



# MCB Bank Limited

## Financial Highlights

Half Year Ended – June 30<sup>th</sup>, 2023

*Presented by:*  
**Hammad Khalid**  
Chief Financial Officer



# MCB - At a Glance



## Branches



Domestic : 1431  
EPZ : 01

## Global Presence



7 International  
branches in  
3 Countries

## Customers



Over 8.5 million  
customer  
accounts

## ADCs



Over 1470 ATMs



Over 950,000  
MCB Live users

## Deposits



Market Share  
6.09 % of Domestic  
Industry deposits

## Advances



Market Share  
4.99 % of Domestic  
Industry advances

## Home Remittance



Market Share  
12.5%

## Trade



Market Share  
7.74%

## Credit Rating



Long Term  
AAA

## Dividend



One of the Highest  
dividend per share  
across industry

## Branch Network



2<sup>nd</sup> largest branch  
network on group  
basis (including MIB  
branches)

## Market Capitalization



One of highest market  
cap. in industry

# Key Highlights for the Half Year ended June 30, 2023



## Key challenges for the Economy:

- Pakistan signs ~\$ 3 Bio nine-month Stand-By Arrangement with IMF. Program focuses on:
  - Strict implementation of the FY24 budget.
  - Restoration of a market-determined exchange rate and the establishment of well-functioning foreign exchange market to absorb external shocks and eliminate foreign exchange shortages.
  - Adoption of an appropriately tight monetary policy aimed at disinflation.
  - Progress on structural reforms, particularly in enhancing the viability of the energy sector, improving governance of state-owned enterprises (SOEs), and promoting climate resilience.
  - Debt sustainability
- Financial Year 24 – IMF expects:
  - Real GDP growth: 2.5%; CPI : 25.9%; end-period CPI: 16.2% ; CA Deficit: 1.8% of GDP (USD 6.5 Bio); Fiscal Deficit: 7.5% of GDP
- Fiscal dependence on Banking sector is expected to continue;
- Private sector credit demand to remain subdued; Rising concerns on the asset quality side;

## Historic growth in Key Numbers

- Building no cost deposits, leading to a robust growth of Rs. 196 billion (YoY: +32%) in average current deposits
- 72% NIM growth; fueled by growth in no cost liability;
- Cost to Income Ratio improved to 29.58% on account of 56% increase in total income;
- Strategic drive to buildup Current account, resulting in an improved concentration of 53%;
- 65% increase in PBT leads to PKR 53.84 billion i.e. highest ever PBT for the half year;
- Consolidated PBT of PKR 58.47 billion – 2<sup>nd</sup> Highest in the Industry;
- Ex-NIB related recovery for the half year period sums to Rs. 682 Mln;
- Home remittance market share improved to 12.5% (Jun22-11.3%).

## 65% increase in PBT

PBT PKR **53.84** Billion +65% YoY

PAT PKR **26.69** Billion +140% YoY

NIM PKR **67.01** Billion +72% YoY

NMI PKR **14.06** Billion +9% YoY

Deposits PKR **1.67** Trillion +21% YTD

Investments PKR **1.15** Trillion +17% YTD

# Sound Balance Sheet footing



	Jun 2023	Dec 2022	Var.	% var.
<b>ASSETS</b>	2,279.6	2,085.4	194.3	9%
Advances - net	597.3	753.4	(156.1)	-21%
- Gross Advances	643.1	797.6	(154.5)	-19%
Investments	1,148.3	978.7	169.6	17%
Cash and Balances with Banks	229.5	121.2	108.3	89%
Lending to Financial Institutions	69.3	50.4	18.9	37%
Other Assets (including fixed assets & DTA)	235.2	181.6	53.7	30%
<b>LIABILITIES</b>	2,076.7	1,895.9	180.9	10%
Deposits	1,670.1	1,378.7	291.4	21%
Current	880.3	680.1	200.2	29%
Savings	733.1	642.4	90.7	14%
Term	56.8	56.2	0.6	1%
Borrowings	247.0	340.2	(93.2)	-27%
Bills Payable	16.0	39.1	(23.1)	-59%
Other Liabilities	143.6	137.8	5.8	4%
<b>NET ASSETS</b>	202.9	189.5	13.4	7%
<b>EQUITY</b>	189.9	170.9	19.0	11%

