



**MCB**

**MCB Bank Limited**

**Investors Briefing**

**Financial Performance Analysis**

For the nine months ended  
September 30, 2012

**Presented by:**  
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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

Increase of 17% in Assets base, Equity increased by 10%

Rs. In mln

	Unconsolidated				Consolidated	
	9M 12	YE 11	+ / -	%	9M 12	YE 11
<b>Assets</b>	<b>761,282</b>	<b>653,233</b>	<b>108,049</b>	<b>17%</b>	<b>765,367</b>	<b>656,325</b>
Advances - net	228,339	225,720	2,619	1%	228,481	225,713
<i>Gross Advances</i>	250,722	248,053	2,669	1%	250,864	248,128
Investments	415,212	316,652	98,560	31%	418,509	319,006
Cash and Balances with Banks & Lendings to Financial Institutions	55,301	56,359	(1,057)	-2%	55,328	56,435
Other Assets	62,430	54,503	7,927	15%	63,050	55,170
<b>Liabilities</b>	<b>661,441</b>	<b>564,431</b>	<b>97,010</b>	<b>17%</b>	<b>661,848</b>	<b>564,671</b>
Deposits	541,613	491,189	50,424	10%	541,594	491,147
Borrowings	84,802	39,101	45,702	117%	84,841	39,101
Bills Payable	8,683	9,467	(784)	-8%	8,683	9,467
Other Liabilities	26,343	24,675	1,669	7%	26,731	24,956
<b>Net Assets</b>	<b>99,842</b>	<b>88,802</b>	<b>11,039</b>	<b>12%</b>	<b>103,519</b>	<b>91,654</b>
<b>Equity without surplus</b>	<b>86,533</b>	<b>78,915</b>	<b>7,618</b>	<b>10%</b>	<b>89,411</b>	<b>81,527</b>



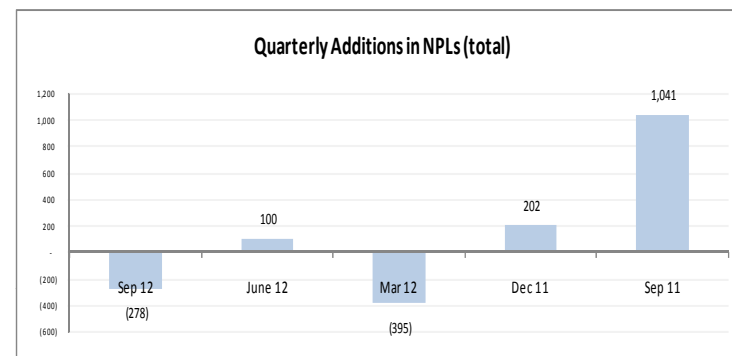


## Non Performing Loans (NPLs)

Decrease of 573M over Dec 2011: -230M in substandard, -613M in loss and +254M in doubtful  
Coverage ratio improved to 85.79% (YE11: 83.76%), NPLs ratio at 10.4% (YE11: 10.75%)

	Sep 12	June 12	Mar 12	Dec 11	Sep 11
<b>Total NPLs</b>	<b>26,092</b>	<b>26,370</b>	<b>26,270</b>	<b>26,665</b>	<b>26,463</b>
YTD - change	-2%	-1%	-1%	9%	8%
QoQ	(278)	100	(395)	202	1,041
QoQ % variance	-1%	0.4%	-1%	1%	4%
<b>Substandard</b>	<b>1,815</b>	<b>1,807</b>	<b>2,008</b>	<b>2,045</b>	<b>1,886</b>
YTD - change	-11%	-12%	-2%	33%	22%
QoQ	8	(200)	(37)	159	1,333
QoQ % variance	0.4%	-10%	-2%	8%	241%
<b>Doubtful</b>	<b>547</b>	<b>477</b>	<b>361</b>	<b>292</b>	<b>709</b>
YTD - change	87%	63%	24%	-86%	-67%
QoQ	70	115	69	(416)	(202)
QoQ % variance	15%	32%	24%	-59%	-22%
<b>Loss</b>	<b>23,714</b>	<b>24,074</b>	<b>23,890</b>	<b>24,328</b>	<b>23,838</b>
YTD - change	-3%	-1%	-2%	17%	15%
QoQ	(360)	184	(437)	490	(90)
QoQ % variance	-1%	1%	-2%	2%	0%
<b>OAEM</b>	<b>16</b>	<b>12</b>	<b>11</b>	<b>-</b>	<b>31</b>
YTD - change	100%	100%	100%	-100%	-46%
QoQ	4	1	11	(31)	1
QoQ % variance	37.9%	9%	100%	-100%	2%

