

# MCB Bank Limited

## Investors Briefing

### Financial Performance Analysis

September 30, 2016



**Presented by:**

**Hammad Khalid**

Head Investor Relations, Financial Reporting and  
Taxation

## Financial Strength

Assets	➤	PKR 974 bn (US\$ 9.3 bn)
Deposits	➤	PKR 755 bn (US\$ 7.2 bn)
Advances (Gross)	➤	PKR 352 bn (US\$ 3.4 bn)
RoA	➤	2.35%
RoE	➤	20.18%
Net profit	➤	PKR 17.4bn (US\$ 166 mn)
Market capitalization	➤	PKR 246 bn (US\$ 2.3 bn)
No. of accounts	➤	6.4 mn

## Domestic and International footprint

Domestic Branches	➤	1,213
Foreign Branches	➤	11 (SriLanka : 8, Bahrain : 1, EPZ : 1, UAE : 1)
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	➤	1,094

**Highest Credit Rating by PACRA**  
**Long Term AAA [triple A] and Short Term A1+ [A one plus]**

\* Numbers are based on September 30, 2016 financial statements

- **MCB Bank carries the highest CASA base of over 94% of its total deposit base;**
- **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 2.35% as at September 30, 2016;**
- **One of the highest Return on Equity of 20.18% in the industry;**
- **One of the Lowest Infection Ratio of 6.24% in the industry;**
- **One of the Lowest Cost to Income Ratio of 36.75%;**
- **One of the highest market capitalization in the equity markets.**



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 : 1,213**

**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.

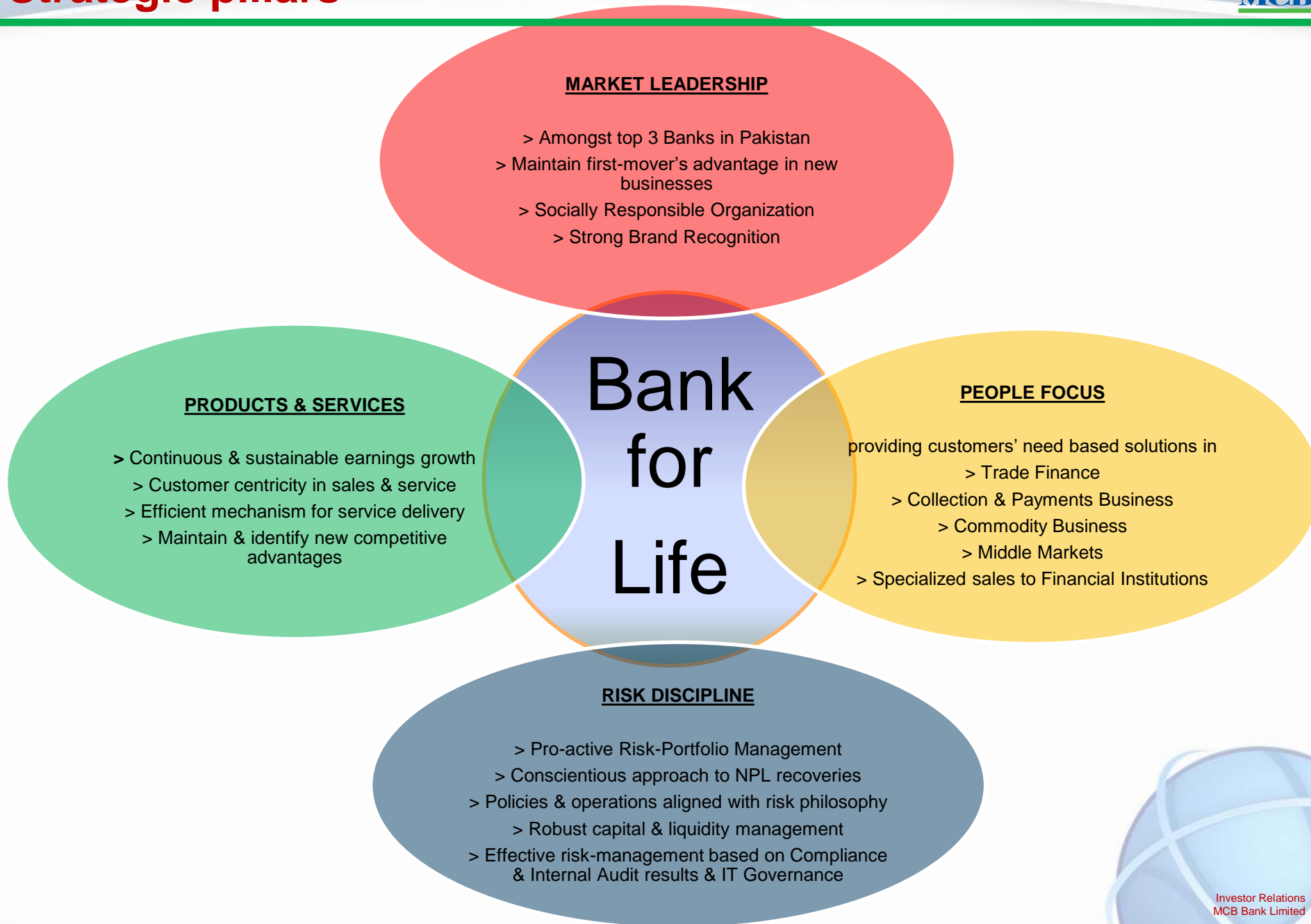
**With reference to significant holding, the following entities are associates of the Bank;**

