



MCB Bank Limited

Financial Performance

Half Year Ended June 30th, 2024

Presented by:
Hammad Khalid
Chief Financial Officer



MCB - At a Glance



Branches



Domestic : 1428
EPZ : 01

Global Presence



7 International
branches in
3 Countries

Customers



Over 8.9 million
customer
accounts

ADCs



1483 ATMs



Over 1.3 Million
MCB Live users

Deposits



Market Share
5.84 % of Domestic
Industry deposits

Advances



Market Share
5.00 % of Domestic
Industry advances

Home Remittance



Market Share
11.7%

Trade



Market Share
7.10%

Credit Rating



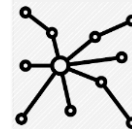
Long Term
AAA

Dividend



One of the Highest
dividend per share
in Banking industry

Branch Network



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

Market Capitalization



One of the highest
market cap. in
Banking industry

Highlights for the Half Year ended June 30, 2024

Macroeconomic outlook;

- Signs of improvement after successful completion of the IMF's Stand-By Arrangement (SBA) program with inflation easing down to lowest level in past 30 months;
- Coalition Government has approved a tight budget for FY 2024-25, with a fiscal deficit target of 5.9% of GDP with measures to increase revenues target by approximately 38%, with a focus on broadening the tax base and improving tax compliance.
- With improvement in inflation numbers, the State Bank of Pakistan (SBP) lowered the policy rate 250bps since YE 2023 to 19.50%.

Future outlook;

- Pakistan is anticipating a new IMF deal, expected to be a longer-term Extended Fund Facility (EFF) worth \$6-8 billion. However, the IMF deal is contingent on Pakistan maintaining fiscal discipline, increasing energy tariffs, and implementing structural reforms.
- Despite the economic improvements seen in the Q2-2024, significant challenges remain - higher interest payments, sustainable external financing, and implementation of IMF's program conditions.

Growth in Key Numbers

- Building no cost deposits, leading to a growth of Rs. 69 billion (YoY: +9%) in average current deposits
- 12% NIM growth; fueled by growth in no cost liability and timely repositioning of investment base;
- Cost to Income Ratio stands at 30.50% on account of 15% increase in total income;
- Bank's total deposits crossed Rs. 1.99 trillion while the domestic market share stands at 5.84% compared to 5.92% as at December 31, 2023;
- 16% Increase in Standalone PBT to PKR 62.7 billion – 2nd Highest in the Industry;
- Consolidated PBT of PKR 68.35 billion;
- Ex-NIB related recovery FTP ended Jun-24 sums to Rs. 464 million totaling Rs. 10.1 billion since 2017;
- Home remittance inflows of USD 1.97 billion during June-2024; leads to market share 11.7%.

16% increase in PBT

PBT PKR **62.7** Billion +16% YoY

PAT PKR **31.9** Billion +20% YoY

NIM PKR **74.9** Billion +12% YoY

NFI PKR **18.3** Billion +30% YoY

Advances PKR **659.5** Billion +6% YTD

Deposits PKR **1.99** Trillion +10% YTD

Sound Balance Sheet Footing



PKR in Billions	Jun 2024	Dec 2023	Var.	% var.
ASSETS	2,673.36	2,427.18	246.18	10.14%
Advances - net	608.68	577.86	30.82	5.33%
- Gross Advances	659.46	622.42	37.03	5.95%
Investments	1,481.70	1,249.44	232.26	18.59%
Cash and Balances with Banks	261.27	205.79	55.48	26.96%
Lending to Financial Institutions	80.86	96.21	(15.35)	-15.96%
Others	240.85	297.87	(57.02)	-19.14%
LIABILITIES	2,431.18	2,196.47	234.71	10.69%
Deposits	1,993.95	1,805.39	188.57	10.44%
Current	980.98	870.63	110.35	12.67%
Savings	954.10	877.20	76.90	8.77%
Term	58.87	57.55	1.32	2.30%
Borrowings	284.40	216.61	67.79	31.30%
Bills Payable	14.58	25.10	(10.52)	-41.91%
Others	138.24	149.38	(11.13)	-7.45%
NET ASSETS	242.18	230.71	11.47	4.97%
EQUITY	218.10	206.61	11.49	5.56%

Advances Portfolio:

- Gross advances of the Bank increased by Rs. 37.03 billion (+6%);
- Corporate lending book increased by Rs. 31.2 billion (+7%) whereas the Retail loan portfolio increased by Rs. 10.9 billion (+15%);
- Coverage & Infection ratios of the Bank were reported at 89.07% and 8.64% respectively.

