



MCB Bank Limited

Financial Highlights

Year Ended – December 31st, 2022

Presented by:
Hammad Khalid
Chief Financial Officer



MCB - At a Glance



Branches



Domestic : 1439
EPZ : 01

Global Presence



8 International
branches in
3 Countries

Customers



Over 8.6 million
customer
accounts

ADCs



Over 1480 ATMs



Over 700,000
MCB Live users

Deposits



Market Share
5.87 % of Domestic
Industry deposits

Advances



Market Share
6.46 % of Domestic
Industry advances

Home Remittance



Market Share
11.6%

Trade



Market Share
5.78%

Credit Rating



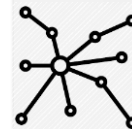
Long Term
AAA

Dividend



Rs. 20/share. One of
the Highest
dividend per share
across industry

Branch Network



2nd largest branch
network on group
basis (including MIB
branches)

Market Capitalization



2nd highest market
capitalization in
industry

Key Highlights for the year ended December 31, 2022

Key challenges for the Economy:

- Global economic slowdown due to rising food and energy prices, geo-political scenario, monetary tightening stance adopted by major economies; Global growth expected to fall to 2.9% in 2023 and improve to 3.1% in 2024;
- Domestic economy has slowed down considerably due to rising inflation, external front challenges, fiscal and political instability, followed by a monetary tightening stance;
- Current account deficit stood at \$3.67 billion in July-December of the current fiscal year 2023, compared with \$9.09 billion in SPLY, mainly due to a contraction in imports.
- In Jul-Dec FY2023, workers' remittances recorded at \$ 14.1 billion (\$ 15.8 billion last year), decreased by 11.1%. Remittances have also fallen gradually on a month on month basis since August 2022.
- Monetary tightening cycles continue, edging towards historic high interest rate regime;
- CPI overshoots expectation; primarily driven by food inflation and energy. Recently announced taxation measures of Rs. 170Bln have further pushed inflationary outlook beyond current levels;
- Significant devaluation episode in January, 2023; expected to rationalize to 6-7% per annum;
- International rating agencies downgrade country ratings citing external vulnerabilities and increased government liquidity risks.

Strong build up in core earnings

- Highest ever PBT of Rs. 71.4B with 4Q PBT being highest quarterly profit;
- 36% NIM growth; fueled by growth in no cost liability;
- Non-fund income block by 23% YoY; Prime contributors being fee and forex lines;
- Strong recovery against chronic NPLs; Ex-NIB related recovery FTY sums to Rs. 1.21 Bln;
- One of the leading Cost to Income Ratio of 37.40% in the industry despite inflationary pressures;
- Strategic drive to buildup Current account, resulting in an improved concentration of 49%;
- 25% growth in credit book, a hallmark achieved while complying to strict credit underwriting standards and refined risk appetite.

Historic Earnings in 2022, PBT of PKR 71.4 B

PBT	PKR 71.4 Billion	+37% YoY
PAT	PKR 32.7 Billion	+6%* YoY
NIM	PKR 87.2 Billion	+36% YoY
NMI	PKR 24.6 Billion	+23% YoY
Deposits	PKR 1.4 Trillion	-2% YoY
Advances	PKR 797.6 Billion	+25% YoY

*Due to Higher Taxes enacted through Finance Act 2022

Sound Balance Sheet footing

Historic Growth in Advances; above the industry average

PKR in Billions	Dec 2022	Dec 2021		
		Dec 2021	Var.	% var.
ASSETS	2,085	1,970	115	6%
Advances - net	753	590	164	28%
- Gross Advances	798	636	162	25%
Investments	979	1,036	(57)	-5%
Cash and Balances with Banks	121	183	(62)	-34%
Lending to Financial Institutions	50	42	8	19%
Other Assets (including FA & DTA)	182	119	62	52%
LIABILITIES	1,896	1,796	100	6%
Deposits	1,379	1,412	(33)	-2%
-Current	680	563	117	21%
-Savings	642	749	(106)	-14%
-Term	56	100	(44)	-44%
Borrowings	340	270	71	26%
Bills Payable	39	25	15	59%
Other Liabilities (including DTL)	138	90	48	53%
NET ASSETS	189	174	15	9%
EQUITY	171	160	11	7%

Advances Portfolio:

- Gross advances of the Bank registered a historic growth of Rs. 162 billion (+25%), above the industry average, to close the year at Rs. 798 billion;
- Corporate lending book grew by Rs. 161 billion (+36%) whereas the consumer loan portfolio increased by Rs. 4.5 billion (+12%);
- ADR improving to 57.85% while Coverage & Infection ratios of the Bank were reported at 86.17% and 6.43% respectively.

