



**MCB**

**MCB Bank Limited**

**Investors Briefing**

**Financial Performance Analysis**

For the year ended  
December 31, 2013

**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.*





## Statement of Financial Position

Increase of 9% in Equity

Rs. In mln

	Unconsolidated				Consolidated			
	YE 13	YE 12	YTD	%	YE 13	YE 12	YTD	%
<b>Assets</b>	<b>815,508</b>	<b>767,075</b>	<b>48,434</b>	<b>6%</b>	<b>821,278</b>	<b>771,458</b>	<b>49,820</b>	<b>6.46%</b>
Advances - net	248,243	239,583	8,660	3.6%	248,522	239,789	8,733	3.64%
Investments	449,006	402,069	46,937	11.7%	453,808	405,601	48,207	11.89%
Cash and Balances with Banks & Lending to Financial Institutions	62,708	60,164	2,544	4%	62,766	60,208	2,557	4.25%
Other Assets	55,552	65,259	(9,707)	-15%	56,183	65,860	(9,677)	-14.69%
<b>Liabilities</b>	<b>705,277</b>	<b>664,604</b>	<b>40,673</b>	<b>6%</b>	<b>705,816</b>	<b>664,983</b>	<b>40,832</b>	<b>6.14%</b>
Deposits	632,330	545,061	87,270	16%	632,309	544,988	87,321	16.02%
Borrowings	38,543	78,951	(40,408)	-51%	38,660	79,064	(40,404)	-51.10%
Bills Payable	10,139	9,896	242	2%	10,139	9,896	242	2.45%
Other Liabilities	24,266	30,696	(6,430)	-21%	24,707	31,035	(6,327)	-20.39%
<b>Net Assets</b>	<b>110,231</b>	<b>102,471</b>	<b>7,760</b>	<b>8%</b>	<b>115,463</b>	<b>106,475</b>	<b>8,988</b>	<b>8.44%</b>
<b>Equity without surplus (incl. M.I)</b>	<b>97,272</b>	<b>88,877</b>	<b>8,395</b>	<b>9%</b>	<b>100,655</b>	<b>91,852</b>	<b>8,803</b>	<b>9.58%</b>





## Non Performing Loans (NPLs)

Coverage ratio\* at 85.74% (YE12: 89.23%), NPLs ratio decreased to 8.68% (YE12: 9.74%)

	Dec 13	Sep 13	June 13	Mar 13	Dec 12
<b>Total NPLs</b>	<b>23,268</b>	<b>24,936</b>	<b>24,766</b>	<b>24,701</b>	<b>25,562</b>
QoQ	(1,668)	170	65	(861)	(530)
QoQ % variance	-6.7%	0.7%	0.3%	-3%	-2%
<b>Substandard</b>	<b>219</b>	<b>1,568</b>	<b>875</b>	<b>333</b>	<b>286</b>
QoQ	(1,349)	693	542	47	(1,529)
QoQ % variance	-86%	79%	163%	16%	-84%
<b>Doubtful</b>	<b>1,453</b>	<b>891</b>	<b>897</b>	<b>815</b>	<b>850</b>
QoQ	562	(6)	82	(35)	303
QoQ % variance	63%	-1%	10%	-4%	55%
<b>Loss</b>	<b>21,560</b>	<b>22,446</b>	<b>22,987</b>	<b>23,548</b>	<b>24,426</b>
QoQ	(886)	(542)	(561)	(878)	712
QoQ % variance	-4%	-2%	-2%	-4%	3%
<b>OAEM</b>	<b>36</b>	<b>31</b>	<b>7</b>	<b>5</b>	<b>-</b>
QoQ	4	24	2	5	(16)
QoQ % variance	14%	349%	42%	100%	-100%

