

MCB Bank Limited

Investors Briefing

Financial Performance Analysis

June 30, 2017



Presented by:
Hammad Khalid
Head Investor Relations, Financial Reporting & Taxation



MCB is one of the oldest banks of Pakistan, incorporated in 1947. It was privatized in 1991. To accede to international capital markets, the Bank launched Global Depository 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 20% stake in it through Mayban International Trust (Labuan) Berhad.

Local Branches : 1,233

Foreign Branches : 11 (Including 1 EPZ branch)

Subsidiaries

MCB Financial Services Limited

Holding: 99.99%

Profile: Float, administer and manage modaraba funds and acts as trustees of various mutual funds.

MNET Services (Private) Limited

Holding: 99.95%

Profile: Service providers for Electronic Transactions to various financial institutions/banks including related services in Information Technology, software and data processing.

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.

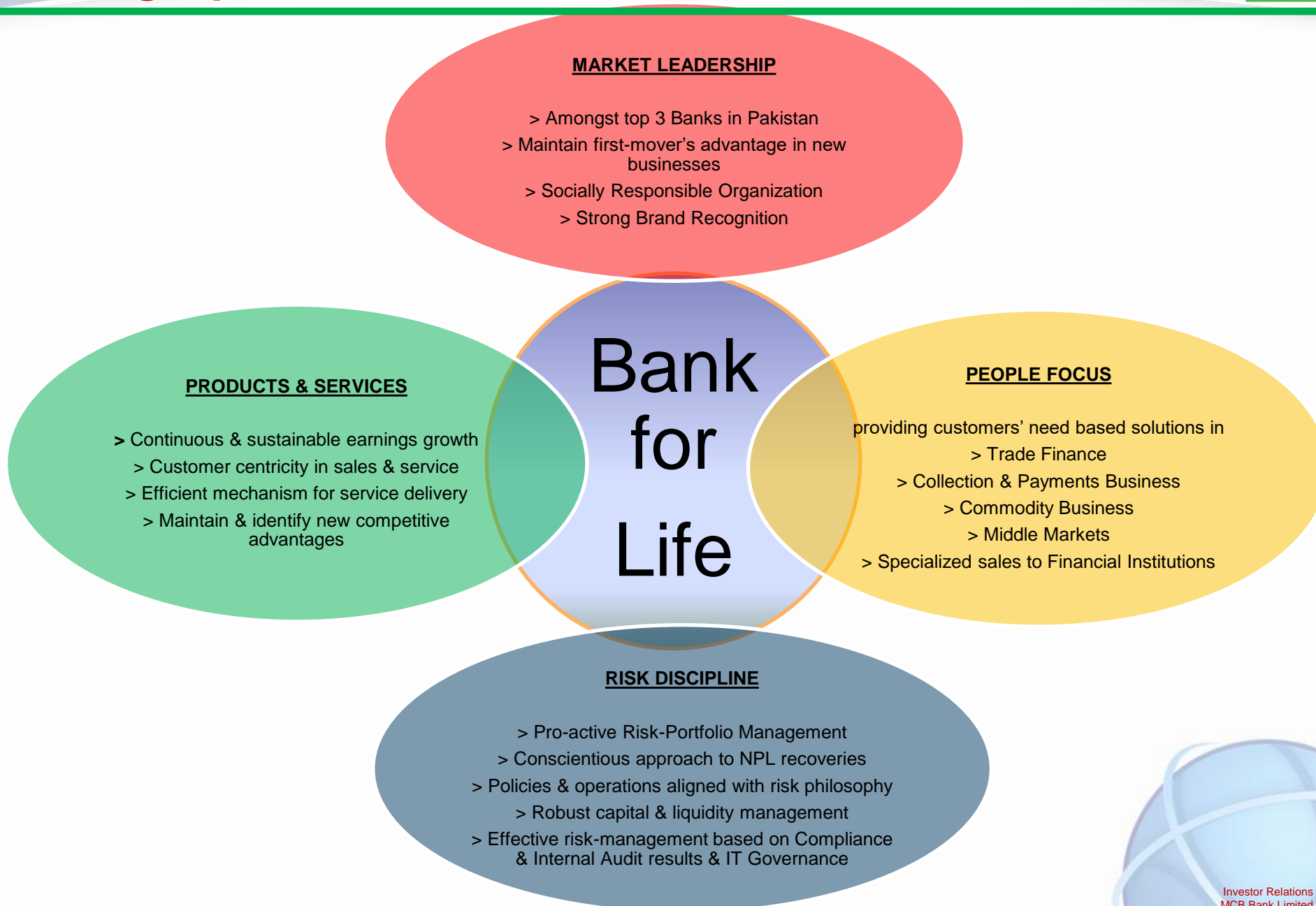
With reference to significant holding, the following entities are associates of the Bank;