## Advances Portfolio:

- Gross advances of the Bank decreased by Rs. 154 billion (-19%);
- Corporate lending book decreased by Rs. 149.4 billion (-25%) whereas the Retail loan portfolio decreased by Rs. 8.7 billion (-10%);
- Coverage & Infection ratios of the Bank were reported at 82.99% and 8.58% respectively.

## Investment Portfolio:

- PKR 26.7 billion added to Floating PIBs portfolio closing at PKR 555 billion;
- PKR 2.7 billion added to Fixed PIBs closing at PKR 292 billion;
- TBs increased by PKR 129.1 billion to PKR 260.7 billion;
- Yield on Investment increased to 16.6% in 1H-23 as compared to 11.0% in 1H-22;
- PIBs – AFS & HTM excluding floating – WA time to maturity of PIBs is 1.86 years.

## Strong Current Deposit Mobilization:

- Business initiatives , customer engagements and focus on building no cost deposits reflected on the unprecedented increase of 29% YTD in current deposits base;
- Growth of Rs. 200 Billion in absolute terms in current deposits;
- Current to Total Deposits Ratio further improved to 53% as compared to 49% as at Dec-22 ;
- CoD for 1H-23 works out 7.54% (1H22 - 5.27%) on account of sharp increase in policy rate;
- CASA further improved from 95.93% at Dec-22 to 96.60% oat Jun-23.

# Advances & NPLs



## Segmentwise Advances

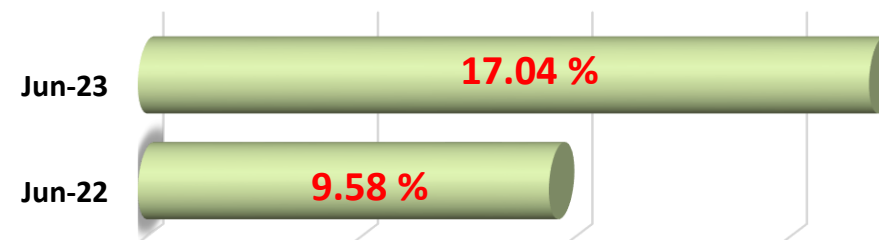
PKR in Billions	Jun 2023	Dec 2022	Var.	% var.
	Advances (gross)	643	798	(154)
Retail	79	88	(9)	-10%
Corporate	457	606	(149)	-25%
Consumer	41	43	(2)	-5%
Overseas	34	29	5	18%
Others	33	32	1	2%
MCB Advances (domestic)	609	769	(160)	-20.77%
Industry Advances (domestic)	12,202	11,913	289	2.43%
Market Share	4.99%	6.46%		
Advances - Net	597	753	(156)	-21%

Non-Performing Advances				
	Jun 23	Dec 22	Var.	%
Total NPLs	55,182	51,260	3,922	8%
OAEM	1,421	1,465	(44)	-3%
Substandard	1,677	126	1,551	1226%
Doubtful	1,760	568	1,192	210%
Loss	50,323	49,100	1,223	2%