Rs. In mln

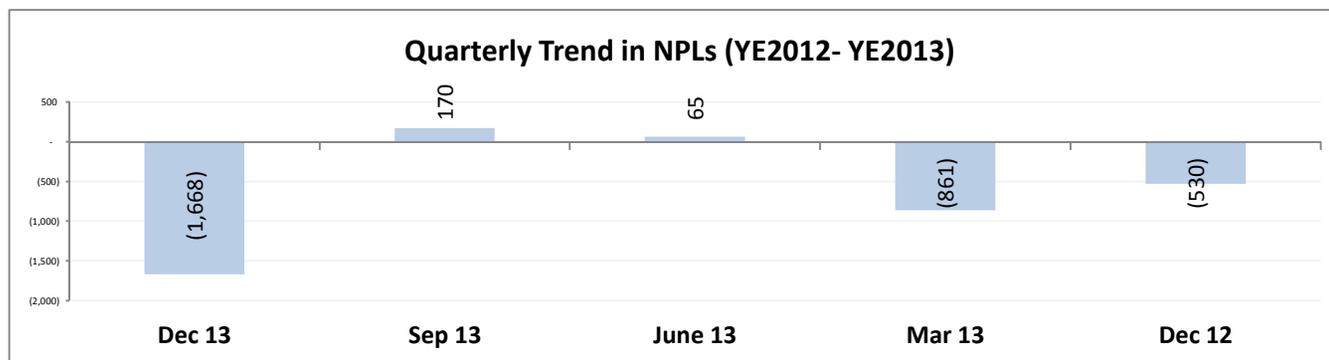
### Concentration of Category of NPLs

	Dec 13	Sep 13	June 13	Mar 13	Dec 12
Substandard	0.94%	6.3%	3.5%	1.3%	1.1%
Doubtful	6.24%	3.6%	3.6%	3.3%	3.3%
Loss	92.66%	90.0%	92.8%	95.3%	95.6%
OAEM	0.15%	0.13%	0.03%	0.02%	0.00%

### Infection ratio vs. Industry -

#### DOMESTIC

	Dec 13	Sep 13	June 13	Mar 13	Dec 2012
MCB	7.19%	8.6%	8.6%	8.1%	8.4%
Industry	14.83%	15.7%	15.9%	15.8%	15.8%



\* Coverage ratio = Specific plus General Provision

## Investments

Increase of Rs.+32.32B in Market Treasury Bills & Rs. 22.51 in Pakistan Investment Bonds.

Rs. In mln

	Dec 2013	Dec 2012	Var.	% var.	Composition of Investments	
Treasury Bills	323,158	290,834	32,324	11%	T-Bills	71.88%
Pakistan Investment Bonds	107,615	85,105	22,510	26%	PIBs	23.94%
TFCs, Debentures, Bonds and PTCs	3,736	4,744	(1,007)	-21%	Equity securities	2.13%
Euro Bonds	2,345	1,694	651	38%	Debt instruments	2.05%
Shares in Listed, Unlisted Co.s & Mutual funds	7,941	11,107	(3,166)	-29%		
Sukuks Bonds	3,143	4,054	(911)	-22%		
Subsidiaries & Associated Undertakings	1,636	1,636	-	0%		
<b>Investments at cost</b>	<b>449,574</b>	<b>399,173</b>	<b>50,401</b>	<b>13%</b>		
Prov for diminution in value of investments	(2,550)	(2,783)	233	8%		
Surplus /(Deficit) on revaluation of securities	1,982	5,680	(3,697)	-65%		
<b>Investments at revalued amount - net of provision</b>	<b>449,006</b>	<b>402,069</b>	<b>46,937</b>	<b>12%</b>		



# Deposits

CASA increased to 90%

YTD increase/decrease	YTD
Current deposits	13%
Savings deposits	28%
CASA	22%
Term Deposits	-20%
<b>Total Deposits</b>	<b>16%</b>

Rs. In mln

Q4 13		Q3 13		Q2 13		Q1 13		Q4 12	
Volume	Mix								

## Deposits - Volume

	<b>632,330</b>		<b>584,239</b>		<b>610,341</b>		<b>565,799</b>		<b>545,061</b>	
Current deposits	214,524	34%	209,891	36%	221,913	36%	199,695	35%	189,393	35%
Savings deposits	353,204	56%	312,117	53%	312,685	51%	288,939	51%	275,018	50%
Term Deposits	64,602	10%	62,231	11%	75,743	12%	77,164	14%	80,650	15%
<b>CASA</b>	<b>567,728</b>	<b>90%</b>	<b>522,008</b>	<b>89%</b>	<b>534,598</b>	<b>88%</b>	<b>488,634</b>	<b>86%</b>	<b>464,411</b>	<b>85%</b>