Investment Portfolio:

- PKR 104 billion added to Floating PIBs portfolio closing at PKR 528 billion;
- PKR 53 billion added to Fixed PIBs closing at PKR 289 billion;
- TBs decreased by PKR 194 billion to PKR 132 billion;
- Yield on Investment increased to 12.41% in CY22 as compared to 8.30% in CY21;
- PIBs – AFS & HTM excluding floating – WA time to maturity of PIBs is 2.32 years.

Strong Current Deposit Mobilization:

- Business initiatives, customer engagements and improved service quality reflected on the unprecedented increase of 21% YoY in current deposits base;
- A strong growth number of Rs. 117Bln in absolute terms in current deposits with an average 4Q growth of Rs. 112Bln YoY;
- Current to Total Deposits Ratio improved to 49% as compared to 40% as at Dec-21;
- CoD for CY22 works out 6.23% (CY21 - 3.42%) on account of 625bps increase in policy rate i.e. 16.00% from 9.75%.

Advances & NPLs

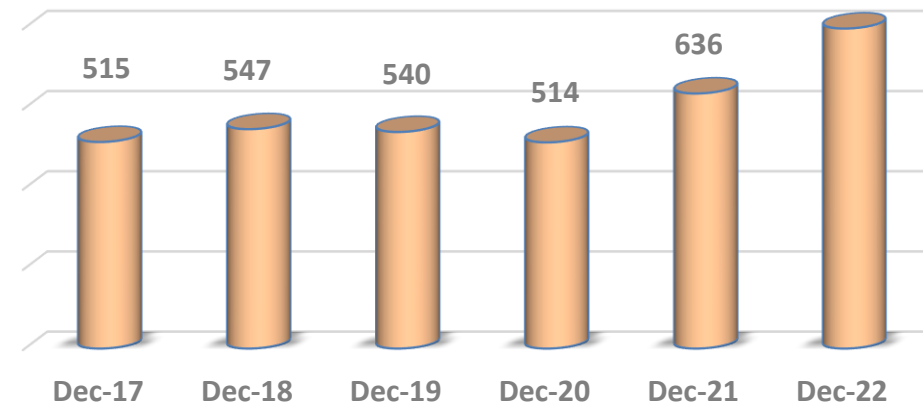


Coverage ratio* at 86.17% (YE21: 90.83 %), NPLs ratio stands at 6.43% (YE21: 7.94 %)
 Domestic NPLs Ratio at 5.12% (YE21: 6.77 %), Industry NPL ratio Sep 30, 2022:7.56% (YE21:7.89%)

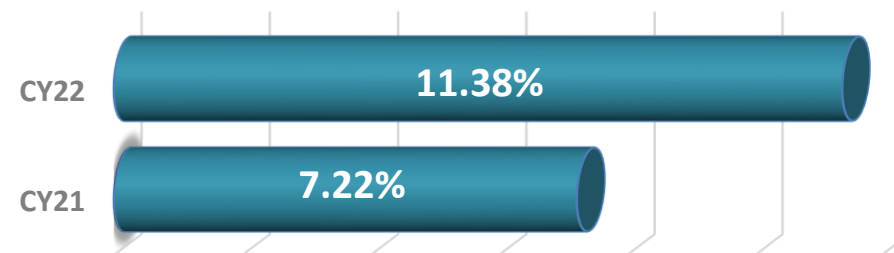
PKR in Billions	Dec 2022	Dec 2021	Var.	% var.
Advances (gross)	798	636	162	25%
Retail	88	91	(4)	-4%
Corporate	606	445	161	36%
Consumer	43	38	4	12%
Overseas	29	29	(0)	-1%
Others	32	32	0	0%
MCB Advances (domestic)	769	607	162	26.76%
Industry Advances (domestic)**	11,913	10,149	1,763	17.38%
Market Share	6.46%	5.98%		
Advances - Net	753	590	164	28%

Gross Advances (CAGR 13.79%)