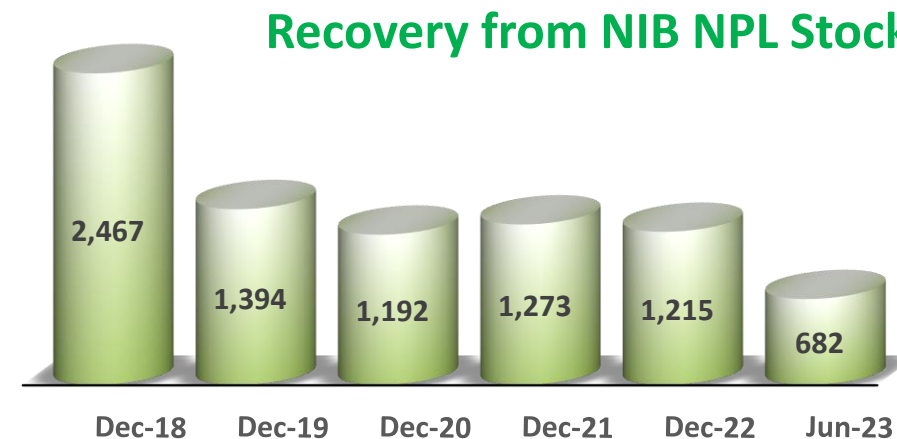
## Gross Advances (CAGR 4.12%)



## Yield on Advances



## Recovery from NIB NPL Stock



Total Recoveries related to NPL stock transferred from NIB Bank amounts to Rs. 9.20 billion.

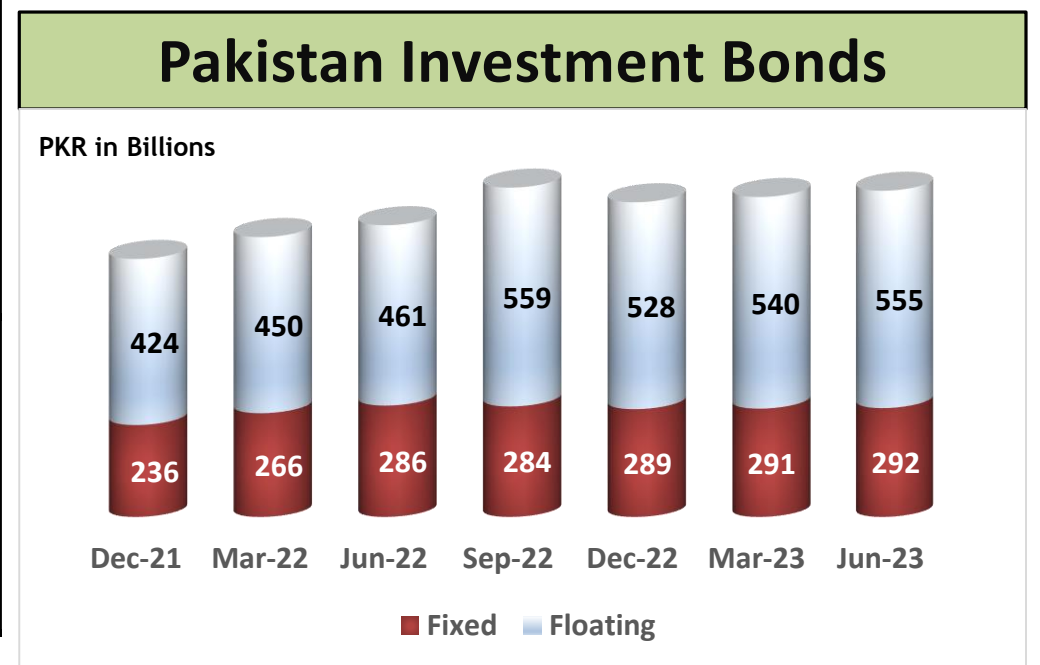
\*Coverage ratio = Specific plus General Provision/NPLs