Investment Portfolio:

- PKR 175.7 billion added to Floating PIBs portfolio closing at PKR 770.8 billion;
- PKR 33.9 billion added to Fixed PIBs closing at PKR 247.3 billion;
- TBs decreased by PKR 9.7 billion and closed at PKR 345.1 billion;
- Yield on Investment increased to 19.06% in June-24 as compared to 16.60% in June-23;
- PIBs – AFS & HTM excluding floating – WA time to maturity of PIBs is 2.39 years.

Strong Current Deposit Mobilization:

- Solid growth in current deposits; PKR 110.3 billion in absolute terms during 1st half of 2024;
- Domestic cost of deposits was contained at 10.76% as compared to 7.93% in the corresponding period of last year despite the significant increase in average policy rate during the period;
- Current Deposit mix improved to 49%;
- CoD for Jun-24 contained at 10.05% (June-23 : 7.54%);
- CASA improved to 97.05% (Dec-23 : 96.81%).

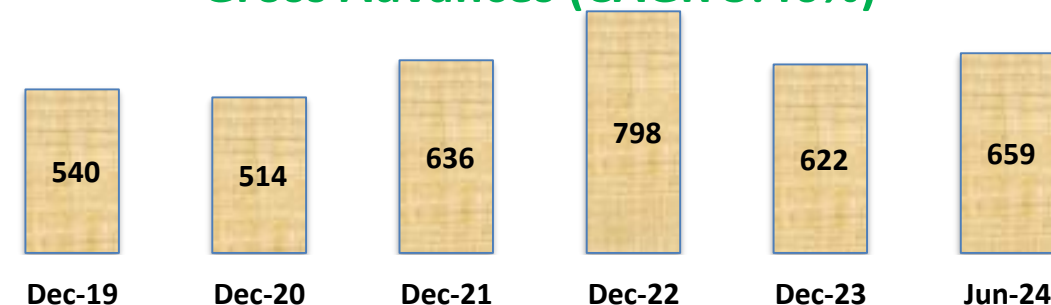
Segmentwise Advances

PKR in Billions	Jun 2024	Dec 2023		
		Dec 2023	Var.	% var.
Advances (gross)	659.46	622.42	37.03	6%
Retail	84.82	73.86	10.96	15%
Corporate	469.25	438.01	31.24	7%
Consumer	37.72	38.63	(0.91)	-2%
Overseas	38.25	40.98	(2.73)	-7%
Others	29.42	30.94	(1.52)	-5%
MCB Advances (domestic)	621.20	581.44	39.76	6.84%
Industry Advances (domestic)	12,434.66	12,352.27	82.39	0.67%
Market Share	5.00%	4.71%		
Advances - Net	608.68	577.86	30.82	5%

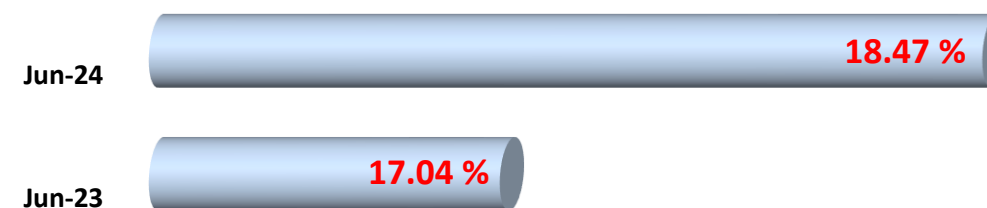
YTD (Jun 24 vs. Dec 23)				
	Jun 24	Dec 23	Var.	%
Total NPLs	57,005	53,883	3,122	5.79%
OAEM	1,644	1,517	127	8%
Substandard	3,830	863	2,968	344%
Doubtful	2,087	713	1,374	193%
Loss	49,444	50,790	(1,346)	-3%

