

MCB Bank Limited Financial Highlights



June 30, 2022

Presented by:

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Chief Financial Officer

MCB Overview



Branches

1428 Domestic Branches
across Pakistan (EPZ:1)



Global Presence

8 International branches
in 3 countries



Customers

Over 8.4 million
customer accounts



ATMs

Over 1491 ATMs all
across Pakistan



Market Share - Deposits

6.60% of Domestic Industry Deposits



Market Share - Advances

5.72% of Domestic Industry Advances



Market Share – Home Remittance

11.30%



Market Share – Trade

5.75%



Credit Rating

Long Term - AAA



Dividends

Rs. 9/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

The Picture on exceptional performance in HY'22

Strong revenue buildup driven by core deposits and forward looking investment strategy



Key challenges for the Economy:

- Highest interest rates since past many years with challenges on the balance of payments front
- Fitch downgrades Pakistan's outlook from 'stable' to 'negative'
- Currency Devaluation episodes
- 400bps increase in policy rate i.e. 13.75% from 9.75%
- Significantly higher taxes for the banking sector

Resilient performance for MCB:

- Highest ever PBT of 17.6B in 2nd Quarter of 2022 despite inflation & economic challenges
- Strong recoveries posted from chronic NPLs
- Better asset quality with strong controls and discipline
- Strong FX inflows by taking advantage exchange rate movements
- PKR 179 Billion added to Deposits base
- Cost to Income Ratio improves to 37.77%
- CAR of 16.45% against requirement of 11.50%.
- Dull performance at Capital Market resulted in a provision charge of 1.14 billion in Q2-22

Historic Earning in Q2-22, PBT of PKR 17.6 B

PBT PKR **32.54**Billion +30%YoY

PAT PKR **11.13**Billion -25%*YoY

NIM PKR **38.99**Billion +24%YoY

NMI PKR **12.90**Billion +36%YoY

Deposits PKR **1.59**Trillion +12.6%YTD

Advances PKR **650.64** Billion +3%YTD

*Due to Higher Taxes charged in Q2-22 enacted through Finance Act 2022

Sound balance sheet footing

Exceptional performance in Deposits with above industry average growth

	Jun 2022	Dec 2021	Var.	% var.
PKR in Billions				
ASSETS	2,039	1,970	68	3%
Advances - net	606	590	16	3%
- Gross Advances	651	636	15	2%
Investments	1,003	1,036	(32)	-3%
Cash and Balances with Banks	192	183	8	5%
Lending to Financial Institutions	91	42	48	113%
Other Assets (including fixed assets & DTA)	147	119	27	23%
LIABILITIES	1,874	1,796	78	4%
Deposits	1,591	1,412	179	13%
CASA	1,470	1,312	158	12%
Term deposits	121	100	21	21%
Borrowings	160	270	(109)	-41%
Bills Payable	14	25	(11)	-43%
Other Liabilities (including DTL)	109	90	19	21%
NET ASSETS	164	174	(10)	-6%
EQUITY	159	160	(1)	-1%

Advances Portfolio:

- Gross advances registered an increase of Rs. 15 billion (+2%)
- Consumer lending book continued its traction gained in the last year and grew by PKR 5.4 billion (+14%)
- Coverage & infection ratios of the Bank were reported at 86.78% and 7.87% respectively.

Investment Portfolio:

- PKR 36 billion added to Floating PIBs portfolio closing at PKR 461billion (Dec 2021:424 B)
- PKR 50 billion added to Fixed Income PIBs closing at PKR 286 billion (Dec 2021:236 B)
- Yield on Investment increased to 11.00% in 1H-22 as compared to 8.34% in 1H-21
- 93% of the portfolio has been invested in risk free PIBs and TBs.
- TBs decreased by PKR 108 billion to PKR 217b;

Strong Deposits Mobilization:

- Strategically achieving 21% growth in no cost deposits i.e. Current Deposits rose to PKR 681 billion from 563 billion at Dec-21
- PKR 118 billion added to Current Deposit base closing CASA at 92.41%
- Current to Total Deposits Ratio improved to 43% as compared to 40% as at Dec-21
- CoD for 1H-22 works out at 5.27 on account of 400bps increase in policy rate i.e. 13.75% from 9.75%

Advances & NPLs

Coverage ratio* at 86.78% (YE21: 90.83 %), NPLs ratio stands at 7.87% (YE21: 7.94 %)

Domestic NPLs Ratio at 6.55% (YE21: 6.77 %), Industry NPL ratio March 31, 2022:7.76%(YE21:7.89%)



PKR in Billion

Advances (gross)

Retail

Corporate

Consumer

Overseas

Others

MCB Advances (domestic)

Industry Advances (domestic)

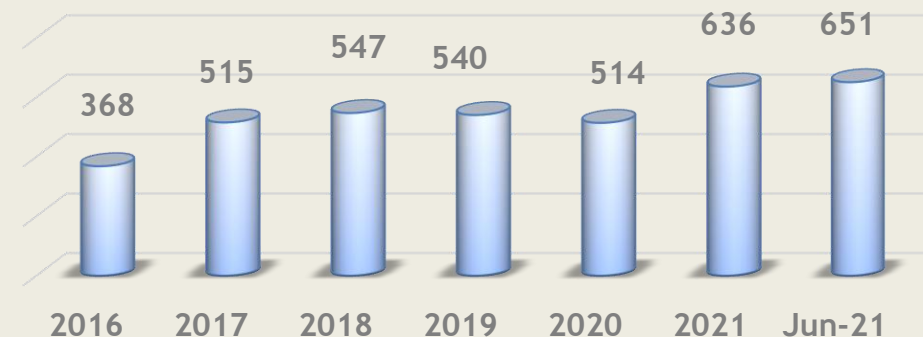
Market Share

Advances - Net

Jun 2022	Dec 2021	Var.	% var.
651	636	15	2%
94	91	3	4%
453	445	8	2%
44	38	6	14%
28	29	(1)	-3%
30	32	(1)	-4%
622	607	16	3%
10,886	10,149	736	7%
5.72%	5.98%		
606,209	589,711	16,498	3%

PKR in Billion

Gross Advances (CAGR 10.46)



Yield on Advances

Jun-21

7.16%

Jun-22

9.58%

PKR in Millions

Jun 22

Dec 21

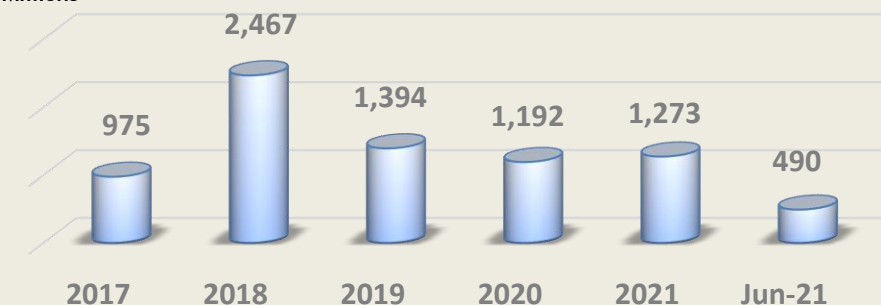
Total NPLs	51,193	50,491
OAEM	1,479	49
Substandard	157	303
Doubtful	158	231
Loss	49,399	49,908

YTD (Jun 22 vs. Dec 21)

	Var.	%
Total NPLs	703	1%
OAEM	1,430	2899%
Substandard	(146)	-48%
Doubtful	(73)	-32%
Loss	(508)	-1%