PKR in Billions

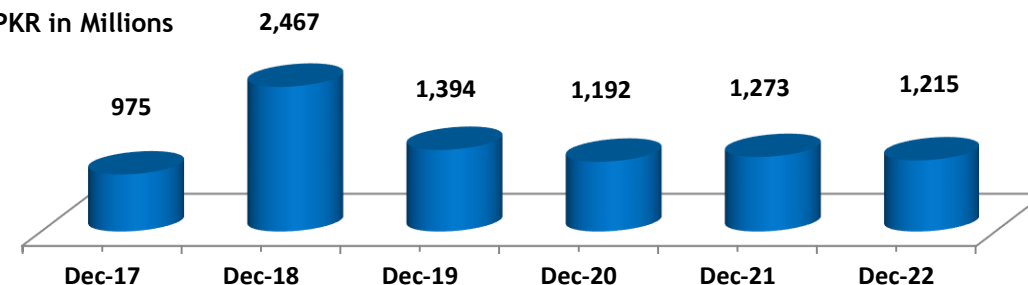


Yield on Advances



Recovery from NIB NPL Stock

PKR in Millions



Total Recoveries related to NPL stock transferred from NIB Bank on 07-07-2017 amounts to Rs. 8.52 billion

PKR in Millions

YTD (Dec 22 vs. Dec 21)				
	Dec 22	Dec 21	Var.	%
Total NPLs	51,260	50,491	769	2%
OAEM	1,465	49	1,416	2871%
Substandard	126	303	(176)	-58%
Doubtful	568	231	337	146%
Loss	49,100	49,908	(807)	-2%

*Coverage ratio = Specific plus General Provision/NPLs

Diversified Investment Portfolio

93% of the portfolio has been invested in Risk Free Government Securities



PKR in Millions

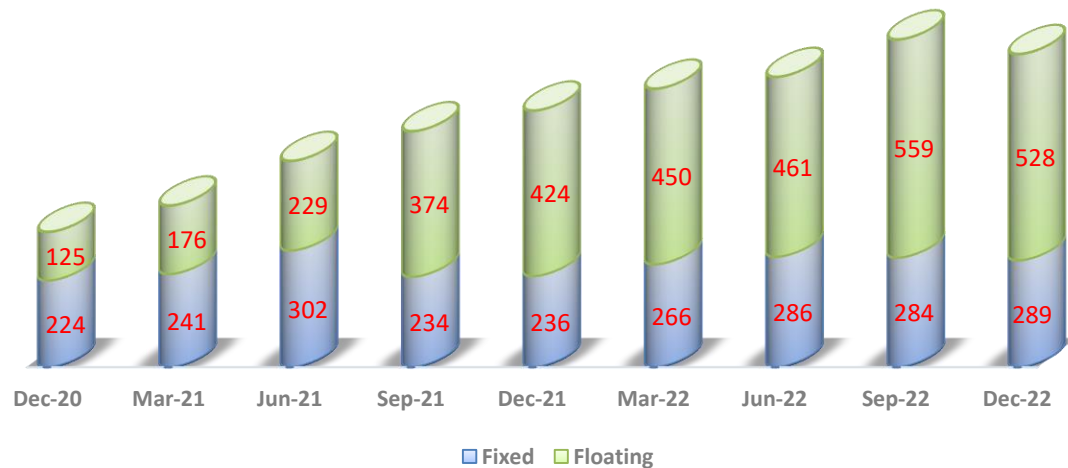
Composition of Investments

	Dec 2022	Dec 2021
T-Bills	13%	31%
PIBs	80%	63%
Equity securities	4%	4%
Debt instruments	3%	2%

Re-Pricing Schedule

	Floating PIBs	TBs	Total
Up to 1 M	322	46	368
1 M to 3 M	71	66	137
3 M to 6 M	135	10	145
6M to 1Y	-	3	3
	528	124	653

Pakistan Investment Bonds



Government Securities

	Dec-22	Dec-21	Var	Var
Treasury Bills	132	326	-194	-60%
PIBs - Fixed	289	236	53	22%
PIBs - Floating	528	424	104	25%
	949	986	-37	-4%

Robust Growth in Current Deposits ; 21%



Total Deposits
PKR **1.4** trillion

Current Deposits
PKR **680** billion

Saving Deposits
PKR **642** billion

CoD
6.23%
Up by 282 bps YoY

CASA
95.9%
Dec-21 : 92.9%

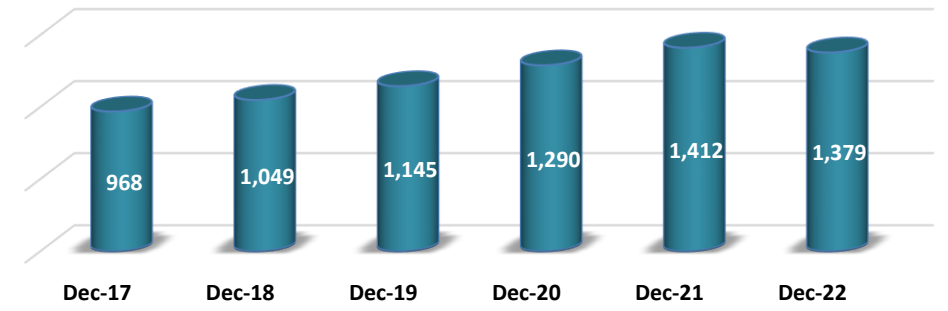
Market Share (Domestic)
5.9%
Dec-21 : 6.4%