PKR in Billions

Gross Advances (CAGR 3.46%)

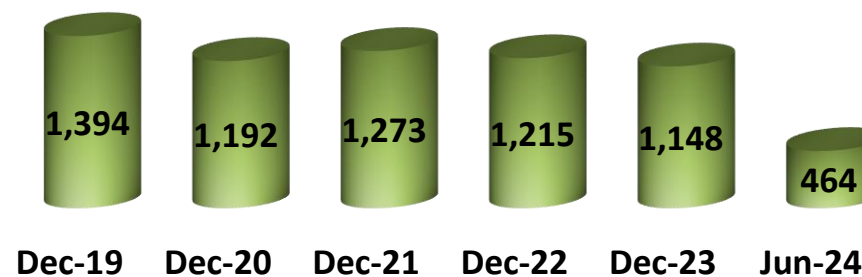


Yield on Advances



PKR in Millions

Recovery from NIB NPL Stock



Total Recoveries related to NPL stock transferred from NIB Bank amounts to Rs. 10.1 billion.

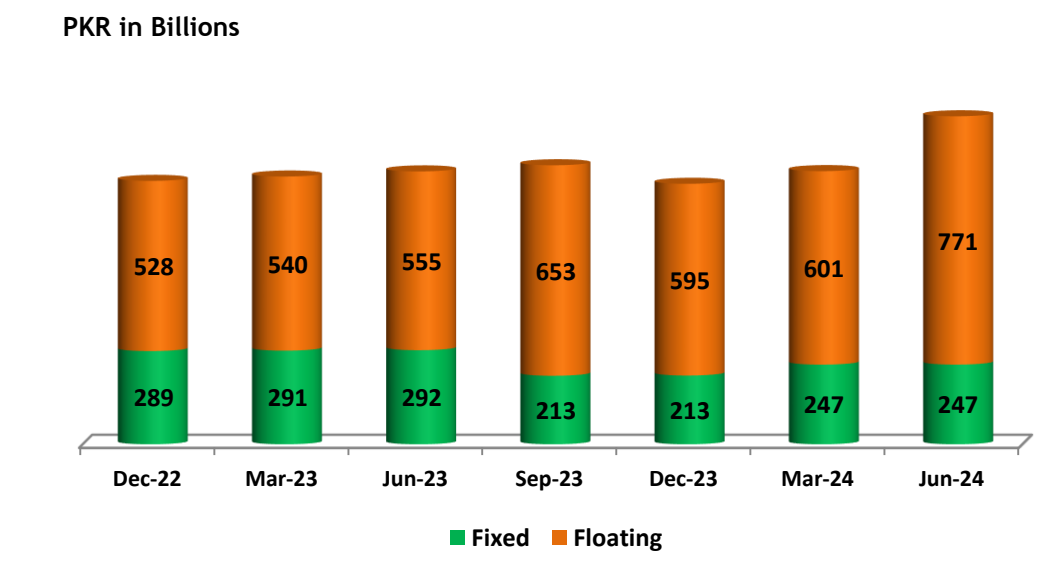
Diversified Investment Portfolio



PKR in Billions				
	Jun 2024	Dec 2023	Var.	% var.
Treasury Bills	345.13	354.83	(9.70)	-3%
Pakistan Investment Bonds - Fixed	247.31	213.41	33.90	16%
Pakistan Investment Bonds - Floating	770.84	595.14	175.69	30%
Other government securities / Euro Bonds	78.50	60.08	18.42	31%
Other Debt Securities (TFCs, Bonds)	11.22	11.82	(0.60)	-5%
Shares in Listed, Unlisted Co.s & Mutual funds	34.37	31.08	3.29	11%
Subsidiaries & Associated Undertakings	18.67	17.67	1.00	6%
Investments at cost	1,506.03	1,284.04	222.00	17%
Credit loss allowance	(1.09)	(11.18)	10.09	-90%
Deficit on revaluation of securities	(23.25)	(23.42)	0.17	-1%
Investments - net	1,481.70	1,249.44	232.26	19%