Adamjee Insurance Company Limited

Holding: 21.47%

Euronet Pakistan (Private) Limited

Holding: 30%



MARKET LEADERSHIP

- > Amongst top 3 Banks in Pakistan
- > Maintain first-mover's advantage in new businesses
- > Socially Responsible Organization
- > Strong Brand Recognition

PRODUCTS & SERVICES

- > Continuous & sustainable earnings growth
- > Customer centricity in sales & service
- > Efficient mechanism for service delivery
- > Maintain & identify new competitive advantages

Bank
for
Life

PEOPLE FOCUS

- providing customers' need based solutions in
- > Trade Finance
 - > Collection & Payments Business
 - > Commodity Business
 - > Middle Markets
 - > Specialized sales to Financial Institutions

RISK DISCIPLINE

- > Pro-active Risk-Portfolio Management
- > Conscientious approach to NPL recoveries
- > Policies & operations aligned with risk philosophy
- > Robust capital & liquidity management
- > Effective risk-management based on Compliance & Internal Audit results & IT Governance

Financial Strength

Assets	➤	PKR 1,321 bn (US\$ 12.6 bn)
Deposits	➤	PKR 892 bn (US\$ 8.5bn)
Advances (Gross)	➤	PKR 407 bn (US\$ 3.9 bn)
RoA	➤	2.31%
RoE	➤	22.82%
Profit before Tax	➤	PKR 17.7 bn (US\$ 169 mn)
Market capitalization	➤	PKR 234 bn (US\$ 2.2bn)
No. of accounts	➤	6.7 mn

Domestic and International footprint

Domestic Branches	➤	1,233
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
	➤	MCB Islamic Bank Limited
Associates	➤	Adamjee Insurance Company Limited
	➤	Euronet Pakistan (Pvt) Limited
# of ATMs	➤	1,215

Highest Credit Rating by PACRA

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

Statement of Financial Position



Rs. in mln

	Unconsolidated				Consolidated			
	June 2017	Dec 2016	YTD	%	June 2017	Dec 2016	YTD	%
Assets	1,321,010	1,051,814	269,196	26%	1,356,468	1,076,690	279,778	26%
Advances - net	389,643	347,980	41,664	12%	414,820	364,334	50,487	14%
Investments	750,092	555,929	194,163	35%	752,157	556,770	195,387	35%
Cash and Balances with Banks & Lending to Financial Institutions	109,241	81,376	27,865	34%	113,706	85,743	27,962	33%
Other Assets (including fixed assets)	72,033	66,529	5,504	8%	75,785	69,843	5,942	9%
Liabilities	1,177,219	910,187	267,032	29%	1,208,890	930,730	278,160	30%
Deposits	891,551	781,430	110,121	14%	914,248	795,690	118,559	15%
Borrowings	232,901	74,515	158,386	213%	238,739	77,439	161,300	208%
Bills Payable	12,621	12,844	(222)	-2%	12,951	13,291	(340)	-3%
Other Liabilities (including deferred tax)	40,146	41,398	(1,252)	-3%	42,951	44,310	(1,359)	-3%
Net Assets	143,791	141,627	2,164	2%	147,578	145,960	1,618	1%
Equity without surplus (incl. M.I)	122,048	117,946	4,102	3%	124,619	120,661	3,957	3%

Non Performing Loans (NPLs)



Rs. In mln

Coverage ratio* at 78.76% (YE16: 90.82%), NPLs ratio stands at 5.52% (YE16: 5.90%)