Recovery against NIB Portfolio

PKR in Millions

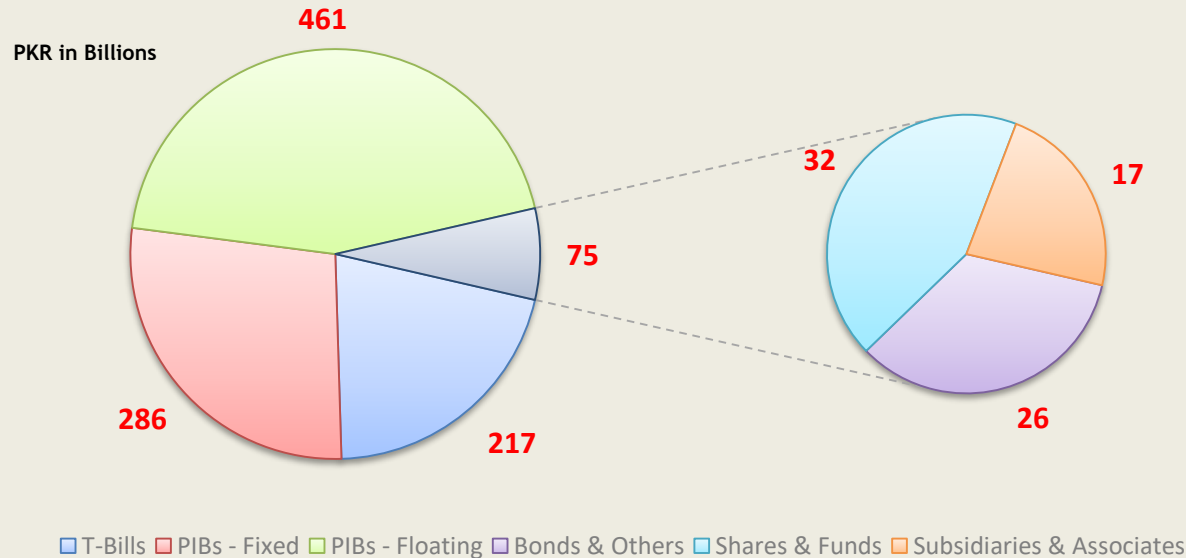


Total Recoveries related to NPL stock transferred from NIB Bank on 07-07-2017 amounts to Rs. 7.79 billion