Composition of Investments		
	Jun 2024	Dec 2023
T-Bills	23%	28%
PIBs	68%	63%
Equity securities	4%	4%
Other Government Securities	5%	5%
Debt instruments	1%	1%

Pakistan Investment Bonds



Solid Growth in CASA : *improved CASA base to 97.05%*



Total Deposits
PKR **1.99** trillion

Current Deposits
PKR **981** billion

Saving Deposits
PKR **954** billion

CoD
10.05%
Up by 251 bps YoY

CASA
97.05%
Dec-23 : 96.81%

Market Share (Domestic)
5.84%
Dec-23 : 5.92%

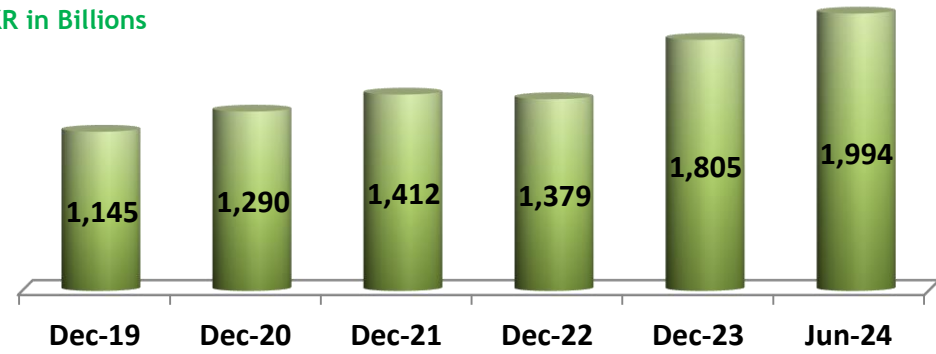
Branches
1,428
domestic
+(EPZ:1)

Branches
7
International

Customer Base
Over **8.9** million

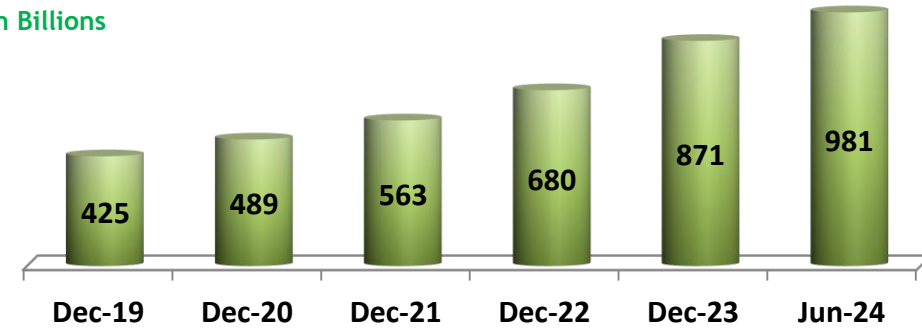
Total Deposits (CAGR : 12.39%)

PKR in Billions

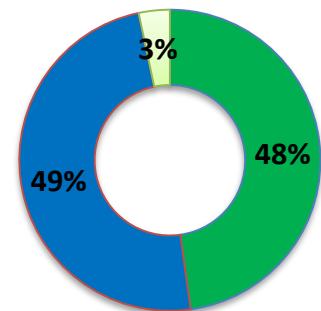


Current Deposits (CAGR : 17.61%)

