

MCB Bank Limited

Investors Briefing

December 31, 2019

Presented by:
Hammad Khalid
Chief Financial Officer



Bank for Life

Group Structure

MCB Bank is majority owned by Nishat group, a prominent business conglomerate, having diversified interests in Textiles, Cement, Banking, Insurance, Power Generation, Hotel Business, Agriculture, Dairy, and Paper Products. To accede to international capital markets, the Bank launched Global Depository Receipts (GDRs) in 2006. It was the first Pakistani Bank that got its GDRs listed on the London Stock Exchange. In 2008, the Bank entered into a strategic partnership with Maybank, Malaysia, which owns 18.78% stake in MCB through Maybank International Trust (Labuan) Berhad.

In 2017, Fullerton Financial Holdings (International) of Singapore through Bugis Investments (Mauritius) Pte Ltd acquired 5.49% stake in MCB under merger scheme of NIB Bank with and into MCB Bank Limited. MCB is the first Pakistani Bank which incorporated a wholly owned Islamic Banking subsidiary, MCB Islamic Bank Limited, to meet requirements of a significant segment of our customer base for financial solutions that conform to Shari'ah rulings and demonstrate our confidence in the potential of the Islamic Banking industry in the country. During 2018, the Bank transferred business of its 90 branches to its wholly owned subsidiary MCB Islamic Bank Limited to capitalize on opportunities for growth in Islamic Banking sector.

Local Branches : 1,399

Foreign Branches : 11 (Including 1 EPZ branch)

Subsidiaries

MCB Financial Services Limited

Holding: 100%

Profile: Float, administer and manage modaraba funds and acts as trustees of various mutual funds.

MCB Islamic Bank Limited

Holding: 100%

Profile: Islamic & Shria'h compliant banking.

MCB - Arif Habib Savings & Investments Limited

Holding: 51.33%

Profile: Asset management, investment advisory, portfolio management and underwriting.

"MCB Non-Bank Credit Organization" Closed Joint Stock Company, Azerbaijan

Holding: 99.94%

Profile: Leases various types of industrial equipment, public transports, real estate and retail auto leases.

Financial & Management Services (Pvt) Limited

Holding: 95.90%

Profile: Provision of Financial Services.

With reference to significant holding, the following entities are associates of the Bank;