# Diversified Investment Portfolio



PKR in Billions	Composition of Investments			
	Jun 2023	Dec 2022	Var.	% var.
Treasury Bills	260.7	131.6	129.1	98%
Pakistan Investment Bonds - Fixed	292.1	289.3	2.7	1%
Pakistan Investment Bonds - Floating	555.0	528.3	26.7	5%
Other government securities / Euro Bonds	39.7	17.0	22.6	133%
Other Debt Securities (TFCs, Bonds)	11.2	11.0	0.2	2%
Shares in Listed, Unlisted Co.s & Mutual funds	29.3	28.3	1.0	4%
Subsidiaries & Associated Undertakings	17.7	17.0	0.6	4%
<b>Investments at cost</b>	<b>1,205.6</b>	<b>1,022.5</b>	<b>183.1</b>	<b>18%</b>
Provision for diminution in value of investments	(12.2)	(10.3)	(1.9)	18%
Deficit on revaluation of securities	(45.1)	(33.5)	(11.6)	35%
<b>Investments at revalued amount - net of provision</b>	<b>1,148.3</b>	<b>978.7</b>	<b>169.6</b>	<b>17%</b>

Composition of Investments		
	Jun 2023	Dec 2022
T-Bills	22%	13%
PIBs	70%	80%
Equity securities	4%	4%
Other Government Securities	3%	2%
Debt instruments	1%	1%



# 200 billion added in Current Deposits ; +29%



Total Deposits  
PKR **1.67** trillion

Current Deposits  
PKR **880** billion

Saving Deposits  
PKR **733** billion

CoD  
**7.54%**  
Up by 228 bps YoY

CASA  
**96.60%**  
Dec-22 : 95.93%

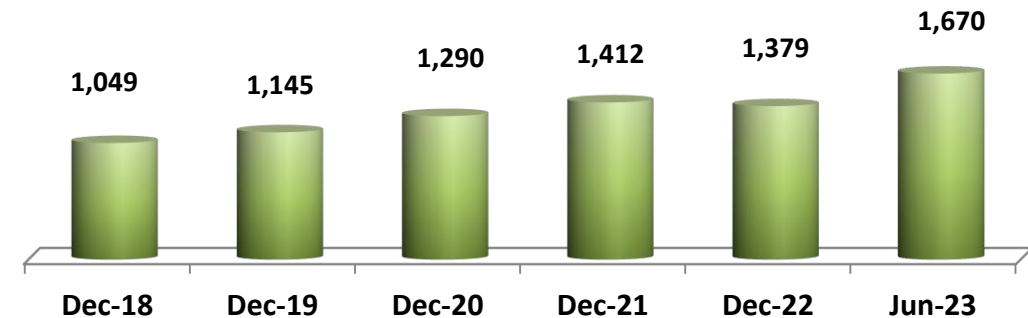
Market Share (Domestic)  
**6.1%**  
Dec-22 : 5.9%

Branches  
**1,431**  
domestic  
+(EPZ:1)

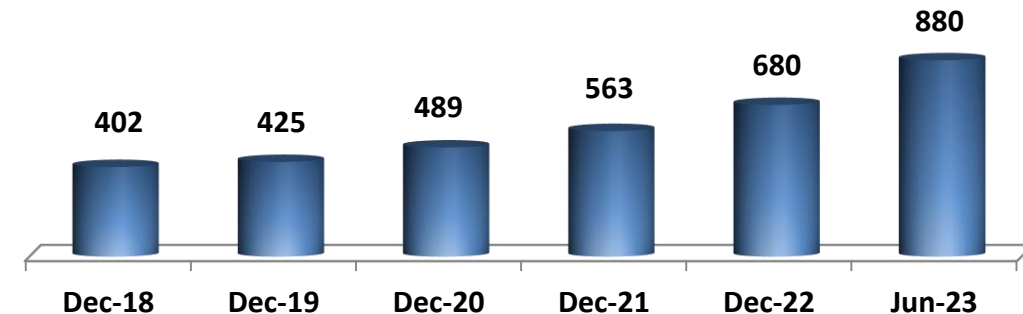
Branches  
**7**  
International

Customer Base  
Over **8.5** million

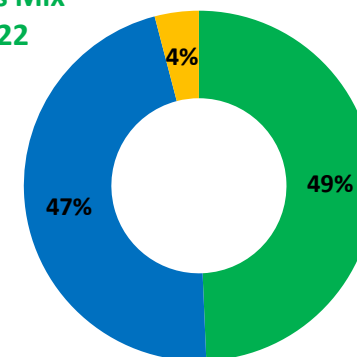
## Total Deposits (CAGR : 10.42%)