## Variance

	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	13%	2%	13%	-5%	17%	11%	16%	5%	13%	2%
Savings deposits	28%	13%	15%	0%	24%	8%	16%	5%	18%	2%
<b>CASA</b>	<b>22%</b>	<b>9%</b>	<b>14%</b>	<b>-2%</b>	<b>21%</b>	<b>9%</b>	<b>16%</b>	<b>5%</b>	<b>16%</b>	<b>2%</b>
Term Deposits	-20%	4%	-27%	-18%	-14%	-2%	-15%	-4%	-12%	-6%
<b>Total Deposits</b>	<b>16%</b>	<b>8%</b>	<b>8%</b>	<b>-4%</b>	<b>15%</b>	<b>8%</b>	<b>10%</b>	<b>4%</b>	<b>11%</b>	<b>1%</b>

## Market Share (Domestic)

	Volume	QoQ								
Industry	7,529,370	6%	7,131,557	-3%	7,316,341	8%	6,776,747	1%	6,682,648	6%
MCB	624,458	8%	577,183	-4%	603,849	8%	559,693	4%	538,835	1%
Share	8.29%		8.09%		8.25%		8.26%		8.06%	

## Profit and Loss Statement

PAT increased by 4% and PBT increased by 2%

Rs. In mln

	Unconsolidated				Consolidated			
	YE 13	YE 12	+/-	%	YE 13	YE 12	+/-	%
Mark-up Income	65,064	68,356	(3,292)	-5%	65,186	68,444	(3,257)	-4.8%
Mark-up Expense	27,196	27,500	(304)	-1%	27,219	27,503	(284)	-1.0%
<b>Net Mark-up Income</b>	<b>37,868</b>	<b>40,856</b>	<b>(2,988)</b>	<b>-7%</b>	<b>37,967</b>	<b>40,940</b>	<b>(2,973)</b>	<b>-7.3%</b>
Non Interest Income	11,171	9,153	2,017	22%	11,477	9,541	1,935	20.3%
<b>Total Income</b>	<b>49,039</b>	<b>50,010</b>	<b>(971)</b>	<b>-2%</b>	<b>49,443</b>	<b>50,481</b>	<b>(1,038)</b>	<b>-2.1%</b>
Non Mark-up Expense	19,586	17,890	1,697	9%	19,976	18,235	1,741	9.5%
<i>admin expenses</i>	20,411	19,410	1,002	5%	20,801	19,756	1,045	5.3%
<i>PF reversal</i>	(1,701)	(1,933)	232	-12%	(1,701)	(1,933)	232	-12.0%
<i>other charges</i>	876	413	464	112%	877	413	464	112.4%
Share of Undertaking	-	-	-	-	629	297	332	112.0%
<b>Profit before Provisions</b>	<b>29,453</b>	<b>32,120</b>	<b>(2,667)</b>	<b>-8%</b>	<b>30,096</b>	<b>32,543</b>	<b>(2,446)</b>	<b>-7.5%</b>
Provisions	(2,836)	478	(3,314)	-693%	(2,836)	478	(3,314)	-693.1%
against Investments	(7)	(3)	(4)	125%	(7)	(3)	(4)	124.5%
against loans & advances	(2,829)	481	(3,310)	-688%	(2,829)	481	(3,310)	-688.0%
<b>Profit before Tax</b>	<b>32,288</b>	<b>31,642</b>	<b>646</b>	<b>2%</b>	<b>32,932</b>	<b>32,065</b>	<b>867</b>	<b>2.7%</b>
Taxation	10,793	10,969	(176)	-2%	10,982	11,097	(115)	-1.0%
<b>Profit after Tax</b>	<b>21,495</b>	<b>20,673</b>	<b>822</b>	<b>4%</b>	<b>21,950</b>	<b>20,968</b>	<b>983</b>	<b>4.7%</b>

## Non- Markup Income

Rs. In mln

	Dec 2013	Dec 2012	Var.	% var.
<b>NON MARKUP INCOME</b>	11,171	9,153	2,017	22%
Fee, Commission & Brokerage	6,741	5,934	807	14%
Dividend Income	933	1,198	(265)	-22%
Income from dealing in Foreign Currencies	917	823	94	11%
Capital Gains	2,130	825	1,306	158%
Other Income	450	374	76	20%