Branches
1,439
domestic
+(EPZ:1)

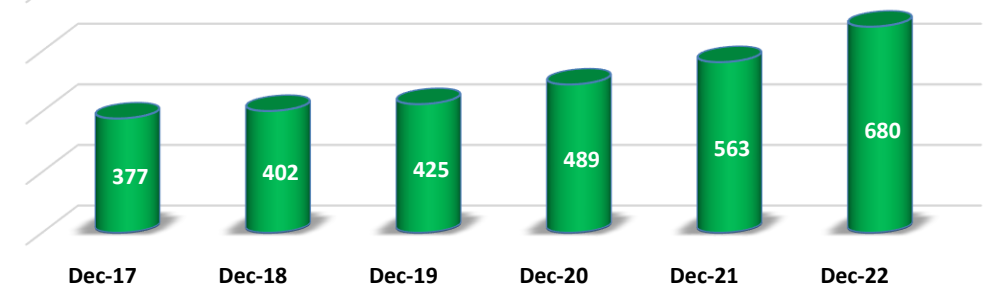
Branches
8
International

Customer Base
Over **8.6** million

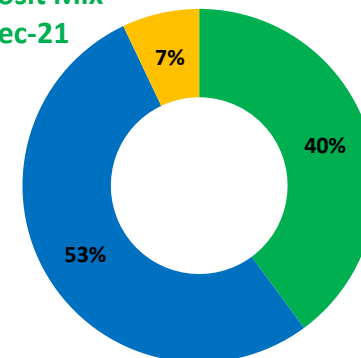
Total Deposits (CAGR : 9.9%)



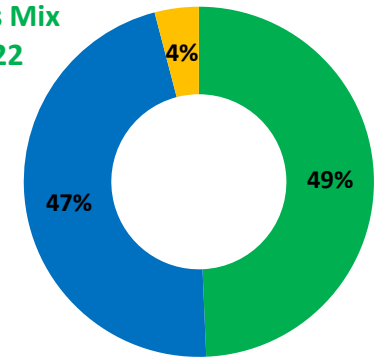
Current Deposits (CAGR : 14.7%)



Deposit Mix Dec-21



Deposits Mix Dec-22



■ CURRENT ACCOUNT ■ SAVINGS ACCOUNT ■ TERM ACCOUNT

Strong buildup in Core Earnings

Highest ever PBT of PKR 71.4 billion

PKR in Billions	Dec 2022	Dec 2021	Var.	% var.
Mark-up Income	200.8	123.3	77.4	63%
Mark-up Expense	113.6	59.3	54.3	91%
Net Mark-up Income	87.2	64.0	23.2	36%
Non Interest Income	24.6	20.1	4.5	23%
Total Income	111.8	84.1	27.7	33%
Non Mark-up Expense	43.2	36.9	6.3	17%
admin expenses	41.8	35.6	6.2	17%
PF reversal	(0.3)	(0.3)	(0.0)	-17%
other charges & WWF	1.7	1.5	0.2	12%
Profit before Provisions	68.6	47.2	21.4	45%
Provisions	(2.8)	(4.8)	2.0	42%
against Investments	(0.4)	0.0	(0.4)	-5285%
against loans & advances	(2.3)	(4.7)	2.4	50%
Others including write off recovery	(0.1)	(0.1)	0.0	30%
Profit before Tax	71.4	52.0	19.4	37%
Taxation	38.6	21.2	17.4	82%
Profit after Tax	32.7	30.8	1.9	6%

Exceptional performance in Core Earnings:

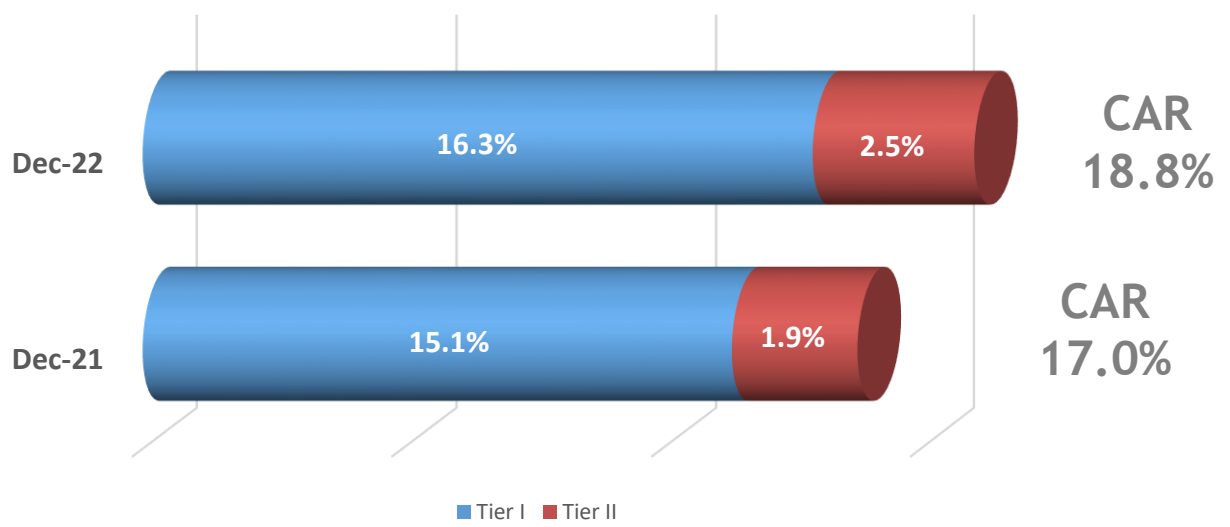
- Strong volumetric growth in current account and favorable yield curve movements, net interest income for Dec-22 increased by 36%
- YoY current deposits of the Bank registered a growth of Rs 117 billion (+21%).
- Volatility on the exchange front during the year supplemented forex gains increase of 145% YoY;
- Dividend income is rose by 7% from PKR 2.3 billion in 2021 to PKR 2.4 billion in 2022.
- Fee based Income growth of 14% fueled by 37% increase in card based income and 33% growth in remittance income;
- Modest 17% increase in operational expenses despite an exceptionally high inflation, minimum wage application, impact of currency devaluation and continued investments in human resources, branch network and technology upgradation;
- Proactive monitoring and recovery efforts led to a net provision (specific) reversal against NPL's of PKR 2.8 billion during 2022;
- Profit of overseas operations increased by 302% YoY to PKR 2.6 billion (USD 12.85 million)
- PAT registered a growth of 6.3% due to increase in tax incidence by 82%;

Profitability Ratios:

- RoE 19.78% (Dec-21: 19.11%) and RoA 1.61% (Dec-21: 1.65%), healthy profitability ratios despite adverse implications of tax amendments enacted through Finance Act 2022;
- Cost to Income ratio significantly improved to 37.1% from 42.1% YoY;