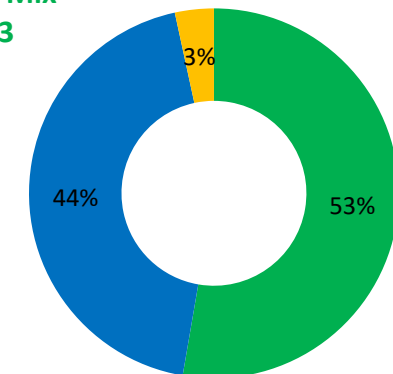
## Current Deposits (CAGR : 16.67%)



Deposits Mix Dec-22



Deposits Mix Jun-23



■ Current ■ Savings ■ Term

# Impressive YoY increase in PBT i.e. 65%

PKR in Billions	Jun 2023	Jun 2022		
		Jun 2022	Var.	% var.
Mark-up Income	145.28	85.42	59.86	70%
Mark-up Expense	78.27	46.43	31.84	69%
<b>Net Mark-up Income</b>	<b>67.01</b>	<b>38.99</b>	<b>28.02</b>	<b>72%</b>
Non Interest Income	14.06	12.90	1.17	9%
<b>Total Income</b>	<b>81.07</b>	<b>51.89</b>	<b>29.19</b>	<b>56%</b>
<b>Non Mark-up Expense</b>	<b>25.32</b>	<b>20.15</b>	<b>5.17</b>	<b>26%</b>
Operating expenses	23.98	19.44	4.54	23%
other charges & WWF	1.34	0.71	0.63	88%
<b>Profit before Provisions</b>	<b>55.75</b>	<b>31.73</b>	<b>24.02</b>	<b>76%</b>
<b>Provisions</b>	<b>1.91</b>	<b>(0.80)</b>	<b>2.71</b>	<b>338%</b>
against Investments	1.82	0.92	0.91	99%
against loans & advances	0.12	(1.70)	1.82	107%
Others including write off recovery	(0.03)	(0.02)	(0.01)	-43%
<b>Profit before Tax</b>	<b>53.84</b>	<b>32.54</b>	<b>21.31</b>	<b>65%</b>
Taxation	27.15	21.41	5.74	27%
<b>Profit after Tax</b>	<b>26.69</b>	<b>11.12</b>	<b>15.56</b>	<b>140%</b>

## Exceptional performance in Core Earnings:

- Strong volumetric growth in current account and timely repositioning of the asset book, net interest income is increased by 72%
- Non-markup income increased to Rs. 14.1 billion (+9%) major contributions coming in from fee commission income (Rs. 8.8 billion), income from dealing in foreign currency (Rs. 3.6 billion) and dividend income (Rs. 1.5 billion).
- Improved customer and interbank flows, diversification of revenue streams through continuous enrichment of service suite, investments towards digital transformation and an unrelenting focus on upholding high standards of service delivery supplemented a broad-based growth of 31% in income from fee commission while Trade and guarantee related business income growing by 62%, cards related income by 45% and income from home remittance by 28%.
- Amidst a persistently high inflationary environment, impact of sharp currency devaluation, rapidly escalating commodity prices and continued investments in human resources and technological upgradation, the operating expenses of the Bank were reported at Rs. 24 billion (+23%).
- Profit for overseas operations increased by 230%YoY to PKR 2.5Billion (USD 9.07 million)
- Highest ever half yearly PBT of Rs. 53.8 billion (+65%) while PAT registered a growth of 140%;