### **Adamjee Insurance Company Limited**

Holding: 25.14%

### **Euronet Pakistan (Private) Limited**

Holding: 30%



# International Recognition

# Awards / Accolades



## “Winner -Best Corporate Report Award 2015 – Banking Sector”

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 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



**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



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  
 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



The QFC Asian Banker Leadership Achievement Award 2010





# **MCB Bank Limited**

**Financial Performance Nine Months Ended  
September 30, 2016**

# Statement of Financial Position



Rs. in mln

	Unconsolidated				Consolidated			
	9M-2016	2015	YTD	%	9M-2016	2015	YTD	%
<b>Assets</b>	<b>974,492</b>	<b>1,004,410</b>	<b>(29,918)</b>	<b>-3%</b>	<b>1,000,791</b>	<b>1,020,980</b>	<b>(20,189)</b>	<b>-2%</b>
Advances - net	334,411	304,122	30,289	10%	348,931	316,771	32,159	10%
Investments	497,162	565,696	(68,534)	-12%	499,606	566,564	(66,958)	-12%
Cash and Balances with Banks & Lending to Financial Institutions	90,298	67,258	23,039	34%	96,641	74,192	22,449	30%
Other Assets (including fixed assets)	52,621	67,334	(14,712)	-22%	55,613	63,452	(7,839)	-12%
<b>Liabilities</b>	<b>834,492</b>	<b>866,608</b>	<b>(32,116)</b>	<b>-4%</b>	<b>856,292</b>	<b>878,803</b>	<b>(22,512)</b>	<b>-3%</b>
Deposits	754,885	696,805	58,080	8%	768,971	706,240	62,731	9%
Borrowings	33,325	118,040	(84,715)	-72%	38,337	118,615	(80,278)	-68%
Bills Payable	9,843	11,889	(2,045)	-17%	9,979	11,975	(1,997)	-17%
Other Liabilities (including deferred tax)	36,439	39,875	(3,436)	-9%	39,005	41,973	(2,968)	-7%
<b>Net Assets</b>	<b>140,000</b>	137,802	2,198	2%	<b>144,500</b>	142,177	2,323	2%
<b>Equity without surplus (incl. M.I)</b>	<b>117,127</b>	113,186	3,941	3%	<b>120,125</b>	115,765	4,360	4%



# Non Performing Loans (NPLs)



Rs. in mln

Coverage ratio\* at 81.84% (YE15: 90.37 %), NPLs ratio stands at 6.24% (YE15: 6.32 %)