Adamjee Insurance Company Limited

Holding: 20.00%

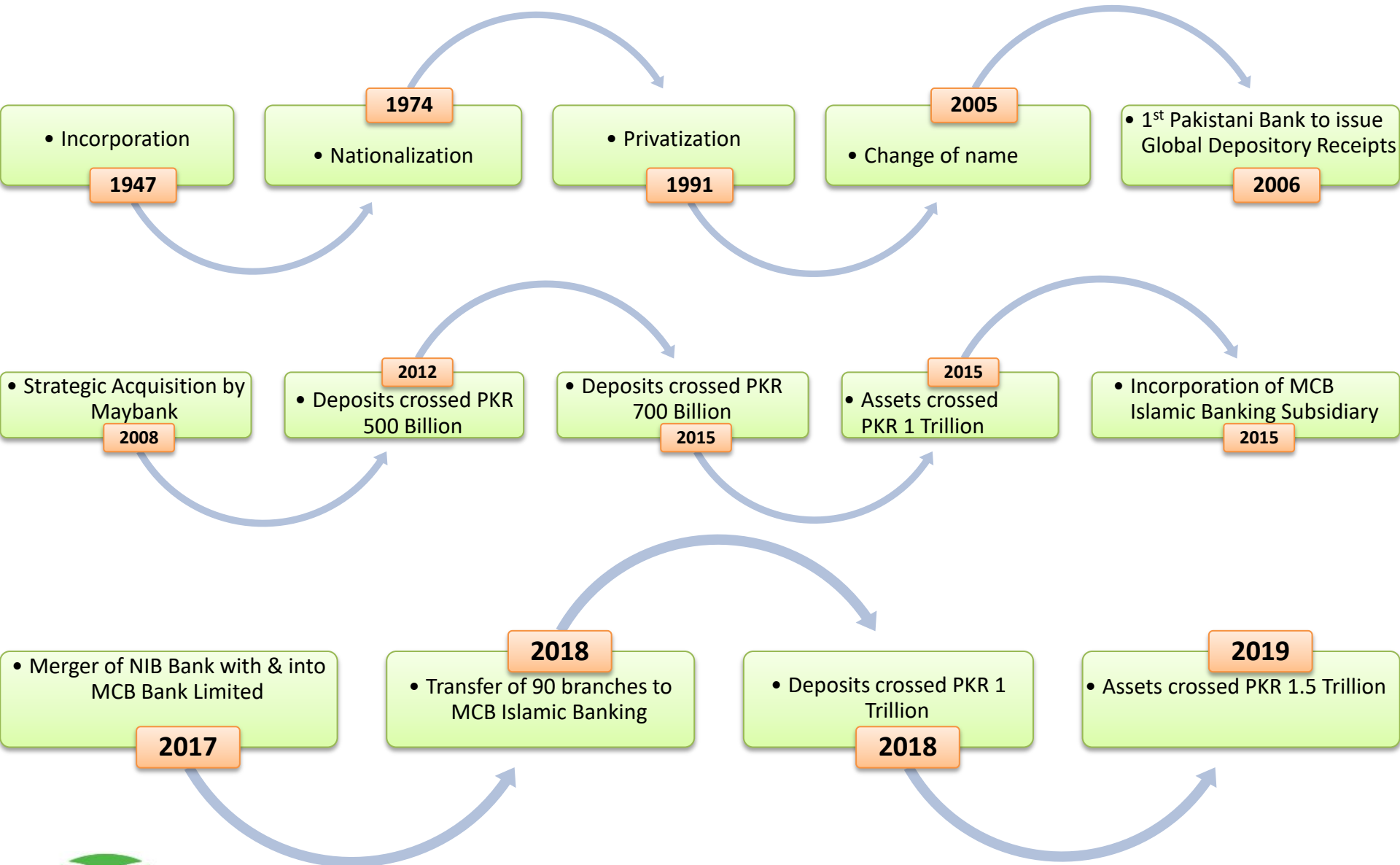
Euronet Pakistan (Private) Limited

Holding: 30.00%



Bank for Life

MCB Key Historical Milestones



Bank for Life

Strategic Objectives

- ✓ Delivering remarkable returns to stakeholders, sustainable performance, exceeding market and shareholder expectations
- ✓ Providing value added services through operational expansion, geography and upgraded system
- ✓ Building a corporate culture of equality, trust and team spirit as we remain dedicated to being a socially responsible organization



Vision

To be the leading financial services provider, partnering with our customers for a more prosperous and secure future.

Mission

We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us.



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Key Performance Indicators



Bank for Life

One of the largest Commercial Bank in Pakistan

Financial Strength

Assets	➤	PKR 1,515 bn (US\$ 9.8 bn)
Deposits	➤	PKR 1,144.7 bn (US\$ 7.4 bn)
Advances (Gross)	➤	PKR 540 bn (US\$ 3.5 bn)
RoA	➤	1.59%
RoE	➤	16.84%
Profit before Tax	➤	PKR 40.10 bn (US\$ 266.49 mn)
Market capitalization	➤	PKR 242.9 bn (US\$ 1.6 bn)
No. of accounts	➤	8.2mn

Domestic and International footprint

Domestic Branches	➤	1,399
Foreign Branches	➤	11 (Sri Lanka : 8, Bahrain : 1, EPZ : 1, UAE : 1) 1 Rep Office in Dubai
Subsidiaries	➤	MCB Financial Services MCB - Arif Habib Savings and Investments Limited 'MCB Non-Bank Credit Organization " MCB Leasing MCB Islamic Bank Limited Financial Management Services (Pvt) Limited
Associates	➤	Adamjee Insurance Company Limited Euronet Pakistan (Pvt) Limited
# of ATMs	➤	1,360