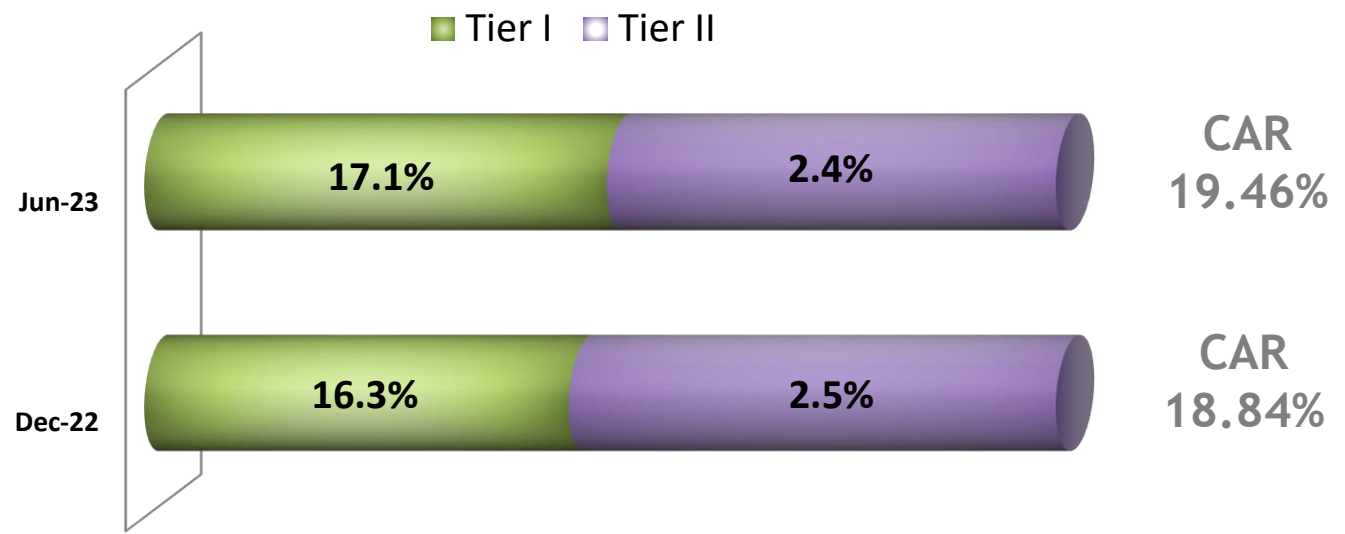
## Profitability Ratios:

- RoE 29.59% (Dec-22:19.78%) and RoA 2.45% (Dec-22:1.61%), healthy profitability ratios;
- Cost to Income ratio significantly improved to 29.6% as compared to 37.5% in corresponding period last year;