	Sep 16	Jun 16	Mar 16	Dec 15	Sep 15
<b>Total NPLs</b>	<b>22,006</b>	<b>20,557</b>	<b>20,774</b>	<b>20,368</b>	<b>20,814</b>
QoQ	1,450	(217)	406	(446)	(387)
QoQ % variance	7%	-1%	2%	-2%	-2%
<b>Substandard</b>	<b>2,097</b>	<b>508</b>	<b>945</b>	<b>-</b>	<b>254</b>
QoQ	1,589	(437)	945	(254)	(45)
QoQ % variance	-	0%	0%	-100%	-15%
<b>Doubtful</b>	<b>788</b>	<b>647</b>	<b>31</b>	<b>46</b>	<b>678</b>
QoQ	140	616	(15)	(632)	(187)
QoQ % variance	22%	1957%	-32%	-93%	-22%
<b>Loss</b>	<b>19,077</b>	<b>19,356</b>	<b>19,766</b>	<b>20,322</b>	<b>19,830</b>
QoQ	(278)	(410)	(556)	492	(154)
QoQ % variance	-1%	-2%	-3%	2%	-1%
<b>OAEM</b>	<b>45</b>	<b>45</b>	<b>31</b>	<b>-</b>	<b>52</b>
QoQ	(1)	14	31	(52)	(1)
QoQ % variance	-	0%	0%	-100%	-1%

YTD (Sep 16 vs. Dec 15)		
	Var.	%
<b>Total NPLs</b>	<b>1,638</b>	<b>8%</b>
Substandard	2,097	100%
Doubtful	741	1600%
Loss	(1,245)	-6%
OAEM	45	100%

## Concentration of Category of NPLs

	Sep 16	Jun 16	Mar 16	Dec 15	Sep 15
Substandard	9.53%	2.5%	4.5%	0.0%	1.2%
Doubtful	3.58%	3.1%	0.2%	0.2%	3.3%
Loss	86.69%	94.2%	95.1%	99.8%	95.3%
OAEM	0.20%	0.2%	0.2%	0.0%	0.2%

\* Coverage ratio = Specific plus General Provision/NPLs

Rs. In mln

	Sep 2016	Dec 2015	Var.	% var.	Sep 2015	Var.	% var.
Treasury Bills	233,665	227,208	6,456	3%	270,804	(37,139)	-14%
Pakistan Investment Bonds	209,092	280,042	(70,950)	-25%	282,211	(73,119)	-26%
TFCs, Debentures, Bonds and Certificates	6,189	7,055	(867)	-12%	5,384	804	15%
Other government securities	2,779	3,699	(920)	-25%	2,415	363	15%
Shares in Listed, Unlisted Co.s & Mutual funds	17,142	17,063	79	0%	15,662	1,481	9%
Sukuks Bonds	36	126	(89)	-71%	5,620	(5,584)	-99%
Subsidiaries & Associated Undertakings	11,713	11,792	(79)	-1%	11,784	(71)	-1%
<b>Investments at cost</b>	<b>480,616</b>	<b>546,986</b>	<b>(66,370)</b>	<b>-12%</b>	<b>593,881</b>	<b>(113,265)</b>	<b>-19%</b>
Prov for diminution in value of investments	(2,068)	(2,516)	447	18%	(1,347)	(721)	53%
Surplus on revaluation of securities	18,614	21,226	(2,612)	-12%	22,966	(4,352)	-19%
<b>Investments at revalued amount - net of provision</b>	<b>497,162</b>	<b>565,696</b>	<b>(68,534)</b>	<b>-12%</b>	<b>615,500</b>	<b>(118,338)</b>	<b>-19%</b>