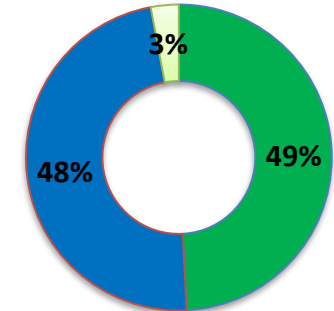
PKR in Billions



Deposits Mix Dec-23



Deposits Mix Jun-24



■ Current ■ Savings ■ Term

■ Current ■ Savings ■ Term

Impressive YoY increase in PBT i.e. 16%

PKR in Billions	Jun 2024	Jun 2023		
			Var.	% var.
Mark-up Income	183.18	145.28	37.90	26%
Mark-up Expense	108.32	78.27	30.05	38%
Net Mark-up Income	74.86	67.01	7.85	12%
Non Interest Income	18.26	14.06	4.19	30%
Total Income	93.11	81.07	12.04	15%
Non Mark-up Expense	29.89	25.32	4.57	18%
Operating expenses	28.40	23.98	4.42	18%
other charges & WWF	1.49	1.34	0.15	11%
Profit before Credit Loss Allowance	63.22	55.75	7.47	13%
Credit Loss Allowance	0.51	1.91	(1.41)	-74%
against Investments	(0.06)	1.82	(1.88)	-103%
against loans & advances	0.99	0.12	0.87	725%
Others including write off recovery	(0.42)	(0.03)	(0.39)	-1199%
Profit before Tax	62.72	53.84	8.88	16%
Taxation	30.78	27.15	3.63	13%
Profit after Tax	31.94	26.69	5.25	20%

Optimizing Earning Assets Mix and Exceptional performance in Core Earnings:

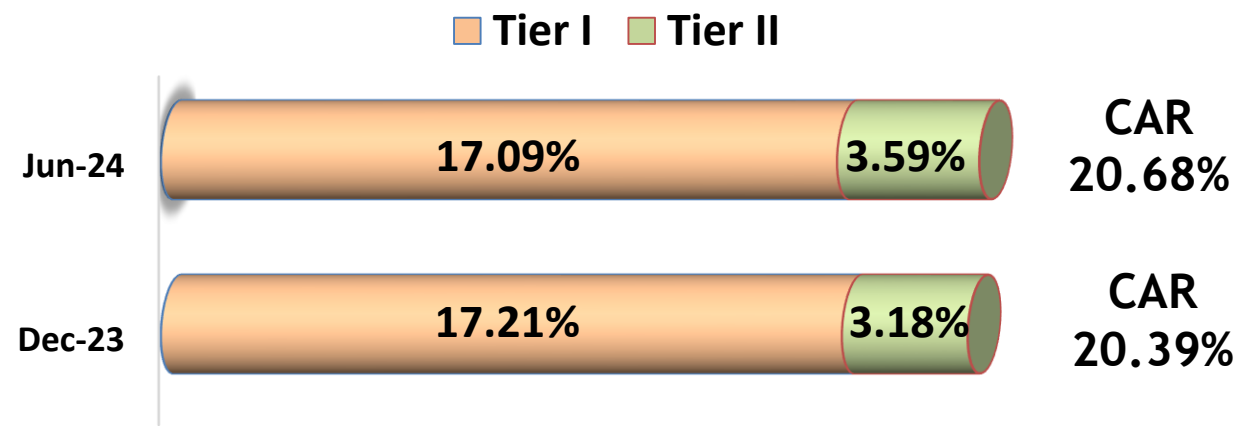
- Through focused efforts in maintaining no-cost deposits base and optimizing earning assets mix, net interest income is increased by 12%;
- Non Interest Income increased to Rs. 18.26 billion (+30%) with major contributions coming in from fee commission income (Rs. 11.3 billion), foreign exchange income (Rs. 4.9 billion) and dividend income (Rs. 1.7 billion).
- Improving 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 in income from fee commission; with trade and guarantee related business income growing by 50%, cards related income by 43%, credit related fee by 41% and branch banking customer fees by 20%.
- 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. 28.4 billion (+18%).
- Profit for overseas operations increased by 60%YoY to PKR 4 Billion (USD 14.46 million)
- PBT of Rs. 62.72 billion (+16%) while PAT registered a growth of 20%.