Rs. In mln



### Concentration of Category of NPLs

	Sep 2012	June 2012	March 2012	Dec 2011	Sep 2011
Substandard	7.0%	6.9%	7.6%	7.7%	7.1%
Doubtful	2.1%	1.8%	1.4%	1.1%	2.7%
Loss	90.9%	91.3%	90.9%	91.2%	90.1%



## Investments

Increase of 65B in T-Bills and of 29B in PIBs

	Rs. In mln						
	9M 12	YE 11	+ / -	%	9M 11	+ / -	%
Treasury Bills	323,663	258,891	64,772	25%	275,468	48,195	17%
Pakistan Investment Bonds	65,216	35,798	29,418	82%	11,436	53,780	470%
TFCs, Debentures, Bonds and PTCs	4,562	4,025	536	13%	5,962	(1,400)	-23%
Other Government Securities	1,646	1,543	103	7%	1,493	152	10%
Shares in Listed and Unlisted Co.s/Open End Fund/NIT	11,090	12,362	(1,272)	-10%	12,081	(991)	-8%
Sukook Bonds	4,892	5,332	(439)	-8%	3,344	1,549	46%
Subsidiaries & Associated Undertakings	1,636	1,542	94	6%	1,542	94	6%
<b>Gross Investments</b>	<b>412,706</b>	<b>319,493</b>	<b>93,213</b>	<b>29%</b>	<b>311,327</b>	<b>101,379</b>	<b>33%</b>
Prov for diminution in value of investments	(2,853)	(3,327)	474	-14%	(2,821)	(32)	1%
Surplus /(Deficit) on revaluation of securities	5,359	486	4,873	1003%	893	4,466	500%
<b>Net Investments</b>	<b>415,212</b>	<b>316,652</b>	<b>98,560</b>	<b>31%</b>	<b>309,398</b>	<b>105,814</b>	<b>34%</b>
<b>Concentration of Investments</b>							
T-Bills	77.95%	81.76%			89.03%		
PIBs	15.71%	11.31%			3.70%		
Debt instruments	3.28%	2.54%			2.87%		
Equity securities	2.67%	3.90%			3.90%		
Investments (net)/ Deposits ratio	76.7%	64.5%			64.1%		
Investments (net)/ Total Assets ratio	54.5%	48.5%			45.1%		



## Deposits

CASA at 84% with an YTD increase of 18% in SA and 11% in CA. Term Deposits decreased by 9%

### YTD increase/decrease

Current deposits	11%
Savings deposits	18%
Term Deposits	-7%
<b>Total Deposits</b>	<b>10%</b>

Rs. In mln

Q3 12		Q2 12		Q1 12		Q4 11		Q3 11	
Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix

<b>Deposits - Volume</b>	<b>541,613</b>		<b>529,366</b>		<b>512,067</b>		<b>491,189</b>		<b>482,938</b>	
Current deposits	185,571	34%	189,235	36%	171,706	34%	167,446	34%	169,167	35%
Savings deposits	270,527	50%	252,317	48%	248,514	49%	232,241	47%	220,515	46%
Term Deposits	85,515	16%	87,813	17%	91,847	18%	91,502	19%	93,256	19%
<b>CASA</b>	456,098	↑ 84%	441,553	83%	420,220	82%	399,687	81%	389,682	81%

<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%	↓ -2%	4%	10%	5%	3%	11%	-1%	12%	-7%
Savings deposits	↑ 23%	↑ 7%	14%	2%	14%	7%	16%	5%	14%	0%
<b>CASA</b>	↑ 17%	↑ 3%	10%	5%	10%	5%	14%	3%	13%	-3%
Term Deposits	↓ -8%	↓ -3%	-7%	-4%	13%	0.4%	14%	-2%	19%	-1%
<b>Total Deposits</b>	12%	2%	7%	3%	11%	4%	14%	2%	14%	-3%