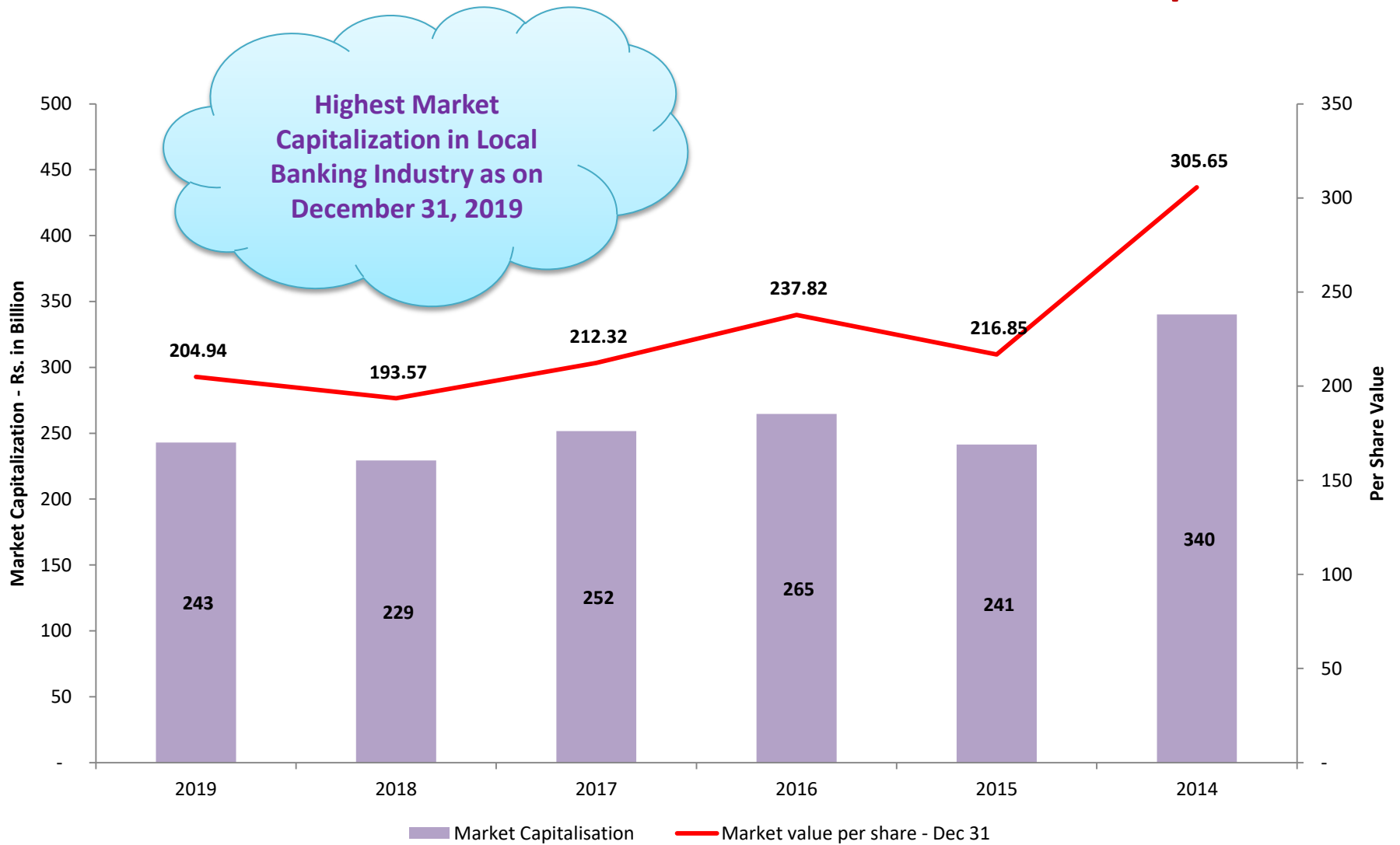
Highest Credit Rating by PACRA

Long Term AAA [triple A] and Short Term A1+ [A one plus]