Profitability Ratios:

- RoE 30.08% (Dec-23 : 31.60%) and RoA 2.50% (Dec-23 : 2.64%), healthy profitability ratios;
- Cost to Income ratio stands at 30.50% as compared to 29.58% June-23.

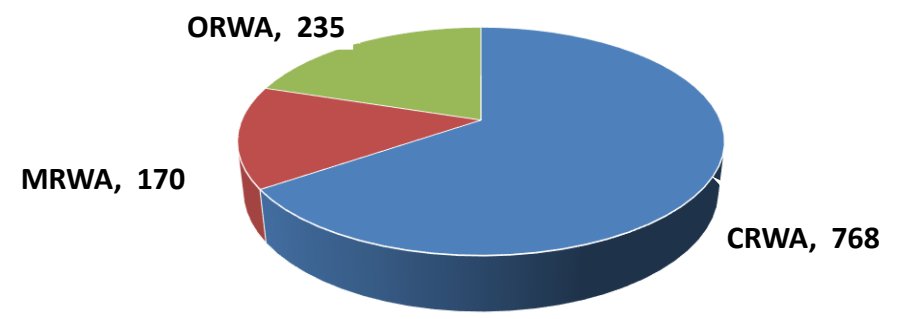
Strong Capital Position & Ratios

Buffer of 918bps on top of regulatory CAR

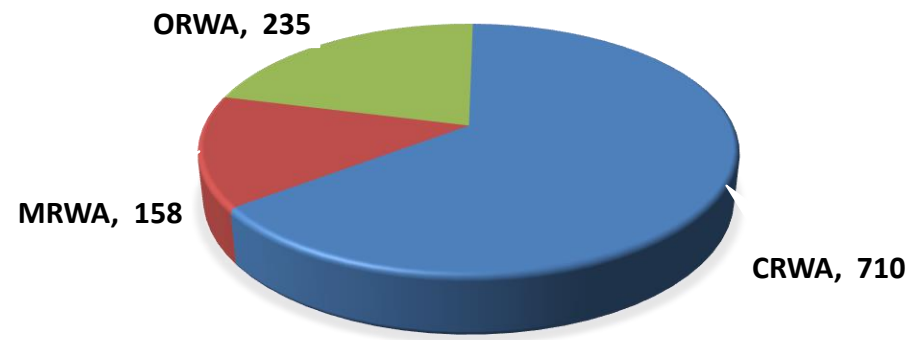


Risk Weighted Assets

RWA Jun-24 : PKR 1,173 billion



RWA Dec-23 : PKR 1,103 billion



- Bank's total Capital Adequacy Ratio (CAR) is 20.68% 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 6.23% which is well above the regulatory limit of 3.0%
- Liquidity Coverage Ratio (LCR) of 261.91% and Net Stable Funding Ratio (NSFR) of 164.85% 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