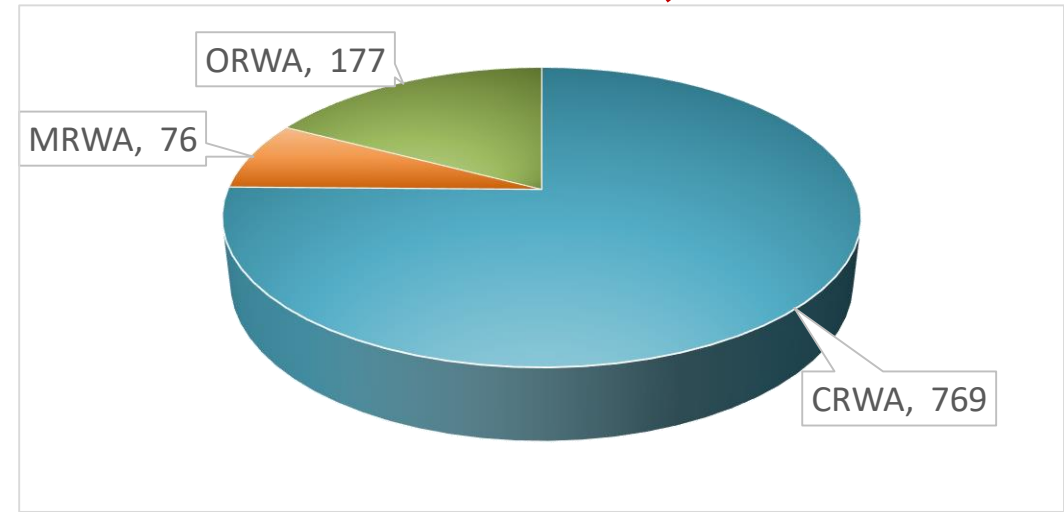
# Strong Capital Position & Ratios

## Buffer of 796bps on top of regulatory CAR

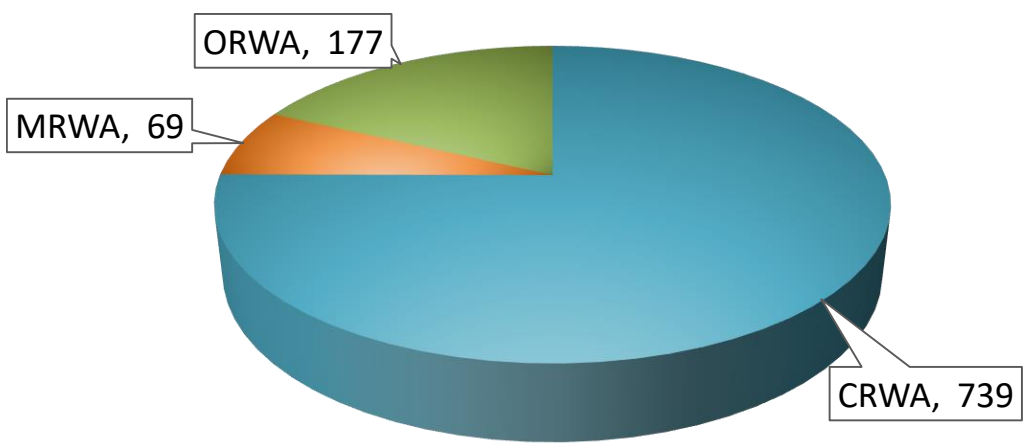


## Risk Weighted Assets

**RWA Jun-23 : PKR 1,021 billion**



**RWA Dec-22 : PKR 984 billion**



- Bank's total Capital Adequacy Ratio (CAR) is 19.46% 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 5.89% which is well above the regulatory limit of 3.0%
- Liquidity Coverage Ratio (LCR) of 245.97% and Net Stable Funding Ratio (NSFR) of 145.29% 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 - Snapshot