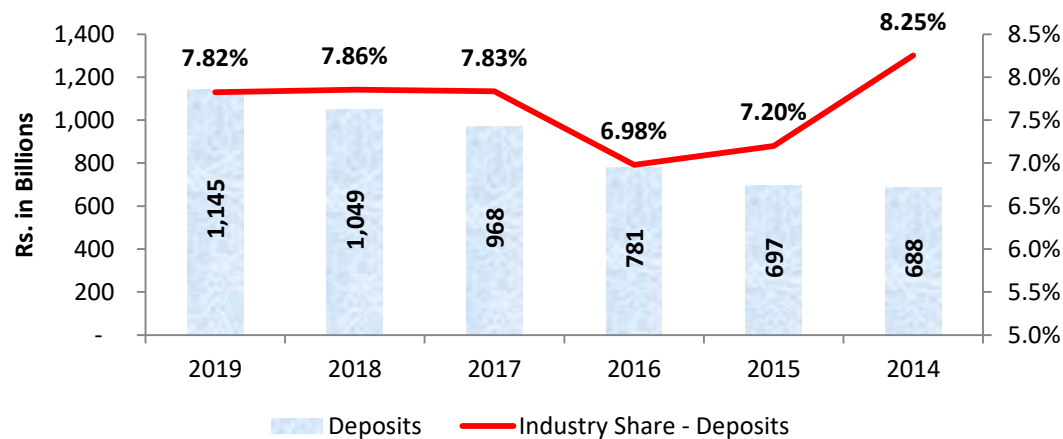


Bank for Life

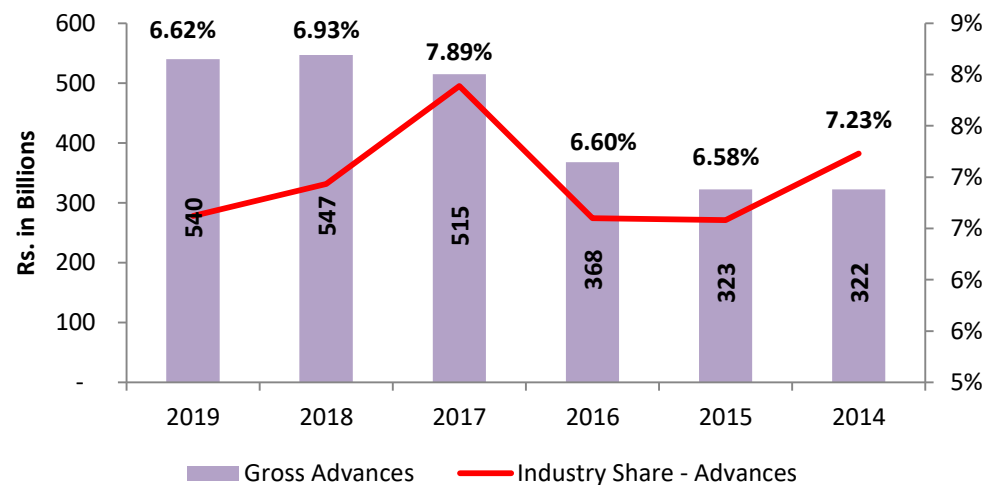
Market Capitalization



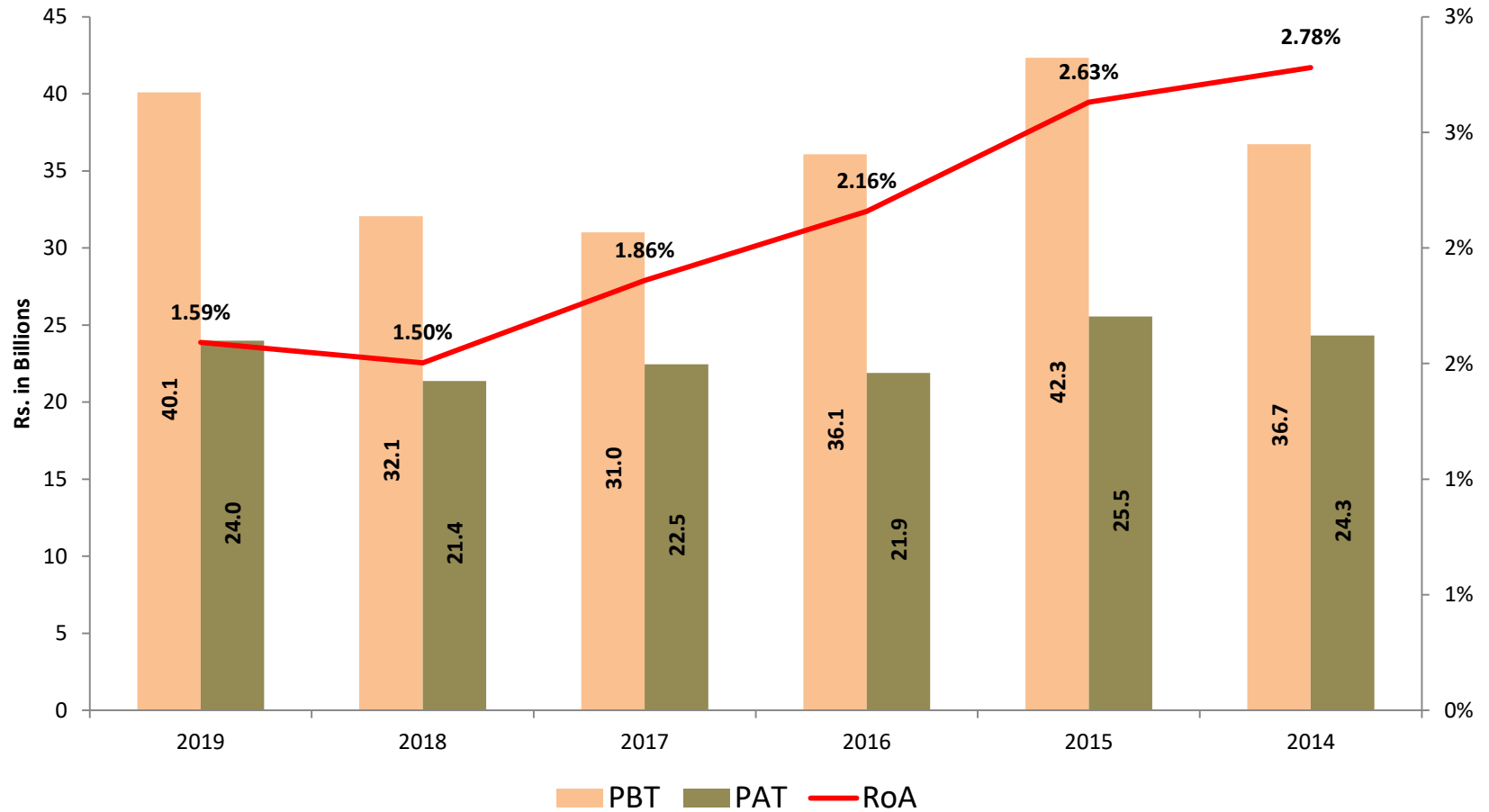
Market Share - Deposits



Market Share - Advances



Profitability



Profitability Ratios

		2019	2018	2017	2016	2015	2014
Profit before tax ratio	%	29.00%	38.48%	41.86%	53.52%	52.65%	47.53%
Gross Yield on Average Earning Assets	" "	10.49%	6.41%	7.10%	7.56%	9.51%	10.05%
Gross Yield on Avg. Earning Assets (incl. dividend & capital gains)	" "	10.65%	6.61%	7.74%	8.36%	10.18%	10.40%
Gross Spread	" "	43.11%	55.23%	57.58%	65.01%	61.34%	56.31%
Non interest income to total income	" "	21.86%	27.21%	29.81%	26.96%	25.14%	22.93%
Return on average equity (ROE)	" "	16.84%	15.48%	17.65%	18.94%	23.21%	23.83%
Return on average assets (ROA)	" "	1.59%	1.50%	1.86%	2.16%	2.63%	2.78%
Return on Capital Employed (ROCE)	" "	16.84%	15.48%	17.65%	18.94%	23.21%	23.83%
Cost to income ratio	" "	43.40%	49.75%	46.94%	36.80%	33.34%	36.51%
Cost to income ratio (excluding pf reversal)	" "	43.99%	48.73%	47.88%	37.66%	34.52%	37.98%
Admin Exp to Profit before Tax	" "	82.58%	98.07%	91.99%	61.19%	51.90%	56.12%



Investments / Market Ratios

		2019	2018	2017	2016	2015	2014
Earnings per share (after tax)**	Rs.	20.23	18.02	19.56	19.67	22.95	21.85
Earnings per share (before tax)**	" "	33.84	27.06	27.02	32.41	38.03	33.00
Breakup value per share							
- without surplus on revaluation of fixed assets & investments	" "	122.54	117.74	115.18	105.97	101.69	96.05
- without surplus on revaluation of fixed assets	" "	126.47	115.68	119.17	116.10	114.09	106.79
- with surplus on revaluation of fixed assets & investments	" "	142.54	125.97	129.59	127.24	123.81	116.89
Cash Dividend	%	170%	160%	160%	160%	160%	140%
Dividend Yield ratio (based on cash dividend)	" "	8.30%	8.27%	7.54%	6.73%	7.38%	4.58%
Dividend Payout ratio	" "	84.02%	88.77%	81.86%	81.35%	69.71%	64.06%
Price to book value ratio	Times	1.67	1.64	1.84	2.24	2.14	3.18
Price to earning ratio	" "	10.13	10.74	10.85	12.09	9.45	13.99
Dividend cover ratio	" "	1.19	1.13	1.18	1.23	1.43	1.56



