



Meezan Bank Limited

*Unlocking the True Potential
of Islamic Banking*

**Analyst Briefing
December 2020**

February 23, 2021

***Best Bank of the Year
2020***

Pakistan Banking Awards



Corporate Briefing – February 23, 2021: Schedule of the Event

I. Tilawat e Quran 4:00 pm – 4:05 pm

II. Opening Remarks by Mr. Irfan Siddiqui – President and CEO 4:05 pm – 4:10 pm

III. Presentation by Mr. Shabbir Hamza Khandwala CFO and Group Head Finance 4:10 pm – 4:25 pm

IV. Q & A Session - Mr. Ariful Islam – Deputy CEO 4:25 pm – 5:00 pm

Opening Remarks by:

Mr. Irfan Siddiqui
President and CEO






PAKISTAN BANKING AWARDS
THE INSTITUTES OF BANKERS (PAST) LTD.
ESTD. 1952
BEST BANK 2020

الْحَمْدُ لِلَّهِ

Pakistan Banking Awards 2020



PAKISTAN BANKING AWARDS

THE INSTITUTE OF BANKERS PAKISTAN

DAWN | A-F-FERGUSON&CO. | A member firm of the PwC network

Criteria for Best Bank in Pakistan

This award aims to holistically assess a bank on all aspects and is awarded to the bank that has demonstrated:

1. the **most significant contribution to national development** and
2. the most **effective management of its resources** including employees, clients, franchise, community and finances.

Islamic Finance News (IFN)



Redmoney Malaysia

**Best Islamic banks in the world
Global Awards**

Best Overall Islamic Bank 2020

Most Innovative Islamic Bank

1st : Meezan Bank

Best Bank 2019

By CFA Society of Pakistan



الْحَمْدُ لِلَّهِ

Best Bank of Pakistan

*CFA Society Pakistan awards
Meezan Bank with*

Best Bank of the Year 2019 - Large Size Banks

Best Islamic Bank of the Year 2019

**Best Corporate Finance House of the Year 2019
(Fixed Income)**

at the 17th Annual Excellence Awards Ceremony



Meezan Bank
The Premier Islamic Bank

THE ASIAN BANKER
STRATEGIC BUSINESS INTELLIGENCE FOR ASIA'S FINANCIAL SERVICES COMMUNITY



THE ASIAN BANKER®

STRONGEST BANKS

by balance sheet

Meezan Bank as 36th amongst 500 Strongest Banks By Balance Sheet Evaluation across Asia Pacific

Next Pakistani Bank is ranked at 63rd position

that includes:

**Australia
Bangladesh
Brunei
Cambodia
China
Hong Kong
India
Indonesia
Japan**

**Laos
Macau
Malaysia
Mongolia
Myanmar
New Zealand
Pakistan
the Philippines
South Korea**

**Sri Lanka
Singapore
Taiwan
Thailand and
Vietnam**



Meezan Bank
The Premier Islamic Bank

أَلْحَمْدُ لِلَّهِ

Meezan Bank

has been recognized for achieving

Highest amount of Deposits in Roshan Digital Account

and

**Highest amount of Investment in Islamic Naya Pakistan
Certificates.**



His Excellency Mr. Imran Khan, Prime Minister of Pakistan presenting the achievement plaques to Mr. Irfan Siddiqui (President and CEO, Meezan Bank)



Best Bank 2020

Pakistan Banking Awards

Financial Presentation by:

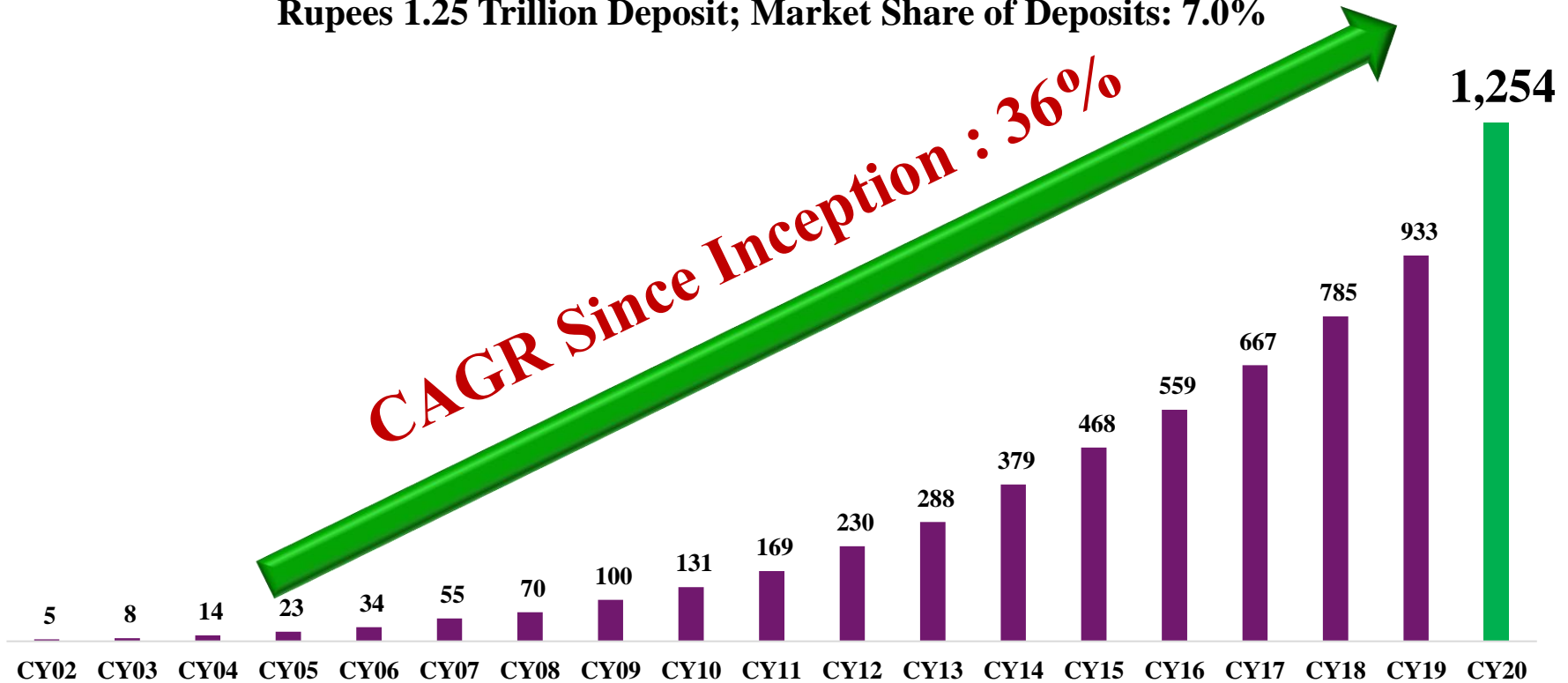
Mr. Shabbir Hamza Khandwala
CFO & Group Head Finance