## 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 2013</b>	<b>96.13</b>	<b>2.72%</b>	<b>23.09%</b>	<b>21.24</b>	<b>****22.25%</b>	<b>42.41%</b>	<b>8.68%</b>	<b>85.74%</b>	<b>94.57%</b>	<b>14.65%</b>
Sep 2013	95.49	3.03%	24.70%	22.64	24.77%	41.98%	10.17%	84.28%	92.65%	15.00%
June 2013	93.56	3.08%	25.91%	23.50	23.96%	40.08%	10.12%	86.92%	95.42%	15.05%
Mar 2013	90.95	3.02%	25.51%	22.80	22.54%	46.37%	9.41%	88.97%	97.22%	12.33%
<b>Dec 2012</b>	<b>87.84</b>	<b>2.91%</b>	<b>24.64%</b>	<b>20.43</b>	<b>22.13%</b>	<b>48.14%</b>	<b>9.74%</b>	<b>89.23%</b>	<b>87.55%</b>	<b>11.81%</b>
Sep 2012	85.52	3.14%	26.87%	21.97	24.18%	46.29%	10.41%	85.79%	93.58%	11.79%
June 2012	83.78	3.35%	27.38%	22.15	22.15%	49.81%	10.00%	86.12%	94.30%	13.09%
Mar 2012	80.86	3.38%	27.73%	22.02	22.26%	49.37%	10.39%	85.00%	95.87%	12.09%
<b>Dec 2011</b>	<b>77.99</b>	<b>3.18%</b>	<b>26.23%</b>	<b>19.20</b>	<b>21.79%</b>	<b>50.88%</b>	<b>10.67%</b>	<b>83.76%</b>	<b>94.74%</b>	<b>10.64%</b>
Sep 2011	76.59	3.30%	28.21%	20.44	23.15%	54.58%	10.04%	83.14%	93.46%	10.91%
June 2011	74.14	3.53%	29.32%	20.90	22.26%	56.79%	9.02%	85.82%	96.46%	11.22%
Mar 2011	71.09	3.43%	28.48%	19.86	22.21%	60.49%	8.90%	82.71%	93.22%	11.88%
<b>Dec 2010</b>	<b>68.37</b>	<b>3.13%</b>	<b>25.91%</b>	<b>16.68</b>	<b>22.07%</b>	<b>63.55%</b>	<b>8.95%</b>	<b>79.83%</b>	<b>91.82%</b>	<b>10.26%</b>
Sep 2010	66.30	3.18%	26.00%	16.47	23.16%	58.47%	9.68%	76.65%	88.10%	10.24%
June 2010	63.99	3.05%	25.25%	15.70	21.15%	62.82%	9.16%	76.02%	87.22%	10.18%
Mar 2010	62.07	3.29%	26.74%	16.37	20.24%	66.29%	8.98%	74.36%	86.53%	9.66%
<b>Dec 2009</b>	<b>60.36</b>	<b>3.25%</b>	<b>27.35%</b>	<b>15.31</b>	<b>19.07%</b>	<b>73.37%</b>	<b>8.62%</b>	<b>70.89%</b>	<b>83.41%</b>	<b>9.86%</b>

\* Annualised & Includes the impact of bonus shares 2012

\*\* Coverage ratio is based on specific plus general provision

\*\*\* Coverage ratio based on specific provision plus benefit of liquid securities

\*\*\*\* under Basel-III

## Awards and Recognitions



**“Best Corporate Report Award 2012 – Banking Sector”**

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

“Best Corporate Report Award 2010 – Banking Sector”

“Best Corporate Report Award 2009 – Banking Sector”



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: 2009, 2008, 2006, 2005 & 2004



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



Investor Relations Award 2011: Runner-up  
Best Bank of the Year 2011  
Most Stable Bank of the Year 2011

**The Banker**  
GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

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  
2011: # 15, 2010: # 17, 2009: # 19,  
2008: # 23, 2007: # 23, 2005: # 15



**Best Commercial Bank – Pakistan 2012**



CSR Business Excellence Award 2012:  
Best Media Coverage



**2<sup>nd</sup> Runner Up Best Presented Annual Report Awards** and SAARC Anniversary Awards for Corporate Governance Disclosures 2011 – Category Private Sector Banks (including Co-operative Banks)

**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



Strongest Bank in Pakistan 2010



Triple A Country Awards 2012:  
Best Domestic Bank - Pakistan



The QFC Asian Banker Leadership Achievement Award 2010





MCB Bank Limited

**Thankyou**

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[investor.relations@mcb.com.pk](mailto:investor.relations@mcb.com.pk)