*Coverage ratio = Specific plus General Provision/NPLs

Diversified Investment Portfolio

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



Re-Pricing Schedule

PKR in Billions

Up to 1M

1M to 3M

3M to 6M

6M to 1Y

PIBs Floating

318.43

70.92

71.13

-

460.48

TBs

26.12

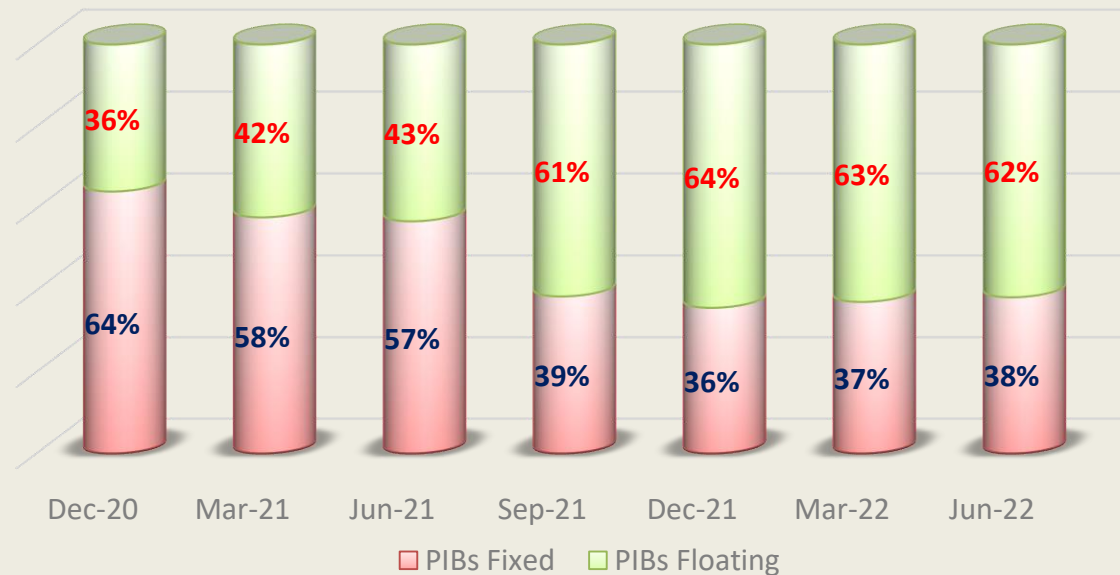
101.17

23.34

59.67

210.30

Pakistan Investment Bonds



Government Securities

PKR in Billions

Treasury Bills

PIBs - Fixed

PIBs - Floating

Jun-22

217.2

285.8

460.5

963.6

Dec-21

325.5

235.8

424.4

985.7

Var

(108.3)

50.0

36.2

(22.1)

Var

-33%

21%

9%

-2%

Branch Banking leads Growth in NIM with Current Deposits



Total Deposits
PKR **1.6** trillion
Up by 13%

Current Deposits
PKR **681** billion
Up by 21%

Saving Deposits
PKR **788** billion
Up by 5%

CoD
5.27%
Up by 200 bps YoY

CASA
92.4%
Dec-21 : 92.9%

Market Share Domestic
6.6%
Dec-21 : 6.4%

Branches
1,428
domestic

Branches
8
International
(EPZ:1)

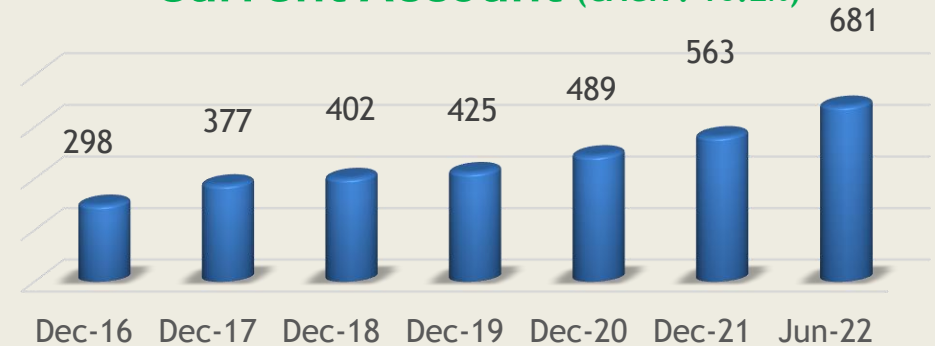
Customer Base
Over **8.4** million

PKR in Billion

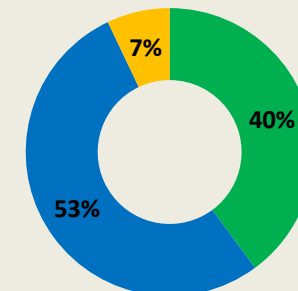
Total Deposits (CAGR : 13.8%)



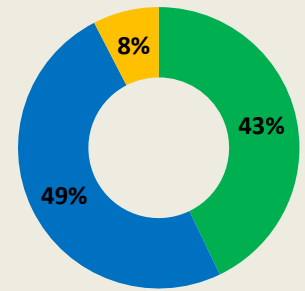
Current Account (CAGR : 16.2%)