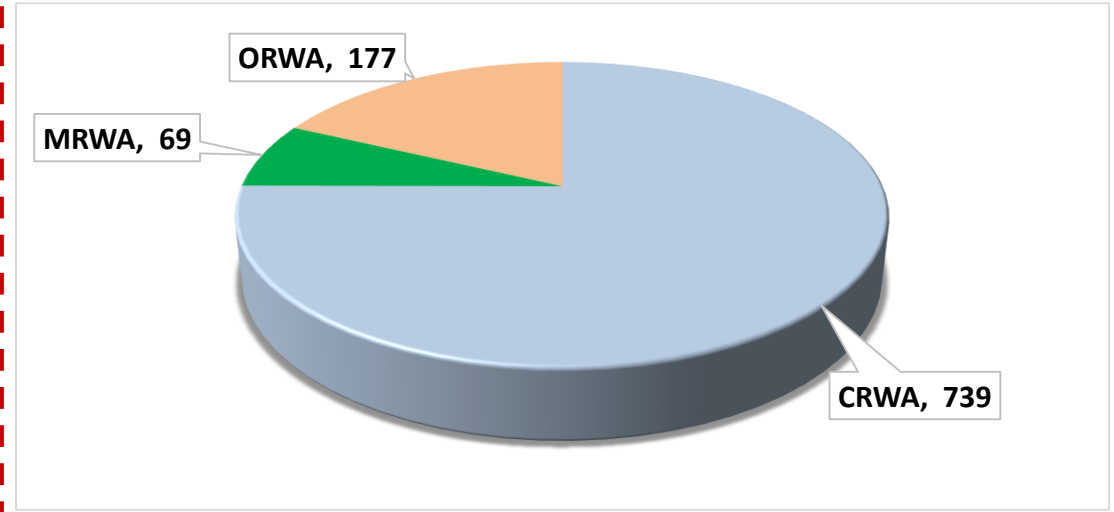
Strong Capital Position & Ratios

Buffer of 734bps on top of regulatory CAR

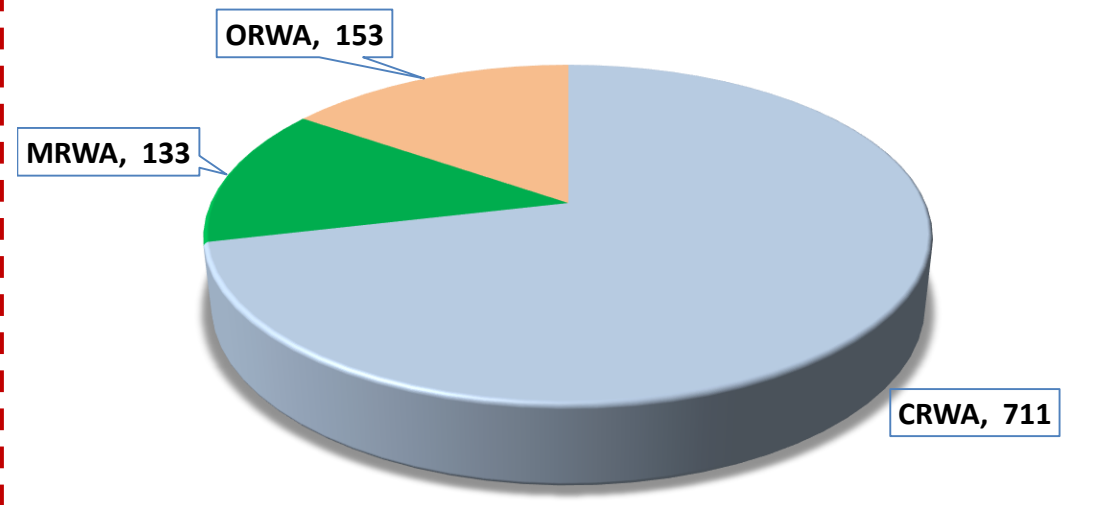


Risk Weighted Assets

RWA Dec-22 : PKR 984 billion



RWA Dec-21 : PKR 997 billion



- Bank's total Capital Adequacy Ratio (CAR) is 18.84% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020).
- Leverage Ratio of 6.12% which is well above the regulatory limit of 3.0%
- Liquidity Coverage Ratio (LCR) of 204.16% and Net Stable Funding Ratio (NSFR) of 138.10% against requirement of 100%.

*Minimum Capital Adequacy Ratio (CAR) of 11.50%, Common Equity Tier 1 (CET 1) ratio of 6.0% and Tier 1 ratio of 7.50%.