<b>Market Share (Domestic)</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>		<b>QoQ</b>
Industry	6,315,373	↓ -1%	6,402,735	8%	5,920,093	5%	5,630,078	4%	5,418,431	-3%
MCB	535,869	↑ 2%	523,943	3%	506,426	5%	484,492	2%	476,896	-2%
Share	↑ 8.49%		8.18%		8.55%		8.61%		8.80%	



## Profit and Loss Statement

*PAT increased by 7% and PBT increased by 5%*

Rs. In mln

	Unconsolidated				Consolidated			
	9M 12	9M 11	+/-	%	9M 12	9M 11	+/-	%
Mark-up Income	51,903	49,613	2,290	5%	51,968	49,658	2,310	5%
Mark-up Expense	20,662	16,691	3,971	24%	20,670	16,697	3,973	24%
<b>Net Mark-up Income</b>	<b>31,241</b>	<b>32,922</b>	<b>(1,682)</b>	<b>-5%</b>	<b>31,297</b>	<b>32,961</b>	<b>(1,664)</b>	<b>-5%</b>
Non Interest Income	6,935	6,077	859	14%	7,252	6,222	1,030	17%
<b>Total Income</b>	<b>38,176</b>	<b>38,999</b>	<b>(823)</b>	<b>-2%</b>	<b>38,549</b>	<b>39,183</b>	<b>(634)</b>	<b>-2%</b>
Non Mark-up Expense	12,663	12,101	562	5%	12,914	12,323	591	5%
<i>admin expenses</i>	13,728	12,955	772	6%	13,979	13,177	802	6%
<i>PF reversal</i>	(1,467)	(1,643)	176	-11%	(1,467)	(1,643)	176	-11%
<i>other charges</i>	402	788	(387)	-49%	402	789	(387)	-49%
<b>Profit before Provisions</b>	<b>25,513</b>	<b>26,898</b>	<b>(1,385)</b>	<b>-5%</b>	<b>25,635</b>	<b>26,859</b>	<b>(1,225)</b>	<b>-5%</b>
Provisions	54	2,734	(2,680)	-98%	54	2,734	(2,680)	-98%
against Investments	(27)	218	(245)	-112%	(27)	218	(245)	(1)
against loans & advances	81	2,516	(2,435)	-97%	81	2,516	(2,435)	-97%
<b>Profit before Tax</b>	<b>25,459</b>	<b>24,165</b>	<b>1,294</b>	<b>5%</b>	<b>25,580</b>	<b>24,125</b>	<b>1,455</b>	<b>6%</b>
Share of Undertaking	0	0	NA	NA	300	139	161	116%
Taxation	8,786	8,649	137	2%	8,870	8,414	456	5%
<b>Profit after Tax</b>	<b>16,673</b>	<b>15,515</b>	<b>1,158</b>	<b>7%</b>	<b>17,010</b>	<b>15,851</b>	<b>1,159</b>	<b>7%</b>



## Net Interest Income

*Income on advances decreased by 13%, on investments increased by 26% while expense on deposits went up by 18%*

	Rs. In mln			
	9M 12	9M 11	+/-	%
<b>MARK-UP EARNED</b>	<b>51,903</b>	<b>49,613</b>	<b>2,290</b>	<b>5%</b>
On Loans and advances	22,256	25,641	(3,385)	-13%
On investments	29,268	23,152	6,116	26%
On deposits with financial institutions	37	8	29	364%
On securities purchased under resale agreements	177	587	(410)	-70%
On money at call	20	60	(40)	-67%
Others	144	165	(21)	-13%
<b>MARK-UP EXPENSED</b>	<b>20,662</b>	<b>16,691</b>	<b>3,971</b>	<b>24%</b>
Deposits	17,163	14,534	2,629	18%
Securities under repurchase agreements	2,066	740	1,326	179%
Other short-term borrowings	933	902	30	3%
Discount, Commission and brokerage	385	429	(44)	-10%
Others	115	85	29	34%
<b>NIM</b>	<b>31,241</b>	<b>32,922</b>	<b>(1,682)</b>	<b>-5%</b>







## Non- Markup Income

Rs. In mln

	9M 12	9M 11	+/-	%
<b>Non-Interest Income - Total</b>	<b>6,935</b>	<b>6,077</b>	<b>859</b>	<b>14%</b>
Fee, Commission & Brokerage	4,169	3,628	541	15%
Dividend Income	961	656	305	46%
Income from dealing in Foreign Currencies	693	730	(37)	-5%
Capital Gains	687	666	21	3%
Other Income	426	397	29	7%