Deposit Mix
Dec-21



Deposit Mix
Jun-22



Strong buildup in Core Earnings during 1H-22

PKR 17.6 billion PBT in Q2 of 2022, highest ever quarterly Profit

	Jun 2022	Jun 2021	Var.	% var.
PKR in Billions				
Mark-up Income	85.4	58.2	27.2	47%
Mark-up Expense	46.4	26.7	19.8	74%
Net Mark-up Income	39.0	31.5	7.4	24%
Non Interest Income	12.9	9.5	3.4	36%
Total Income	51.9	41.0	10.8	26%
Non Mark-up Expense	20.2	18.0	2.1	12%
admin expenses	19.6	17.3	2.3	13%
PF reversal	(0.2)	(0.1)	(0.0)	-17%
other charges & WWF	0.7	0.8	(0.1)	-15%
Profit before Provisions	31.7	23.0	8.7	38%
Provisions	(0.8)	(2.0)	1.2	60%
against Investments	0.9	(0.5)	1.4	273%
against loans & advances	(1.7)	(1.4)	(0.3)	-22%
Others including write off recovery	(0.0)	(0.1)	0.1	73%
Profit before Tax	32.5	25.0	7.5	30%
Taxation	21.4	10.3	11.1	109%
Profit after Tax	11.1	14.7	(3.6)	-25%

Exceptional performance in Core Earnings:

- Strong volumetric growth in current account and favorable yield curve movements, net interest income for H1'22 increased by 24%
- Total average increase of PKR 154 billion(YoY) in Deposits, PKR 86 billion register in current account.
- Prudent positioning of Foreign Exchange Assets/Liabilities led to 195% growth in Fx-Income
- Fee income growth of 12%, recovering sharply from the deficit reported in Q1 earnings
- 13% increase in operational expenses as compared to exorbitant inflation achieving through optimization, automation and streamlining of business processes
- Proactive monitoring and recovery efforts led to a net provision reversal against NPL's aggregated to PKR 1.7 billion for 1H-22

Non Core Earnings:

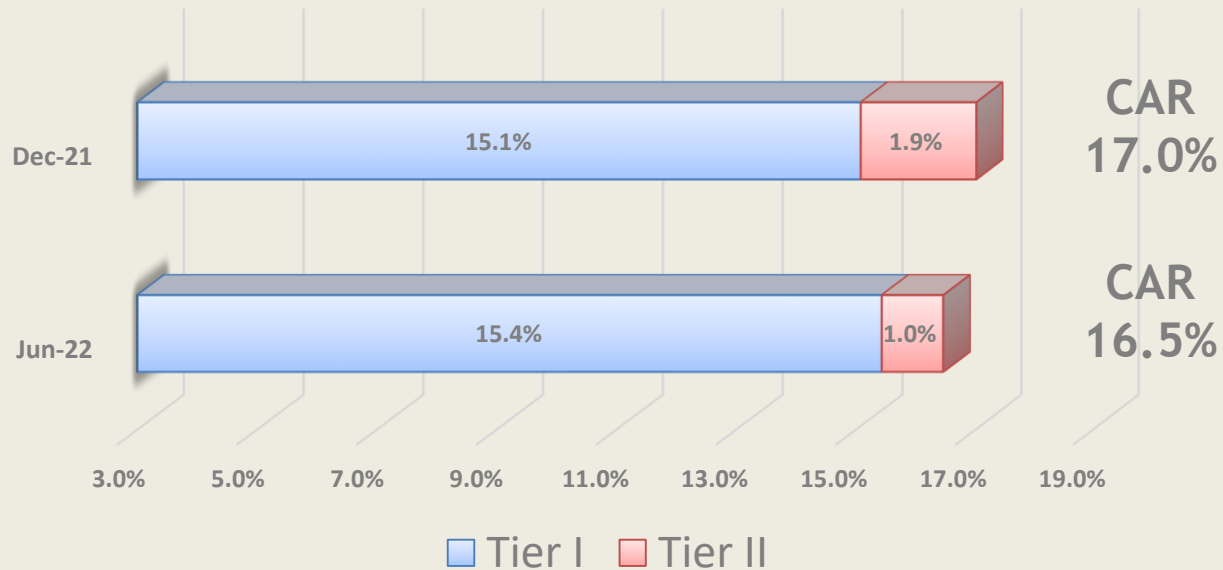
- Dividend income is rose by 28% from PKR 0.98 billion in Jun-21 to PKR 1.2 billion in Jun-22
- Prudently taken charge of PKR 0.92 billion against Equity Securities
- Profit of overseas operations increased by 127% YoY to PKR 759million (USD 4.07 million)