Rupees 1.25 Trillion Deposit Bank Fastest Growing Bank with CAGR of 36%

Rs in Bn

Rupees 1.25 Trillion Deposit; Market Share of Deposits: 7.0%

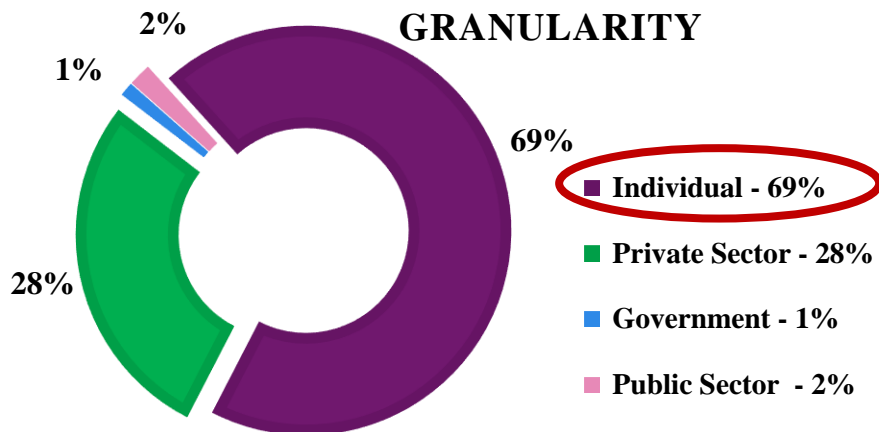


**Fastest Bank to Achieve Trillion Rupees Deposits
Benchmark**

CAGR based on CY20

Deposits: High Granularity, CASA Ratio of 76%

DEPOSIT COMPOSITION - HIGH GRANULARITY

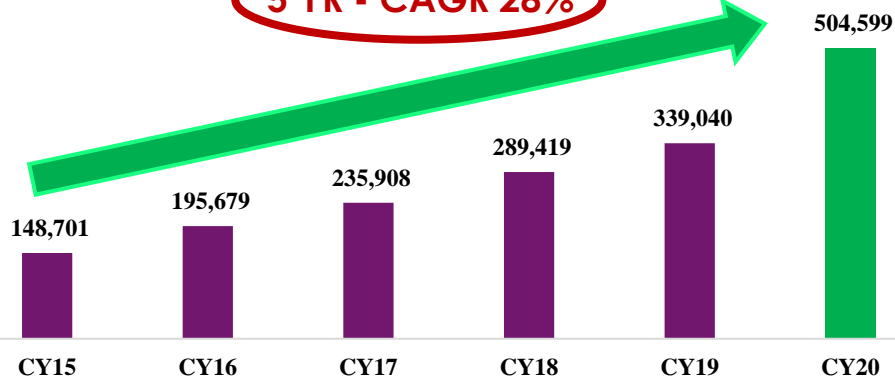


Year End Deposits

PKR Bln	Mix	CY20	Mix	CY19	Var %
Current Account - CA	40%	504	36%	339	49%
Savings Account - SA	36%	454	38%	349	30%
CASA	76%	958	74%	688	39%
Term - TD	24%	296	26%	245	21%
Total	100%	1,254	100%	933	35%

Current Account Deposits

5 YR - CAGR 28%



Average Deposits

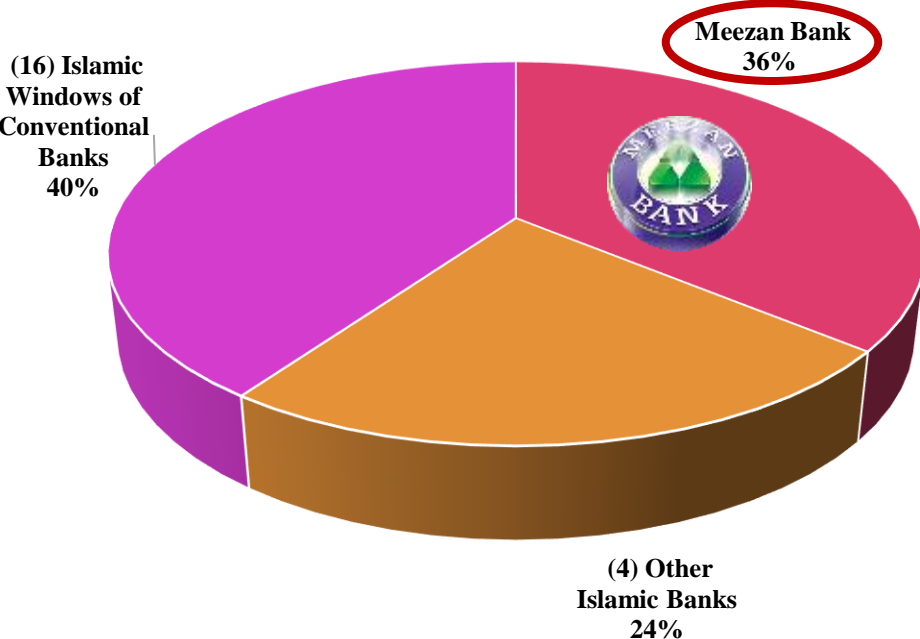
PKR Bln	Mix	CY20	Mix	CY19	Var %
Current Account - CA	37%	370	35%	279	33%
Savings Account - SA	38%	387	38%	304	27%
CASA	75%	757	73%	583	30%
Term - TD	25%	253	27%	221	14%
Total	100%	1,010	100%	804	26%

Leading the Islamic Banking Industry with market share of 36% in deposits – 9M'20

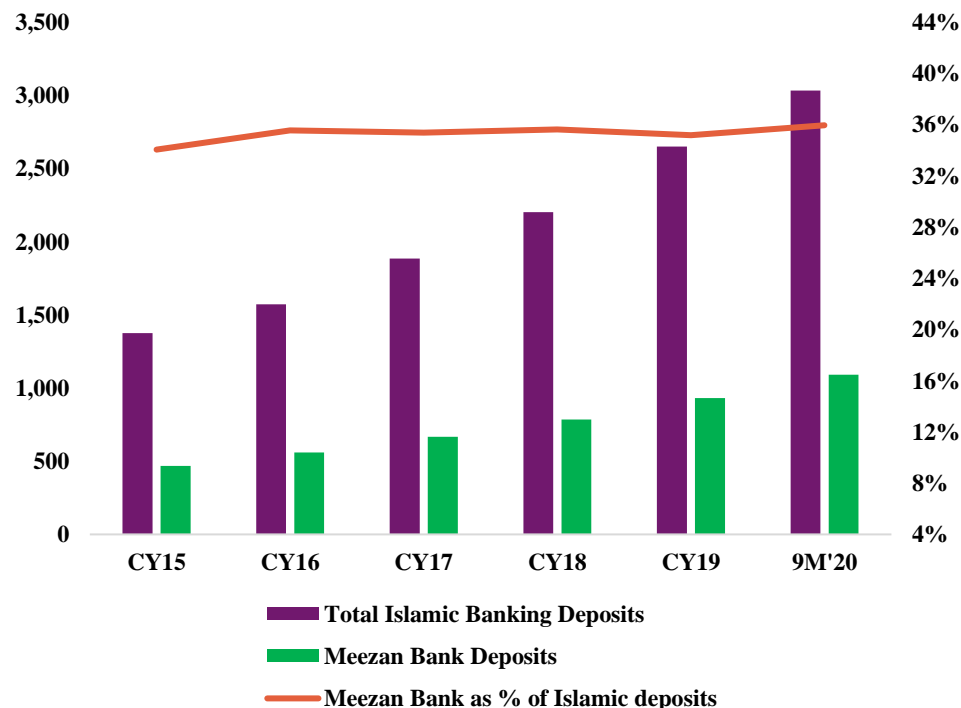
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Rs in Bn