	Jun 17	Mar 17	Dec 16	Sep 16	Jun 16
Total NPLs	22,478	21,162	21,688	22,006	20,557
QoQ	1,316	(527)	(318)	1,450	(217)
QoQ % variance	6%	-2%	-1%	7%	-1%
Substandard	3,140	323	75	2,097	508
QoQ	2,817	248	(2,022)	1,589	(437)
QoQ % variance	872%	331%	-96%	313%	-46%
Doubtful	202	174	363	788	647
QoQ	28	(189)	(424)	140	616
QoQ % variance	16%	-52%	-54%	22%	1957%
Loss	19,070	20,467	21,218	19,077	19,356
QoQ	(1,398)	(751)	2,141	(278)	(410)
QoQ % variance	-7%	-4%	11%	-1%	-2%
OAEM	67	197	32	45	45
QoQ	(131)	165	(13)	(1)	14
QoQ % variance	-66%	518%	-28%	-2%	44%

YTD (Jun 17 vs. Dec 16)		
	Var.	%
Total NPLs	790	3.64%
Substandard	3,065	4091%
Doubtful	(161)	-44%
Loss	(2,149)	-10%
OAEM	35	109%

Concentration of Category of NPLs

	Jun 17	Mar 17	Dec 16	Sep 16	Jun 16
Substandard	13.97%	1.5%	0.3%	9.5%	2.5%
Doubtful	0.90%	0.8%	1.7%	3.6%	3.1%
Loss	84.84%	96.7%	97.8%	86.7%	94.2%
OAEM	0.30%	0.9%	0.1%	0.2%	0.2%

* Coverage ratio = Specific plus General Provision/NPLs

Increase of Rs. 147.04B in Market Treasury Bills and increase of Rs. 52.01B in Pakistan Investment Bonds.

Rs. In mln

	June 2017	Dec 2016	Var.	% var.	June 2016	Var.	% var.
Treasury Bills	444,427	297,386	147,042	49%	179,040	265,387	148%
Pakistan Investment Bonds	252,147	200,132	52,015	26%	359,882	(107,735)	-30%
TFCs, Debentures, Bonds and Certificates	5,766	5,977	(210)	-4%	5,890	(124)	-2%
Other government securities	3,122	6,377	(3,255)	-51%	2,773	348	13%
Shares in Listed, Unlisted Co.s & Mutual funds	20,615	19,077	1,538	8%	17,522	3,093	18%
Sukuks Bonds & Treasury Bonds (Sri Lanka)	739	36	703	1935%	37	702	1884%
Subsidiaries & Associated Undertakings	11,594	11,691	(97)	-1%	11,772	(178)	-2%
Investments at cost	738,411	540,675	197,736	37%	576,918	161,493	28%
Prov for diminution in value of investments	(2,474)	(1,887)	(587)	-31%	(2,539)	65	-3%
Surplus on revaluation of securities	14,155	17,140	(2,985)	-17%	23,857	(9,702)	-41%
Investments at revalued amount - net of provision	750,092	555,929	194,163	35%	598,236	151,856	25%

CASA reported at 94%, Increase recorded in Current Deposits +24%, Saving Deposits +7%, Term Deposits +16%.

YTD increase/decrease	YTD
Current deposits	24%
Savings deposits	7%
CASA	14%
Term Deposits	16%
Total Deposits	14%

	Q2 17		Q1 17		Q4 16		Q3 16		Q2 16	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
Deposits - Volume	891,551		818,950		781,430		754,885		755,434	
Current deposits	368,779	41%	318,132	39%	298,032	38%	288,869	38%	301,322	40%
Savings deposits	469,570	53%	454,369	55%	437,519	56%	422,381	56%	411,309	54%
Term Deposits	53,201	6%	46,448	6%	45,879	6%	43,635	6%	42,803	6%
CASA	838,349	94.03%	772,502	94.33%	735,550	94.13%	711,250	94.22%	712,631	94.33%
Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	22%	16%	16%	7%	16%	3%	11%	-4%	-1%	10%
Savings deposits	14%	3%	12%	4%	11%	4%	4%	3%	1%	1%
CASA	18%	9%	13%	5%	13%	3%	7%	0%	0%	5%
Term Deposits	24%	15%	15%	1%	0%	5%	-8%	2%	-21%	6%
Total Deposits	18%	9%	13%	5%	12%	4%	6%	0%	-1%	5%
	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
	136,116	72,600	97,020	37,520	84,625	26,545	58,080	(549)	58,629	33,504