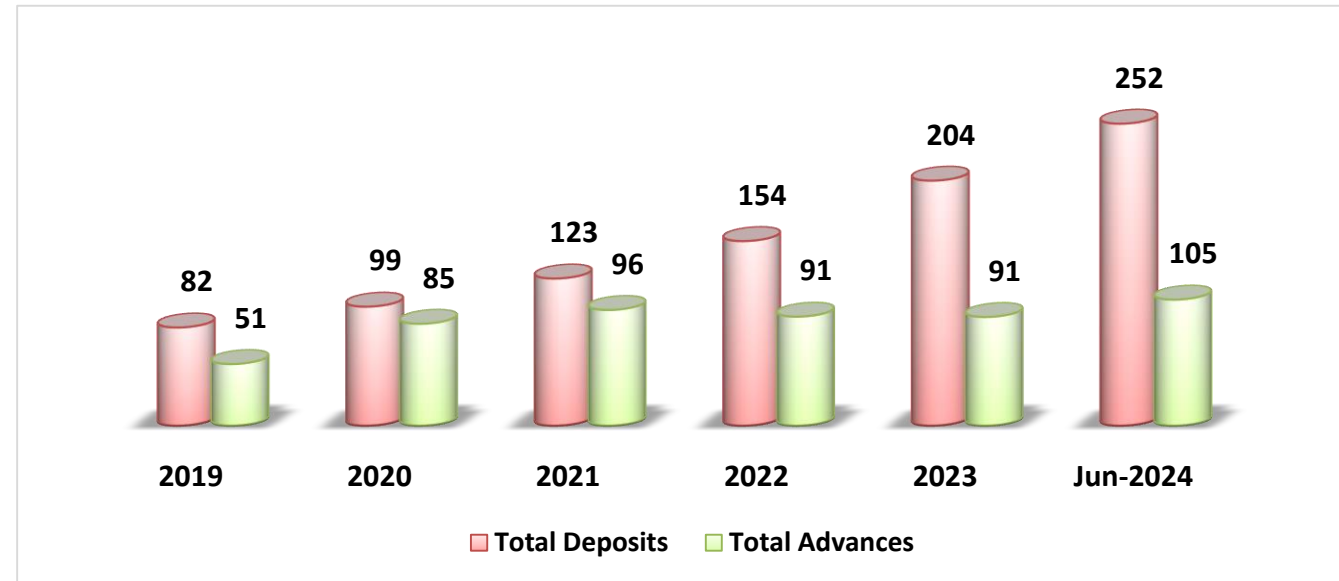
Islamic Business - SoFP Key Indicators

PKR in Billions	Jun 2024	Dec 2023	Var.	% var.
Deposits	252.03	204.46	47.57	23%
Gross Advances	105.11	90.64	14.48	16%
Investments	128.32	132.54	(4.22)	-3%
Net Assets	23.40	22.04	1.36	6%

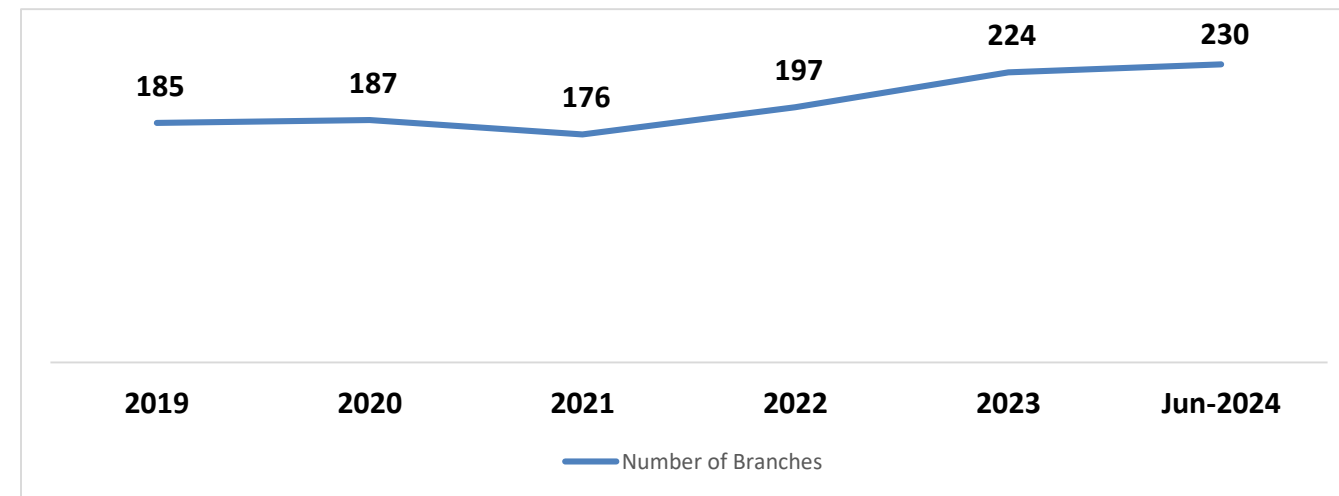
Islamic Business - Profitability Indicators