Profitability Ratios:

- RoE 16.12% (Dec-21: 19.11%) and RoA 1.28% (Dec-21: 1.65%), decline observed due to retrospective application of tax amendments enacted through Finance Act 2022
- Cost to Income ratio significantly improved to 38% from 42% reported in corresponding period last year

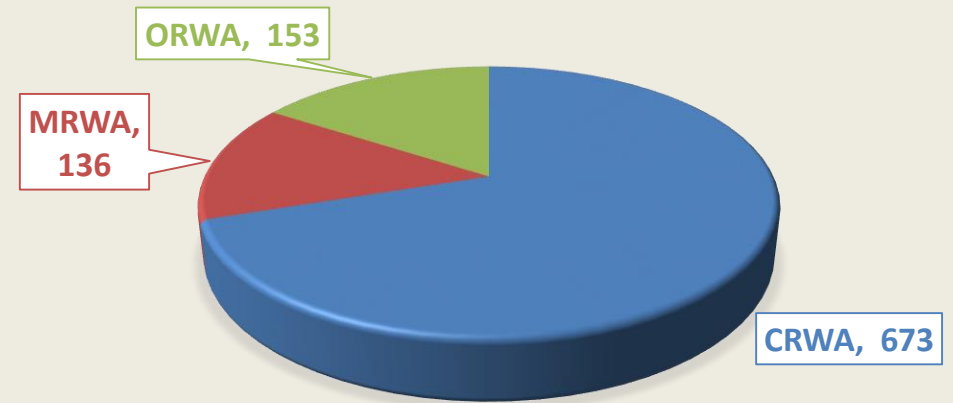
Maintains strong capital base above the regulatory standards

CAR well above requirement of 11.5%*

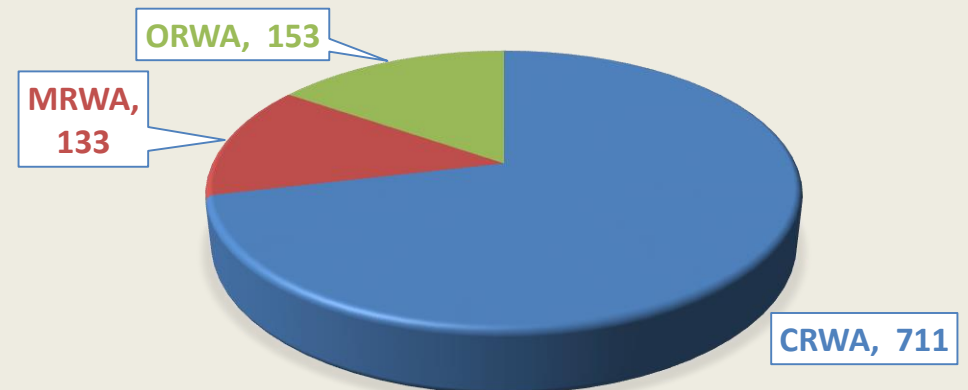


Risk Weighted Assets

RWA Jun-22 : PKR 962 billion



RWA Dec-21 : PKR 997 billion



- Bank's total Capital Adequacy Ratio (CAR) is 16.45% 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 5.86% which is well above the regulatory limit of 3.0%
- Liquidity Coverage Ratio (LCR) of 214.25% and Net Stable Funding Ratio (NSFR) of 131.53% 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%.