Asset Quality & Liquidity Ratios

		2019	2018	2017	2016	2015	2014
Gross Advances to deposits ratio	%	47.17%	52.12%	53.18%	47.07%	46.29%	46.83%
Net Advances to deposits ratio	" "	43.39%	48.00%	48.46%	44.55%	43.65%	44.10%
Investments to deposits ratio	" "	65.41%	71.43%	67.83%	71.14%	81.18%	74.26%
Weighted Average Cost of Deposits	" "	5.70%	3.18%	2.53%	2.48%	3.37%	4.59%
CASA to total deposits	" "	90.42%	91.02%	92.86%	94.13%	93.39%	90.96%
NPLs to Gross advances ratio	" "	9.15%	8.95%	9.47%	5.90%	6.32%	6.80%
NPLs to Shareholders Equity	" "	34.03%	35.09%	35.72%	18.39%	18.00%	20.49%
Coverage Ratio (specific provision/ NPLs)	" "	84.85%	85.68%	91.46%	87.32%	87.63%	82.84%
Coverage Ratio (total provision/ NPLs)	" "	87.73%	88.26%	93.74%	90.82%	90.37%	85.62%
Earning assets to total assets ratio	" "	85.41%	89.67%	87.50%	84.98%	86.88%	87.59%
Investments to total assets ratio	" "	49.42%	50.02%	48.91%	51.84%	56.32%	54.69%
Cash & Cash Equivalents to Total Assets	" "	9.59%	7.61%	8.16%	7.31%	6.34%	5.29%
Cash to Current Liabilities	" "	5.39%	3.44%	5.07%	7.78%	5.96%	5.16%
Earning assets to interest bearing Liabilities	Times	1.60	1.55	1.61	1.63	1.57	1.60
Deposits to shareholder equity	" "	7.88	7.52	7.10	6.63	6.16	6.44
Assets to Equity	" "	10.43	10.74	9.84	9.09	8.87	8.74
Current / Quick Ratio	" "	2.29	1.91	2.01	3.05	2.44	1.51



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Awards & Accolades



Bank for Life

The Asset Triple A Country Awards 2019

- 🏆 Transport Deal of the Year
- 🏆 Utility Deal of the Year
- 🏆 Best Bank - Pakistan
- 🏆 Best Loan Adviser – Pakistan

ICAP & ICMAP

- 🏆 Best Corporate Report Award 2018

SAFA Award

- 🏆 Certificate of Merit 2018 – Private Bank Category

Asian Banking & Finance Corporate & Investment Banking Awards 2019

- 🏆 Equity Deal of the Year – Pakistan
- 🏆 Mergers and Acquisitions Deal of the Year – Pakistan

Asiamoney

- 🏆 Most Outstanding Company in Pakistan – Financial Sector

Finance Asia

- 🏆 FinanceAsia Country Awards – Best Bank Pakistan

Awards/ Accolades



“Winner -Best Corporate Report Award 2018 – Banking Sector”

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



Pakistan Banking Awards

DAWN with IBP
 Knowledge Partner
 A.F. FERGUSON & CO. | A member firm of the PwC network

**Best bank for
 Corporate Finance & Capital market
 Development - 2016**



Bank for Life



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

ASIAMONEY

**Most outstanding Company in Pakistan 2019
 Financial Sector**

Best Domestic Bank in Pakistan: **2014**; 2009, 2008,
 2006, 2005 & 2004



Best Bank Led Mobile Money
 Transfer Program 2010



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



**Best Commercial Bank
 – Pakistan 2012**



CSR Business Excellence Award
 2012: Best Media Coverage



Winner – Best Presented Annual Accounts 2014

1st Runner Up Best Presented Annual Report
 Awards 2013 – Category Private Sector Banks
 2nd Runner Up Best Presented Annual Report
 Awards 2012– Category Private Sector Banks
 Joint 2nd runner-up in the banking sector



Strongest Bank in Pakistan 2017

Strongest Bank in Pakistan 2014
 Strongest Bank in Pakistan 2010



Triple A Country Awards
 Best Domestic Bank – Pakistan 2014: 2013: 2
 Best Bank – Pakistan 2014



THE ASIAN BANKER SUMMIT 2010

Asia's Foremost Event on Transformational Issues in the Financial Services Industry

The QFC Asian Banker Leadership Achievement Award 2010



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Financial Performance – December 2019