PKR in Billions	Jun 2024	Jun 2023	Var.	% var.
Net Mark-up Income	8.34	6.98	1.36	19%
Non Interest Income	0.62	0.80	(0.19)	-23%
Total Income	8.95	7.78	1.17	15%
Non Mark-up Expense	4.65	3.45	1.19	35%
Profit before Provisions	4.31	4.33	(0.02)	-1%
Provisions	0.05	0.32	(0.27)	-86%
Profit before Tax	4.26	4.01	0.25	6%
Taxation	2.09	2.05	0.04	2%
Profit after Tax	2.17	1.97	0.21	11%

MCB Islamic – Deposits & Advances



MCB Islamic Bank - Branches



Awards & Accolades

Best Corporate Report

“Runner-up” Best Corporate Report Award 2022 – Banking Sector

“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

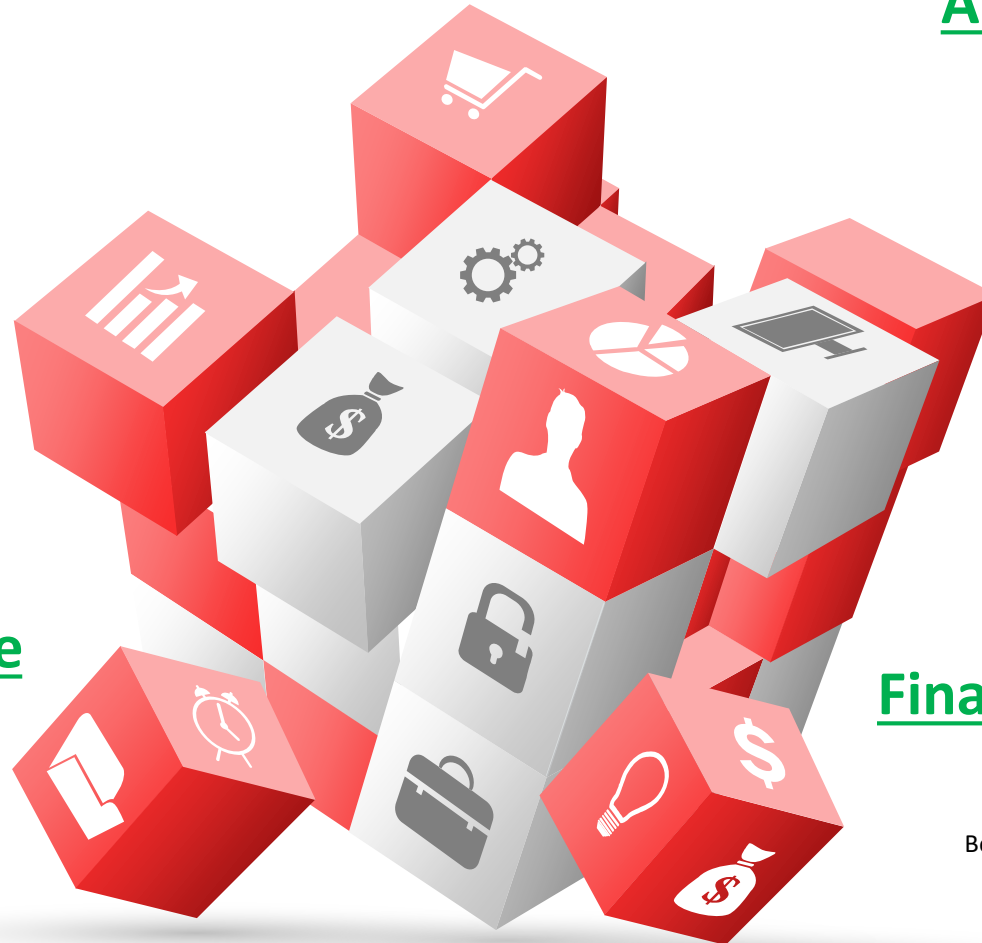
“Winner” - Best Corporate Report Award 2013

“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



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

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

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

Pakistan Remittance Initiative

Leading Remittance Mobilizing Bank of Pakistan - MCB

77 *Years*
OF BANKING WITH
PAKISTAN



Thank you!



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Questions & Answers