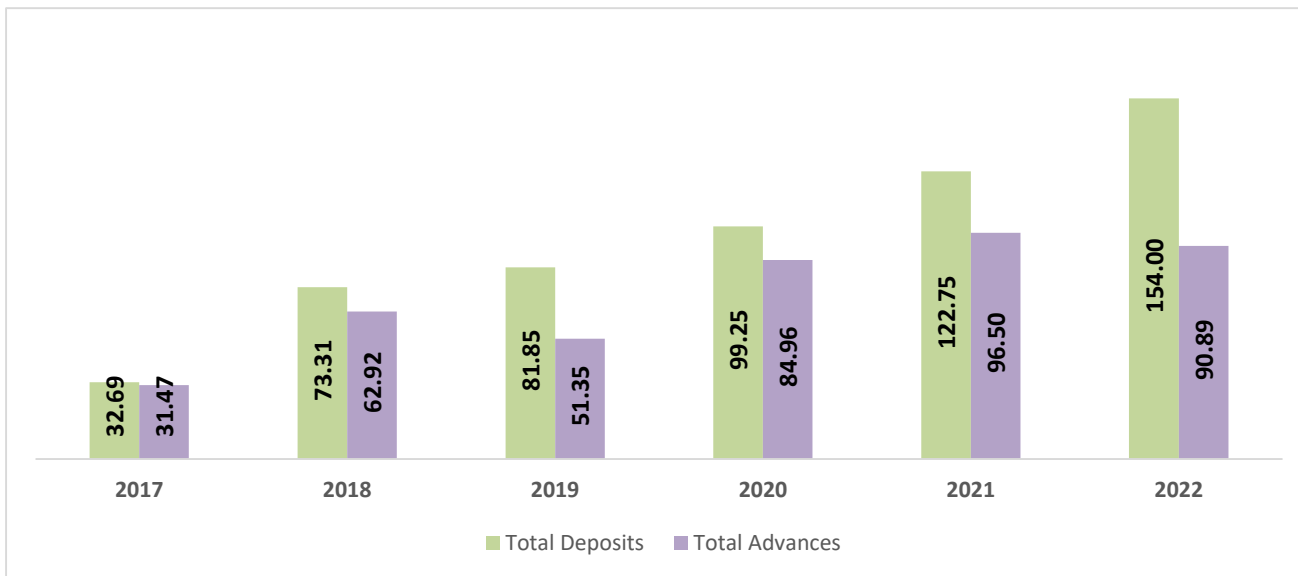
MCB Islamic Bank - Footprint



MCB is the only conventional bank operating a wholly owned Islamic Subsidiary – MCB Islamic Bank