Rs. in mln

	Q3 16		Q2 16		Q1 16		Q4 15		Q3 15*	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
<b>Deposits - Volume</b>	<b>754,885</b>		<b>755,434</b>		<b>721,930</b>		<b>696,805</b>		<b>712,197</b>	
Current deposits	288,869	38%	301,322	40%	274,974	38%	257,789	37%	260,294	37%
Savings deposits	422,381	56%	411,309	54%	406,644	56%	392,950	56%	404,564	57%
Term Deposits	43,635	6%	42,803	6%	40,312	6%	46,066	7%	47,338	7%
<b>CASA</b>	<b>711,250</b>	<b>94.22%</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>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	11%	-4%	-1%	10%	6%	7%	9%	-1%	15%	-14%
Savings deposits	4%	3%	1%	1%	-2%	3%	1%	-3%	6%	-1%
<b>CASA</b>	<b>7%</b>	<b>0%</b>	<b>0%</b>	<b>5%</b>	<b>1%</b>	<b>5%</b>	<b>4%</b>	<b>-2%</b>	<b>10%</b>	<b>-7%</b>
Term Deposits	-8%	2%	-21%	6%	-37%	-12%	-26%	-3%	-21%	-12%
<b>Total Deposits</b>	<b>6%</b>	<b>0%</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>Market Share (Domestic)</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>
Industry	10,510,703	0.45%	10,463,967	8.50%	9,644,264	-0.32%	9,675,588	6.79%	9,060,700	-0.88%
MCB	736,152	0%	738,341	4%	707,844	4%	681,465	-3%	700,454	-7%
Share	7.00%		7.06%		7.34%		7.04%		7.73%	

\*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



Rs. In mln

	Unconsolidated				Consolidated			
	9M-2016	9M-2015	+/-	%	9M-2016	9M-2015	+/-	%
Mark-up Income	52,012	61,666	(9,653)	-16%	53,286	61,773	(8,487)	-14%
Mark-up Expense	18,297	24,657	(6,360)	-26%	18,722	24,650	(5,928)	-24%
<b>Net Mark-up Income</b>	<b>33,716</b>	<b>37,009</b>	(3,293)	-9%	<b>34,564</b>	<b>37,123</b>	(2,559)	-7%
Non Interest Income	11,858	12,706	(848)	-7%	12,080	12,741	(661)	-5%
<b>Total Income</b>	<b>45,574</b>	<b>49,715</b>	(4,141)	-8%	<b>46,644</b>	<b>49,864</b>	(3,220)	-6%
Non Mark-up Expense	17,266	17,072	194	1%	18,314	17,413	902	5%
<i>admin expenses</i>	16,747	16,666	81	0%	17,777	17,006	771	5%
<i>PF reversal</i>	(333)	(463)	130	-28%	(333)	(463)	130	-28%
<i>other charges</i>	853	869	(17)	-2%	870	870	1	0%
Share of Undertaking	-	-	-	-	976	685	290	42%
<b>Profit before Provisions</b>	<b>28,308</b>	<b>32,643</b>	(4,335)	-13%	<b>29,305</b>	<b>33,136</b>	(3,831)	-12%
Provisions	(856)	(1,425)	569	-40%	(802)	(1,426)	623	-44%
against Investments	(466)	(355)	(111)	31%	(466)	(355)	(111)	31%
against loans & advances	(390)	(1,070)	680	-64%	(336)	(1,070)	734	-69%
<b>Profit before Tax</b>	<b>29,164</b>	<b>34,068</b>	(4,904)	-14%	<b>30,107</b>	<b>34,562</b>	(4,454)	-13%
Taxation	11,738	13,853	(2,115)	-15%	12,209	14,559	(2,350)	-16%
<b>Profit after Tax</b>	<b>17,426</b>	<b>20,215</b>	(2,789)	-14%	<b>17,898</b>	<b>20,003</b>	(2,104)	-11%

# Key Performance Ratios



	BV	ROA	ROE	EPS (annualised)	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non- markup/Total Rev
--	----	-----	-----	---------------------	-----	-----	--------------------	--------------------	---	-----------------------------

<b>Sep 2016</b>	<b>105.23</b>	<b>2.35%</b>	<b>20.18%</b>	<b>20.88</b>	<b>19.94%</b>	<b>46.69%</b>	<b>6.24%</b>	<b>81.84%</b>	<b>89.76%</b>	<b>26.02%</b>
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	2.33%	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%	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%
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



**MCB Bank Limited**

**Thankyou**

**For further details on MCB Bank Limited, please visit [www.mcb.com.pk](http://www.mcb.com.pk)**

**For any query/comments/feedback, please e-mail  
[investor.relations@mcb.com.pk](mailto:investor.relations@mcb.com.pk)**