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

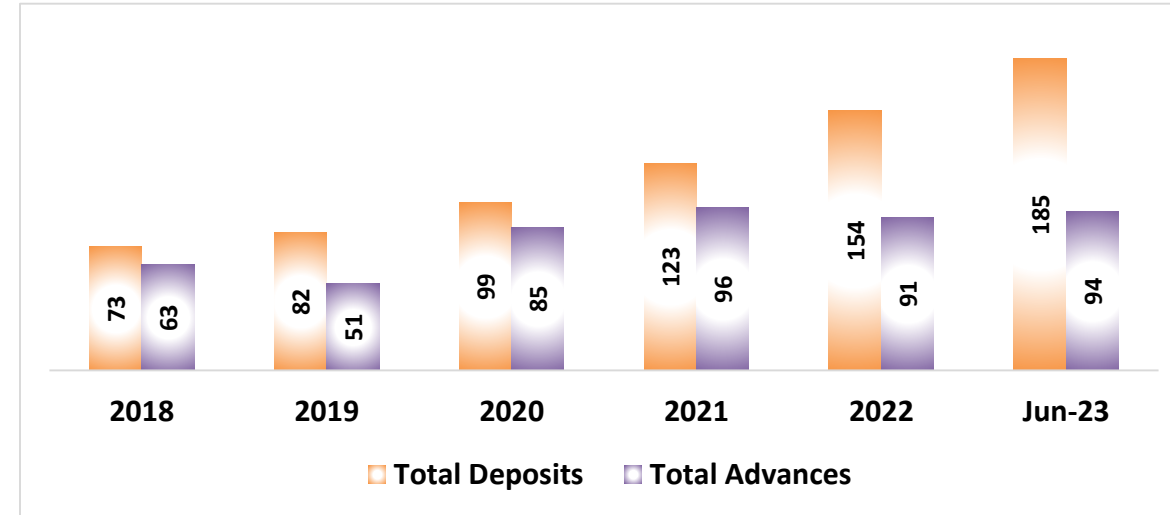


PKR in Billions

## Islamic Business - SoFP Key Indicators

PKR in Billions	Jun 2023	Dec 2022	Var.	% var.
Deposits	185.01	154.00	31.01	20%
Gross Advances	94.03	90.89	3.14	3%
Investments	85.60	72.67	12.93	18%
Net Assets	18.28	16.35	1.93	12%

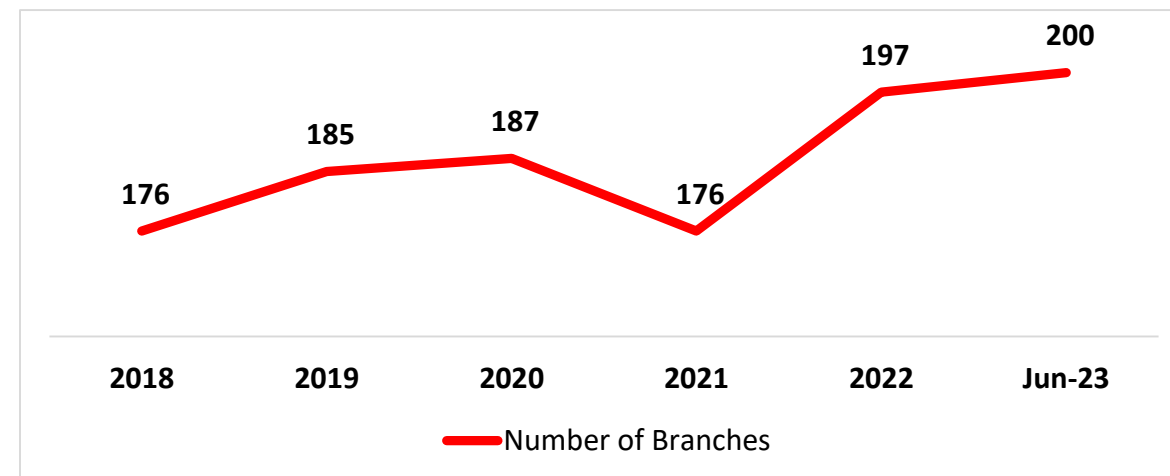
## MCB Islamic – Deposits & Advances



## Islamic Business - Profitability Indicators

PKR in Billions	Jun 2023	Jun 2022	Var.	% var.
Net Mark-up Income	6.98	3.14	3.84	122%
Non Interest Income	0.80	0.20	0.60	303%
<b>Total Income</b>	<b>7.78</b>	<b>3.34</b>	<b>4.45</b>	<b>133%</b>
Non Mark-up Expense	3.45	2.86	0.59	21%
<b>Profit before Provisions</b>	<b>4.33</b>	<b>0.48</b>	<b>3.85</b>	<b>810%</b>
Provisions	0.32	(0.12)	0.44	367%
<b>Profit before Tax</b>	<b>4.01</b>	<b>0.60</b>	<b>3.42</b>	<b>574%</b>
Taxation	2.05	0.23	1.82	783%
<b>Profit after Tax</b>	<b>1.97</b>	<b>0.36</b>	<b>1.60</b>	<b>441%</b>

## MCB Islamic Bank - Branches



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