Bank for Life

Statement of Financial Position

Rs. in Million

	Unconsolidated				Consolidated			
	Dec 2019	Dec 2018	YTD	%	Dec 2019	Dec 2018	YTD	%
Assets	1,515,152	1,498,130	17,022	1.1%	1,612,215	1,585,210	27,005	1.7%
Advances - net	496,679	503,581	(6,902)	-1.4%	548,473	566,792	(18,319)	-3.2%
Investments	748,765	749,369	(604)	-0.1%	757,442	754,386	3,056	0.4%
Cash and Balances with Banks & Lending to Financial Institutions	146,337	150,160	(3,823)	-2.5%	170,390	162,653	7,737	4.8%
Other Assets (including fixed assets)	123,372	95,020	28,351	29.8%	135,910	101,379	34,531	34.1%
Liabilities	1,346,237	1,348,852	(2,615)	-0.2%	1,440,868	1,433,887	6,981	0.5%
Deposits	1,144,763	1,049,038	95,726	9.1%	1,226,593	1,122,307	104,286	9.3%
Borrowings	89,506	216,019	(126,513)	-58.6%	92,860	223,216	(130,356)	-58.4%
Subordinated loans	-	3,891	(3,891)	-100.0%	-	3,891	(3,891)	-100.0%
Bills Payable	11,822	15,699	(3,878)	-24.7%	12,795	17,003	(4,208)	-24.7%
Other Liabilities (including Deferred Tax)	100,146	64,206	35,941	56.0%	108,620	67,470	41,150	61.0%
Net Assets	168,915	149,278	19,637	13.2%	171,347	151,323	20,024	13.2%
Equity without surplus (incl. M.I)	145,219	139,531	5,689	4.1%	146,595	140,905	5,690	4.0%



Bank for Life

Non Performing Loans (NPLs)

Rs. in Million

Coverage ratio* at 87.73% (YE18: 88.26 %), NPLs ratio stands at 9.15% (YE18: 8.95%)

	Dec 19	Sep 19	Jun 19	Mar 19	Dec 18
Total NPLs	49,424	51,506	48,150	49,337	48,956
QoQ	(2,081)	3,355	(1,187)	381	1,876
QoQ % variance	-4%	7%	-2%	1%	4%
Substandard	616	2,718	253	1,687	1,528
QoQ	(2,101)	2,465	(1,435)	159	625
QoQ % variance	-77%	976%	-85%	10%	69%
Doubtful	2,702	797	1,077	2,047	1,742
QoQ	1,905	(281)	(970)	306	1,410
QoQ % variance	239%	-26%	-47%	18%	425%
Loss	45,982	46,332	46,729	45,509	45,637
QoQ	(350)	(397)	1,219	(127)	(55)
QoQ % variance	-1%	-1%	3%	0%	0%
OAEM	124	1,659	92	93	49
QoQ	(1,536)	1,567	(1)	44	(103)
QoQ % variance	-93%	1705%	-1%	89%	-68%

Concentration of Category of NPLs

	Dec 19	Sep 19	Jun 19	Mar 19	Dec 18
Substandard	1.25%	5.28%	0.52%	3.42%	3.12%
Doubtful	5.47%	1.55%	2.24%	4.15%	3.56%
Loss	93.04%	89.96%	97.05%	92.24%	93.22%
OAEM	0.25%	3.22%	0.19%	0.19%	0.10%

* Coverage ratio = Specific plus General Provision/NPLs



Bank for Life

Increase of Rs. 165B in Pakistan Investment Bonds & decrease of Rs. 177B in Market Treasury Bills.

	Dec 2019	Dec 2018	Var.	% var.	Sep 2019	Var.	% var.
Treasury Bills	401,814	578,343	(176,529)	-31%	554,337	(152,523)	-28%
Pakistan Investment Bonds	292,723	127,914	164,809	129%	265,746	26,977	10%
TFCs, Debentures and Certificates	9,555	9,102	453	5%	9,654	(99)	-1%
Other government securities / Sukooks / Euro Bonds	10,872	7,251	3,621	50%	6,547	4,325	66%
Shares in Listed, Unlisted Co.s & Mutual funds	24,958	26,123	(1,164)	-4%	27,194	(2,236)	-8%
Subsidiaries & Associated Undertakings	13,047	12,747	300	2%	12,697	350	3%
Investments at cost	752,969	761,480	(8,511)	-1%	876,175	(123,206)	-14%
Prov for diminution in value of investments	(10,689)	(7,865)	(2,824)	36%	(10,092)	(597)	6%
Surplus on revaluation of securities	6,485	(4,246)	10,730	-253%	(1,653)	8,138	-492%
Investments at revalued amount - net of provision	748,765	749,369	(604)	0%	864,430	(115,665)	-13%

Q4 19		Q3 19		Q2 19		Q1 19		Q4 18	
Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix

Deposits - Volume	1,144,763		1,145,140		1,148,631		1,066,013		1,049,038	
Current deposits	424,552	37%	416,922	36%	437,496	38%	406,850	38%	401,899	38%
Savings deposits	610,511	53%	615,472	54%	604,695	53%	565,100	53%	552,914	53%
Term Deposits	109,701	10%	112,745	10%	106,440	9%	94,063	9%	94,224	9%

CASA	1,035,063	90.42%	1,032,394	90.15%	1,042,191	90.73%	971,950	91.18%	954,813	91.02%
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Variance	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ	YoY	QoQ
Current deposits	6%	2%	6%	-5%	9%	8%	3%	1%	7%	2%
Savings deposits	10%	-1%	10%	2%	11%	7%	5%	2%	6%	-1%
CASA	8%	0%	8%	-1%	10%	7%	4%	2%	6%	0%
Term Deposits	16%	-3%	45%	6%	47%	13%	28%	0%	36%	21%
Total Deposits	9%	0%	11%	0%	13%	8%	6%	2%	8%	2%

	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ	YTD	QoQ
	95,726	(376)	96,102	(3,491)	99,594	82,618	16,975	16,975	80,555	16,388

