>	<b>12%</b>	<b>4%</b>
<b>Market Share (Domestic)</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>
Industry	10,463,967	8.50%	9,644,264	-0.32%	9,675,588	6.79%	9,060,700	-0.88%	9,141,126	7%
MCB	738,341	4%	707,844	4%	681,465	-3%	700,454	-7%	755,448	4%
Share	7.06%		7.34%		7.04%		7.73%		8.26%	

\*Includes Deposits of Islamic Banking Business which has subsequently been transferred to MCB IBL effective October 1, 2015.

Source: System Deposits, State Bank of Pakistan. In the absence of domestic numbers of peer banks, total deposits base has been used in the computation.

# Profit and Loss Statement

Standalone PBT decreased by 21% and PAT decreased by 21%

Rs. In mln

	Unconsolidated				Consolidated			
	1H-2016	1H-2015	+/-	%	1H-2016	1H-2015	+/-	%
Mark-up Income	36,389	41,527	(5,138)	-12%	37,304	41,583	(4,278)	-10%
Mark-up Expense	12,992	16,593	(3,601)	-22%	13,275	16,607	(3,332)	-20%
<b>Net Mark-up Income</b>	<b>23,397</b>	<b>24,934</b>	(1,538)	-6%	<b>24,030</b>	<b>24,976</b>	(946)	-4%
Non Interest Income	6,058	9,178	(3,119)	-34%	6,260	9,060	(2,800)	-31%
<b>Total Income</b>	<b>29,455</b>	<b>34,112</b>	(4,657)	-14%	<b>30,290</b>	<b>34,036</b>	(3,746)	-11%
Non Mark-up Expense	11,171	11,077	94	1%	11,826	11,285	541	5%
<i>admin expenses</i>	10,977	10,959	19	0%	11,614	11,166	449	4%
<i>PF reversal</i>	(258)	(388)	130	-33%	(258)	(388)	130	-33%
<i>other charges</i>	452	507	(55)	-11%	470	507	(37)	-7%
Share of Undertaking	-	-	-	-	507	502	5	1%
<b>Profit before Provisions</b>	<b>18,283</b>	<b>23,034</b>	(4,751)	-21%	<b>18,971</b>	<b>23,253</b>	(4,283)	-18%
Provisions	(620)	(756)	136	-18%	(564)	(756)	192	-25%
against Investments	4	(16)	21	-127%	4	(16)	21	-127%
against loans & advances	(625)	(739)	115	-16%	(569)	(739)	171	-23%
<b>Profit before Tax</b>	<b>18,904</b>	<b>23,790</b>	(4,886)	-21%	<b>19,535</b>	<b>24,009</b>	(4,474)	-19%
Taxation	8,193	10,249	(2,056)	-20%	8,527	10,641	(2,113)	-20%
<b>Profit after Tax</b>	<b>10,711</b>	<b>13,541</b>	(2,830)	-21%	<b>11,008</b>	<b>13,369</b>	(2,361)	-18%

## Key Ratios

	BV	ROA	ROE	EPS (annualised)	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non- markup/Total Rev
<b>Jun 2016</b>	<b>103.23</b>	<b>2.05%</b>	<b>18.78%</b>	<b>19.25</b>	<b>18.52%</b>	<b>47.67%</b>	<b>5.71%</b>	<b>86.49%</b>	<b>96.75%</b>	<b>20.57%</b>
Mar 2016	102.79	2.33%	21.16%	21.64	18.15%	45.05%	6.29%	86.91%	95.72%	20.56%
Dec 2015	101.69	2.64%	23.22%	22.96	19.00%	46.29%	6.32%	90.37%	99.82%	25.76%
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%	26.90%
Mar 2015	99.19	3.25%	29.13%	28.43	19.54%	43.96%	6.70%	85.36%	93.87%	29.84%
Dec 2014	96.05	2.78%	23.83%	21.85	20.41%	46.83%	6.80%	85.62%	94.00%	22.93%
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%
Dec 2013	87.39	2.72%	23.09%	19.31	22.25%	42.41%	8.68%	85.74%	94.66%	22.78%
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%
Dec 2012	79.85	2.91%	24.59%	18.57	22.24%	48.14%	9.74%	89.23%	87.55%	18.30%
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%
Dec 2011	71.22	3.18%	26.17%	17.45	21.79%	50.88%	10.67%	83.76%	94.74%	15.41%

\* 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



### 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



Best Bank Led Mobile Money Transfer  
 Program 2010



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



### Best bank in Pakistan - 2016

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





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**Thankyou**

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