	9M 12	9M 11	+/-	%
<b>Fee, Commission and brokerage</b>	<b>1,462</b>	<b>1,182</b>	<b>281</b>	<b>24%</b>
Commission on consumer loan	252	257	(5)	-2%
Minimum balance charges	115	223	(108)	-48%
Commission on trade	763	735	28	4%
Commission on remittance	746	658	87	13%
Commission on utility bills	81	87	(6)	-7%
Exchange income on import / export bills purchased / negotiated	173	160	13	8%
Commission on ATM / Debit Card	435	335	100	30%
Corporate Services charges / facility fee	44	28	16	57%
Corporate finance fee	80	77	3	4%
Other Commission	1,481	1,068	413	39%





## Key Ratios

	BV*	ROA	ROE	EPS* (annualised)	ADR	Infection ratio	Coverage ratio
Sep 2012	94.07	3.14%	26.87%	24.17	46.29%	10.41%	85.79%
June 2012	92.16	3.38%	27.68%	24.62	49.81%	10.00%	86.12%
Mar 2012	88.94	3.42%	28.09%	24.54	49.37%	10.39%	85.00%
Dec 2011	85.79	3.18%	26.23%	21.12	50.52%	10.75%	83.76%
Sep 2011	84.25	3.30%	28.21%	22.49	54.58%	10.04%	83.14%
June 2011	81.56	3.53%	29.32%	22.98	56.79%	9.02%	85.82%
Mar 2011	78.20	3.43%	28.48%	21.84	60.49%	8.90%	82.71%
Dec 2010	75.21	3.13%	25.91%	18.34	63.55%	8.95%	79.83%
Sep 2010	72.93	3.18%	26.00%	18.11	58.47%	9.68%	76.65%
June 2010	70.39	3.05%	25.25%	17.27	62.82%	9.16%	76.02%
Mar 2010	68.27	3.29%	26.74%	18.01	66.29%	8.98%	74.36%
Dec 2009	66.40	3.25%	27.35%	16.85	73.37%	8.62%	70.89%

\*Includes the impact of bonus shares

## Awards and Recognitions



**Best Commercial Bank – Pakistan 2012**



Estd. 1951

**‘Runner-up Best Corporate Report Award (Banks) 2011’**



**Runner up Investor Relations Award 2011**

**The Banker**  
**TOP 1000**  
**WORLD BANKS 2012**  
thebankerdatabase.com

**MCB Bank**  
World Ranking: 624  
Country Ranking: 3



The QFC Asian Banker Leadership Achievement Award 2010



An Apex body of SAARC

Joint 2nd runner-up in the banking sector - Best Presented Accounts and Corporate Governance Disclosure Awards 2010  
Certificate of Merit for 2009 - Banking Sector subject to Prudential Supervision



Best Bank Led Mobile Money Transfer Program 2010



Strongest Bank in Pakistan 2010



Best Bank In Pakistan 2011



Ranked among the Top 25 largest companies in Pakistan



Ranked 606, in July 2011 edition (2010: 621) 3<sup>rd</sup> highest among the local Top 5

### “Series of Awards Won”

2009 **Asiamoney:** Best Domestic Bank in Pakistan  
2009 **The Asset:** Best Domestic Bank in Pakistan  
2008 **Euromoney:** Best Bank in Asia  
2008 **Euromoney:** Best Bank in Pakistan  
2008 **Asiamoney:** Best Domestic Bank in Pakistan

2006 **Asiamoney:** Best Domestic Bank in Pakistan  
2006 **Euromoney:** Best Bank in Pakistan  
2005 **Asiamoney:** Best Domestic Bank in Pakistan  
2005 **Euromoney:** Best Bank in Pakistan  
2004 **Euromoney:** Best Bank in Pakistan

2004 **Asiamoney:** Best Domestic Bank in Pakistan  
2003 **Euromoney:** Best Bank in Pakistan  
2001 **Euromoney:** Best Bank in Pakistan  
2000 **Euromoney:** Best Bank in Pakistan



Estd. 1951

“Best Corporate Report Award 2009 and 2010 – Banking Sector”



Best Bank of the Year 2011 and Most Stable Bank of the Year 2011



MCB Bank Limited

**Thankyou**

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