Market Share (Domestic)	QoQ		QoQ		QoQ		QoQ		QoQ	
Industry	11,980,697	7.26%	11,170,035	-0.29%	11,202,886	6.59%	10,510,703	0.45%	10,463,967	8.50%
MCB	866,317	9%	797,617	5%	760,419	3%	736,152	0%	738,341	4%
Share	7.23%		7.14%		6.79%		7.00%		7.06%	

Profit and Loss Statement



Rs. In mln

	Unconsolidated				Consolidated			
	June 2017	June 2016	+/-	%	June 2017	June 2016	+/-	%
Mark-up Income	36,084	36,389	(305)	-1%	36,915	37,304	(389)	-1%
Mark-up Expense	16,033	12,992	3,041	23%	16,382	13,275	3,108	23%
Net Mark-up Income	20,050	23,397	(3,346)	-14%	20,533	24,030	(3,497)	-15%
Non Interest Income	9,678	6,058	3,620	60%	9,820	6,260	3,560	57%
Total Income	29,729	29,455	274	1%	30,353	30,290	63	0%
Non Mark-up Expense	13,363	11,171	2,192	20%	14,383	11,826	2,557	22%
<i>admin expenses</i>	12,671	10,977	1,693	15%	13,687	11,614	2,073	18%
<i>PF reversal</i>	(286)	(258)	(28)	11%	(286)	(258)	(28)	11%
<i>other charges</i>	978	452	526	116%	982	470	512	109%
Share of Undertaking	-	-	-	-	355	507	(151)	-30%
Profit before Provisions	16,366	18,283	(1,918)	-10%	16,325	18,971	(2,646)	-14%
Provisions	(1,360)	(620)	(740)	119%	(1,353)	(564)	(789)	140%
against Investments	587	4	583	-	587	4	583	0%
against loans & advances	(1,947)	(625)	(1,322)	212%	(1,940)	(569)	(1,372)	241%
Profit before Tax	17,726	18,904	(1,178)	-6%	17,679	19,535	(1,856)	-10%
Taxation	4,036	8,193	(4,156)	-51%	4,067	8,527	(4,460)	-52%
Profit after Tax	13,689	10,711	2,978	28%	13,612	11,008	2,604	24%

Key Performance Ratios



	BV	ROA	ROE	EPS (annualised)	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non- markup/Total Rev
Jun 2017	109.65	2.31%	22.82%	24.60	17.43%	45.69%	5.52%	78.76%	85.46%	32.55%
Mar 2017	107.47	2.14%	20.70%	22.09	18.12%	45.48%	5.68%	89.46%	97.55%	34.75%
Dec 2016	105.97	2.13%	18.94%	19.67	19.33%	47.05%	5.90%	90.82%	98.76%	27.04%
Sep 2016	105.23	2.35%	20.18%	20.88	19.94%	46.69%	6.24%	81.84%	89.76%	26.02%
Jun 2016	103.23	2.05%	18.78%	19.25	18.54%	47.67%	5.71%	86.49%	96.75%	20.57%
Mar 2016	102.79	2.35%	21.15%	21.62	18.15%	44.20%	6.51%	86.35%	95.72%	20.71%
Dec 2015	101.69	2.63%	23.21%	22.95	19.43%	46.29%	6.32%	90.37%	99.82%	25.14%
Sep 2015	101.20	2.74%	24.55%	24.22	20.13%	45.67%	6.40%	85.16%	94.08%	25.56%
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%

* 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



Estd. 1951

“Winner -Best Corporate Report Award 2016 – Banking Sector”

- 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



Pakistan Banking Awards

DAWN with IBP
Sponsorship Partner
A-FFERGUSON&CO. | Member firm of the PwC network

Best bank for Corporate Finance & Capital market Development - 2016



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



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



GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

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 - 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



The QFC Asian Banker Leadership Achievement Award 2010





MCB Bank Limited

Thankyou

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**