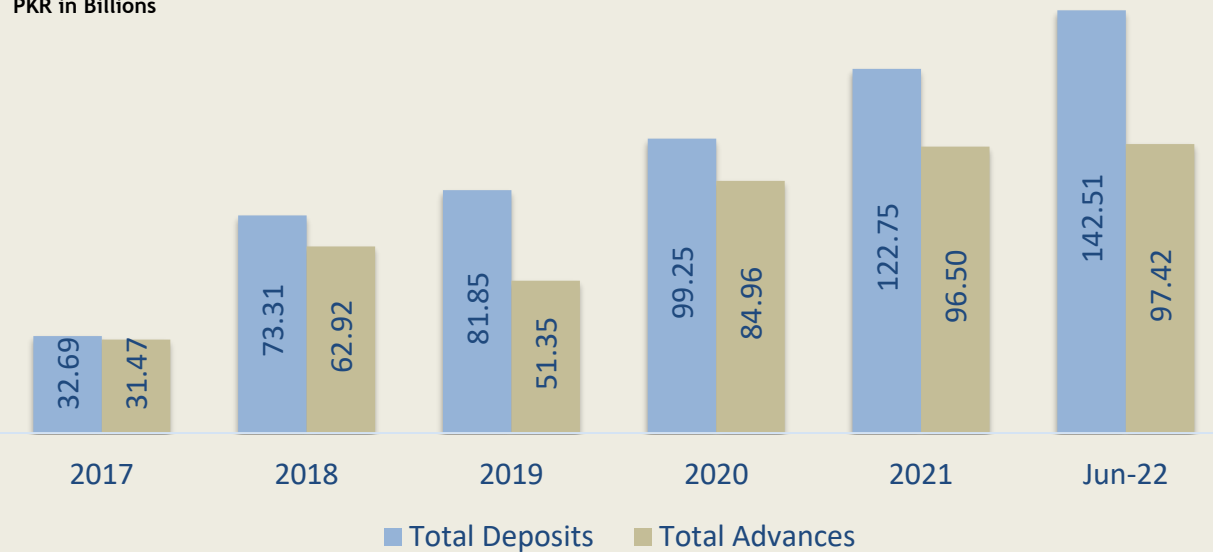
Islamic Banking Footprint



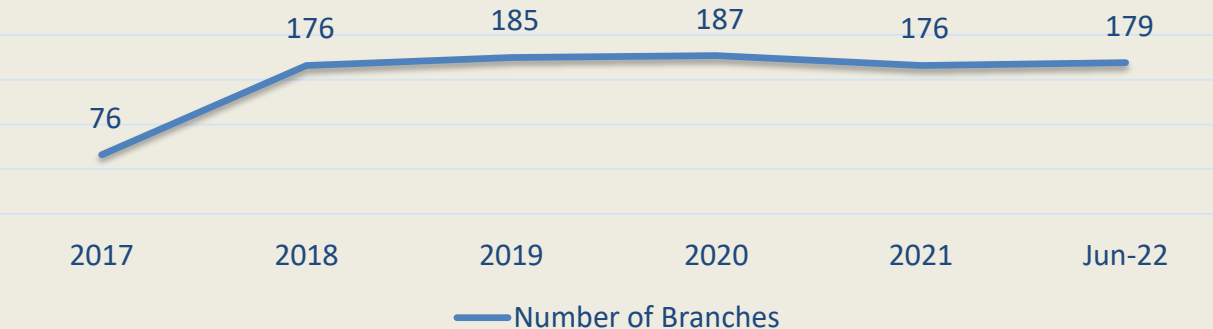
MCB is the only bank in Pakistan having wholly owned Islamic Banking Subsidiary having 179 branches across the country