Market Share (Domestic)	QoQ		QoQ		QoQ		QoQ		QoQ	
Industry	14,631,875	4.32%	14,025,990	-2.99%	14,458,307	7.45%	13,456,273	0.77%	13,353,916	2.47%
MCB	1,089,881	-1%	1,102,839	0%	1,106,006	7%	1,030,407	2%	1,010,851	1%
Share	7.45%		7.86%		7.65%		7.66%		7.57%	



Profit and Loss Statement

Rs. in Million

	Unconsolidated				Consolidated			
	Dec 2019	Dec 2018	+/-	%	Dec 2019	Dec 2018	+/-	%
Mark-up Income	138,292	83,319	54,973	66.0%	148,089	87,502	60,586	69.2%
Mark-up Expense	78,676	37,305	41,371	110.9%	84,371	39,496	44,875	113.6%
Net Mark-up Income	59,616	46,014	13,602	29.6%	63,718	48,006	15,712	32.7%
Non Interest Income	16,679	17,198	(519)	-3.0%	17,518	18,066	(548)	-3.0%
Total Income	76,295	63,212	13,083	20.7%	81,236	66,072	15,164	23.0%
Non Mark-up Expense	33,709	32,902	807	2.5%	38,748	36,534	2,214	6.1%
<i>admin expenses</i>	33,116	31,446	1,669	5.3%	38,130	35,071	3,059	8.7%
<i>(PF reversal)</i>	(445)	645	(1,089)	-169.0%	(445)	645	(1,089)	-169.0%
<i>other charges & WWF</i>	1,038	811	227	28.0%	1,063	819	244	29.8%
Share of Undertaking	-	-	-	-	340	446	(107)	-23.9%
Profit before Provisions	42,586	30,310	12,275	40.5%	42,827	29,984	12,843	42.8%
Provisions	2,484	(1,753)	4,237	-241.7%	2,674	(822)	3,495	-425.3%
against Investments	2,824	1,950	873	0.0%	3,001	2,860	141	0.0%
against loans & advances	(158)	(2,872)	2,714	-94.5%	(135)	(2,850)	2,715	-95.3%
Others including write off recovery	(182)	(832)	650	-78.1%	(192)	(832)	640	-76.9%
Profit before Tax	40,102	32,064	8,039	25.1%	40,154	30,806	9,348	30.3%
Taxation	16,125	10,704	5,421	50.6%	16,206	10,391	5,816	56.0%
Profit after Tax	23,977	21,360	2,617	12.3%	23,947	20,415	3,532	17.3%



Bank for Life

Key Performance Ratios

	BV	ROA	ROE	EPS	CAR	ADR	Infection ratio	Coverage ratio*	Coverage (incl. benefit of liquid sec)**	Non-markup/Total Rev
Dec 2019	122.54	1.59%	16.84%	20.23	18.83%	47.17%	9.15%	87.73%	95.04%	21.86%
Dec 2018	117.74	1.50%	15.48%	18.02	18.13%	52.12%	8.95%	88.26%	94.49%	27.21%
Dec 2017	115.18	1.86%	17.65%	19.56	16.44%	53.18%	9.47%	93.74%	97.31%	29.81%
Dec 2016	105.97	2.11%	18.94%	19.67	19.33%	47.07%	5.90%	90.82%	98.76%	26.96%
Dec 2015	101.69	2.71%	23.92%	23.65	19.43%	46.29%	6.32%	90.37%	99.82%	25.14%
Dec 2014	96.05	2.87%	24.64%	22.60	20.41%	46.83%	6.80%	85.62%	94.00%	22.93%
Dec 2013	87.39	2.93%	24.92%	20.84	22.25%	42.41%	8.68%	85.74%	94.66%	22.78%
Dec 2012	79.85	3.18%	26.89%	20.31	22.24%	48.14%	9.74%	89.23%	87.55%	18.30%
Dec 2011	71.22	3.54%	29.12%	19.42	21.79%	50.88%	10.67%	83.76%	94.74%	15.41%
Dec 2010	62.15	3.13%	25.91%	18.05	22.07%	63.55%	8.95%	79.83%	91.82%	10.26%
Dec 2009	54.87	3.25%	27.35%	17.44	19.07%	73.37%	8.62%	70.89%	83.41%	9.86%