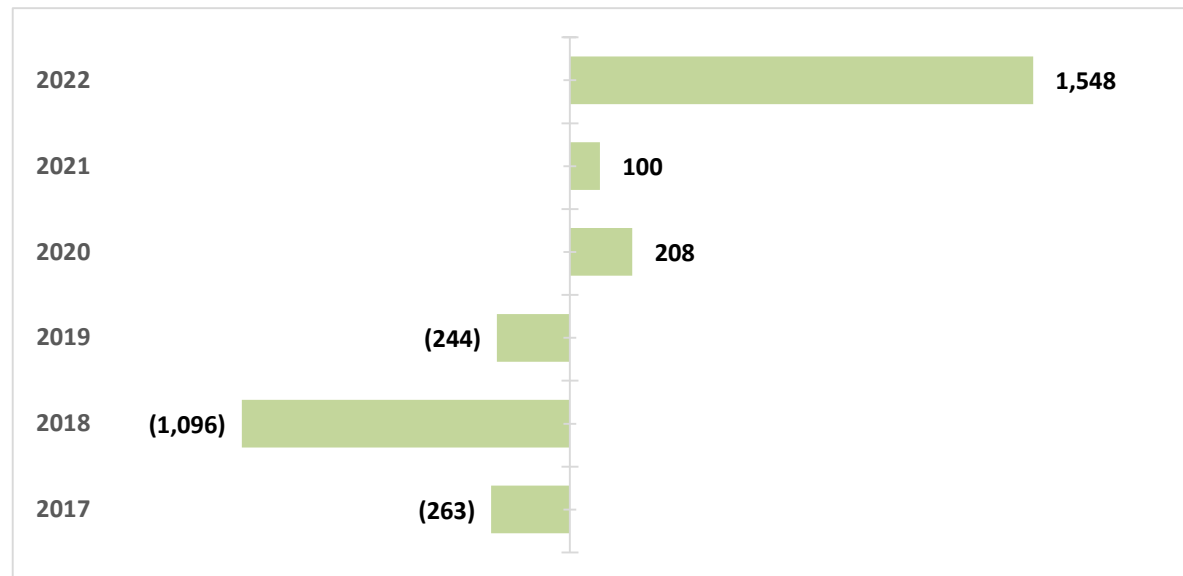
MCB Islamic – Deposits & Advances

PKR in Billions

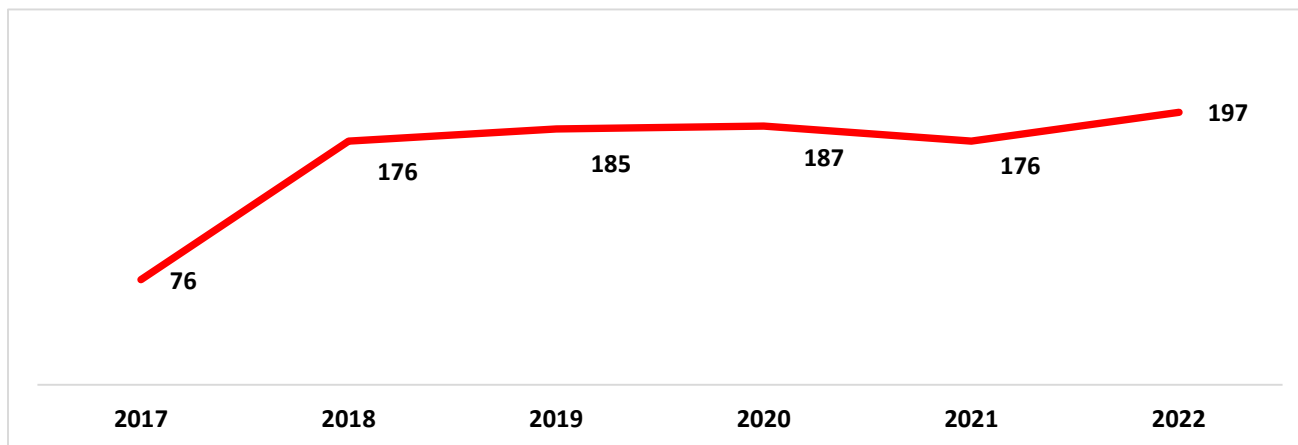


Profit / (Loss) after Tax

PKR in Millions

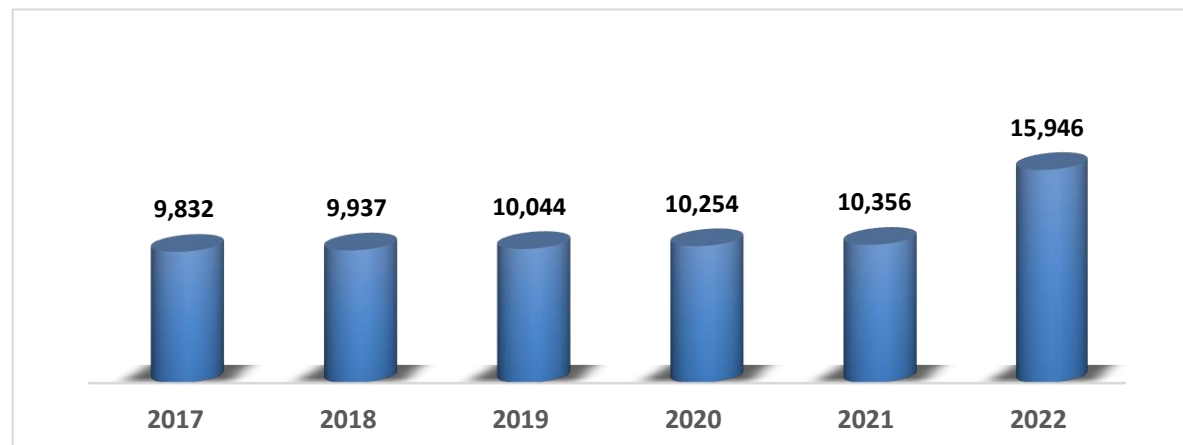


MCB Islamic Bank - Branches



Equity

PKR in Millions



*90 Branches were transferred from MCB to MCB Islamic Bank in June-2018

*PKR 4.0 billion injected by MCB Bank in June 2022

Way Forward

- Internal & External Digitalization
- Digital Cultural Transformation
- Stability & Scalability of MCB Live
- Workflow automation
- MasterCard Simplify – E-Commerce platform for SME customers

- Refined risk appetite and strong capital ratios
- Recovery, a strength delivering results over years

Maintaining ADR

No cost liability

Digitally transformed

- Customer Centric Approach
- Enriched Product
- Improved Service Quality
- Improved Digital Offerings

Preferred Retail Bank of Choice

- Current account concentration exceeding 50%
- Activation and deepening of dormant current account relationships
- Acquisition of quality NTB accounts
- Smartly redefining KPIs for field staff

Awards & Accolades

Best Corporate Report

“Joint Runner-up” – Overall Best Corporate Report 2021”

“Joint Winner” - Best Corporate Report 2021 – Banking Sector”

“Winner – Overall Best Corporate Report Award 2020”

“Winner” - Best Corporate Report Award 2020”

Winner” - Best Corporate Report Award 2019

Winner” - Best Corporate Report Award 2018

Winner” - Best Corporate Report Award 2017

Winner” - Best Corporate Report Award 2016

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

Asset AAA Country Awards

Best loan adviser - 2021

Best Structured Finance Deal - 2021

Best equity-Linked Deal – 2021

Telecom Deal of the Year - 2020

Best Corporate Sukuk - 2020

Best Acquisition Financing - 2020

Best Syndicated Loan - 2020

Asiamoney Awards

Best Corporate Bank in Pakistan 2022

Overall Most outstanding Company in Pakistan 2020

Most outstanding Company in Pakistan 2020, 2019 Financial Sector

Best Domestic Bank in Pakistan: 2014; 2009, 2008,

2006, 2005 & 2004

Euromoney Awards

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

Best Bank in Asia 2008

FinanceAsia’s Country Awards

Best Bank in Pakistan - 2021

Best Bank in Pakistan - 2019

Best Bank in Pakistan - 2018

Best Pakistan Deal, IPO of Pakistan Stock Exchange - 2017

Best Bank in Pakistan - 2016



Thank you!

For more information write to us on info@mcb.com.pk.
For any investor related query/comments/feedback, please e-mail
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