MCB Islamic – Deposits & Advances

PKR in Billions



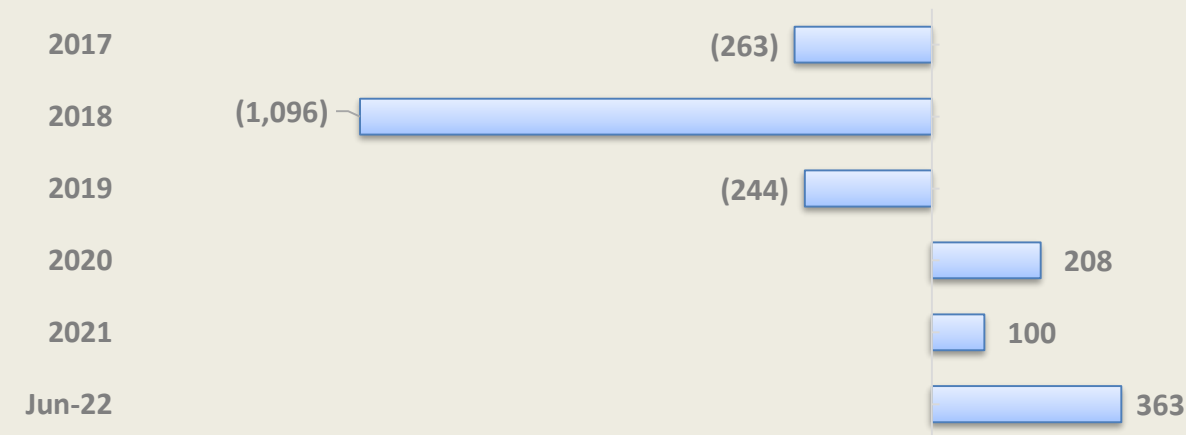
MCB Islamic Bank - Branches



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

Profit / (Loss) after Tax

PKR in Millions



Equity

PKR in Millions



*PKR 4.0 billion injected by MCB Bank in order to meet statutory requirement of CAR.

Way Forward

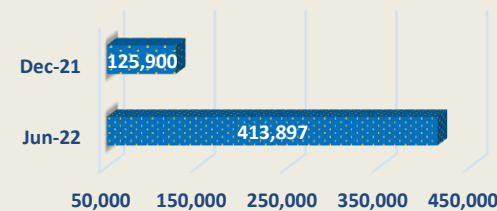
Branch Banking Stream

- Focus on building **No Cost Deposits**
- Drive **NFI streams** through diversification (Trade, Remittance, E-Commerce)
- Improved **Asset Quality**
- Introducing **New to Bank** (NTB) relationships
- Strengthening **Compliance Culture**
- **Islamic franchise** growth, scaling the entity into new levels
- Retaining and attract the **Best Talent** in the market
- Meeting **ADR Target** of over 50% by year end

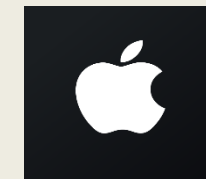
Digital Banking Stream

- Internal & external **Digitalization**
- **MasterCard Simplify**; SME e-commerce gateway
- **BPR** and **Workflows**;
- **MCB Live next phase**; Corporate / Open **API** to provide flexibility, agility and pace to market solutions;
- Acquiring business; a focused **e-commerce** approach

Total Registration - Numbers



MCB Live App Ratings



4.4



4.5

*MCB Live was commercially launched on December 06, 2021.

Awards & Accolades



Awards/ Accolades



“Winner – Overall Best Corporate Report Award 2020”

“Winner -Best Corporate Report Award 2020 – Banking Sector”

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



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



Best bank in Pakistan – 2020

Best bank in Pakistan - 2019
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



Ranked among the **Top 25 Companies** in Pakistan



Best Commercial Bank – Pakistan 2012



Joint 1st Runner Up – Best Presented Annual Accounts 2019 – Banking Sector

Winner – Best Presented Annual Accounts 2014
1st Runner Up Best Presented Annual Report Awards 2013 – Category Private Sector Banks



Strongest Bank in Pakistan 2017
Strongest Bank in Pakistan 2014
Strongest Bank in Pakistan 2010



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



Best Bank Led Mobile Money Transfer Program 2010



CSR Business Excellence Award 2012: Best Media Coverage



Triple A Country Awards
Best Domestic Bank – Pakistan 2014: 2013: 2012:
Best Bank – Pakistan 2014



The QFC Asian Banker Leadership Achievement Award 2010



Thank you!

For more information write to us on info@mcb.com.pk.
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