* Coverage ratio is based on specific plus general provision

** Coverage ratio based on specific provision (excl. GP) plus benefit of liquid securities

Net revenue= net markup income + non-markup income

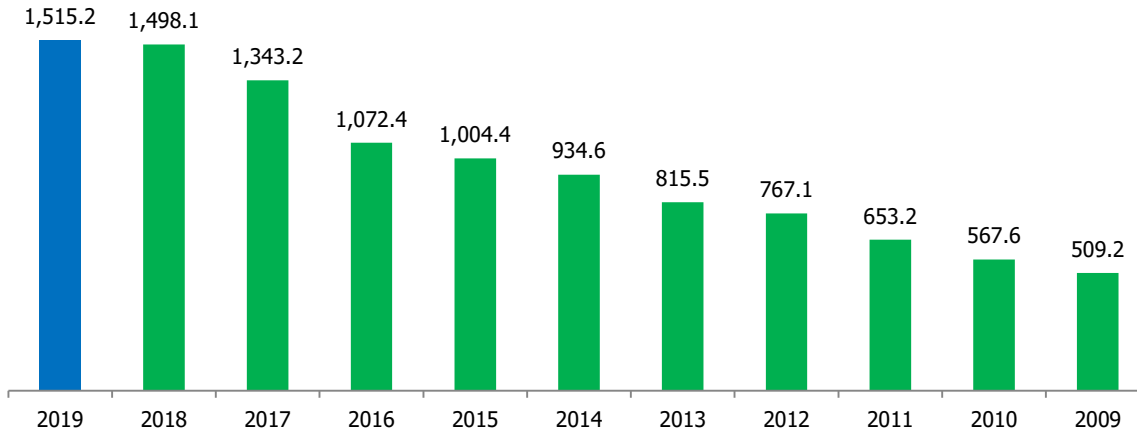


Bank for Life

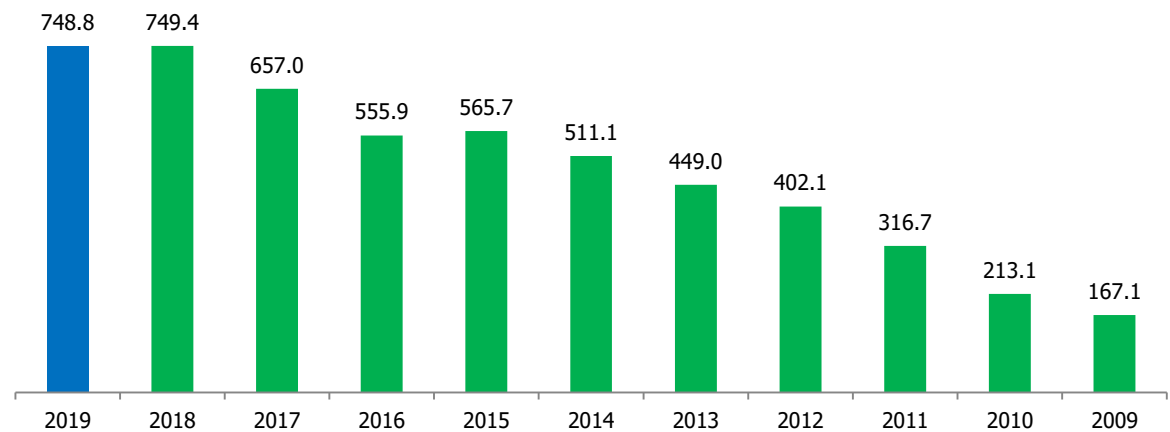
Historical Trends

Rs. in Billion

Total Assets CAGR 12%



Investments CAGR 16%

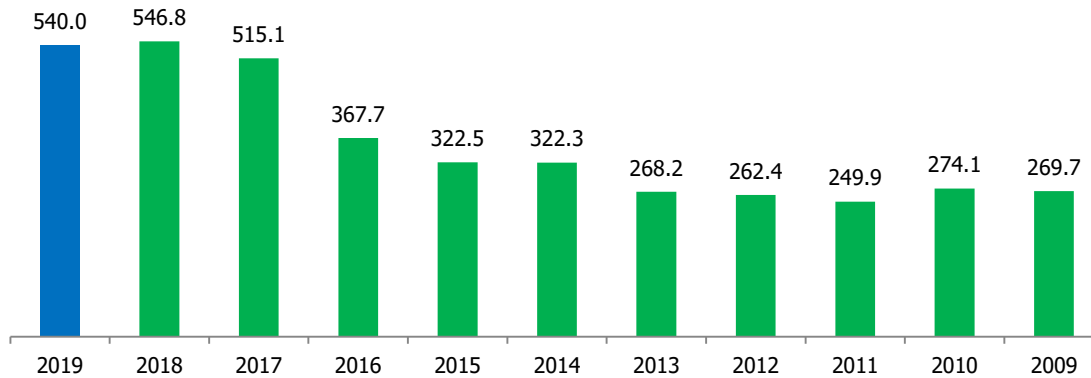


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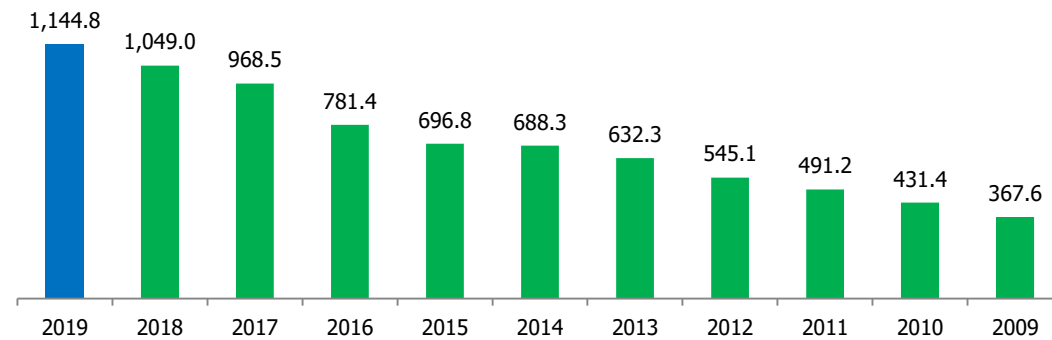
Historical Trends

Rs. in Billion

Gross Advances CAGR 7%



Deposits CAGR 12%



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MCB Bank Limited

Thankyou

For further details on MCB Bank Limited, please visit www.mcb.com.pk

For any query/comments/feedback, please e-mail
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