Share of Islamic Banking Industry



Bank's Growth in Comparison with Islamic Banking Industry



The Pie Grows Bigger and Bigger Every Year

- In a Islamic Banking Industry of Rs. 3.0 trillion deposits (17.4% of total banking industry), Meezan Bank is at a leading position with 36% deposit share.

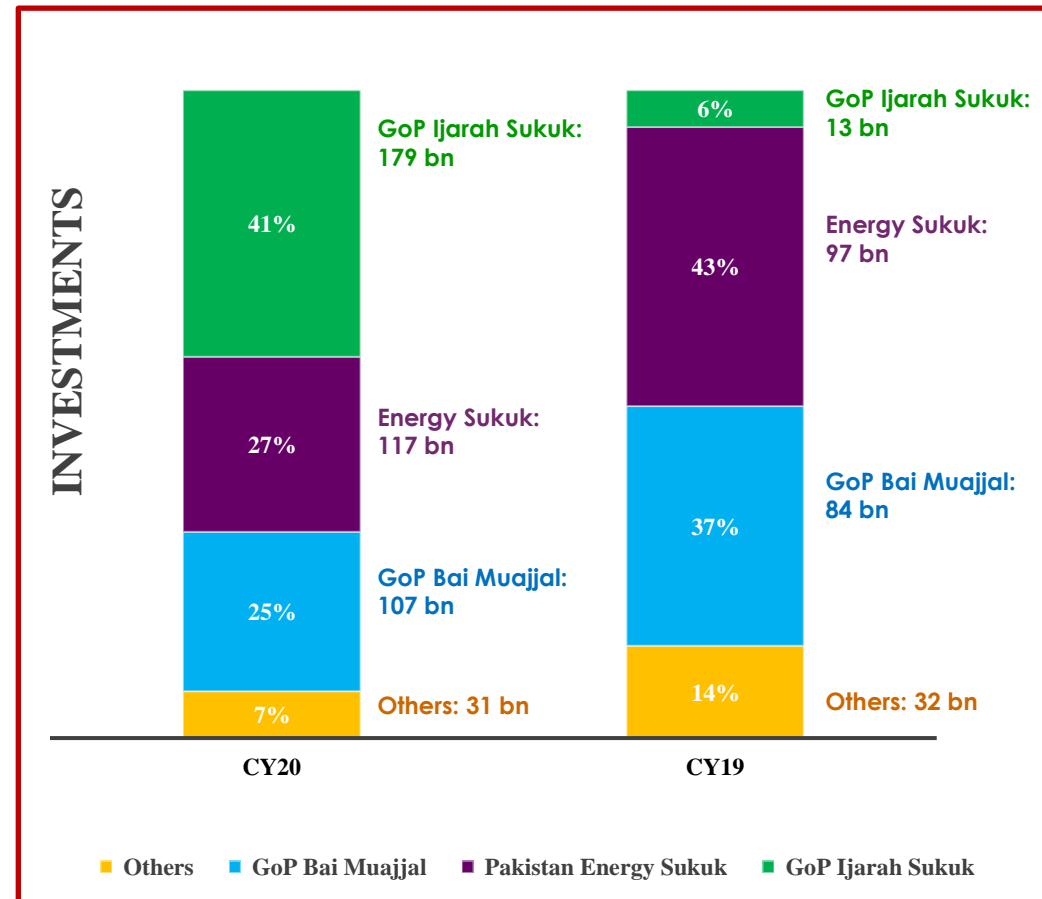
Total Assets over Rs 1.5 tn , 36% up from CY19

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ASSETS:

- **Total Assets: Rs 1.5 tn** (\$ 9.5 Bn) vs Rs 1.1 tn (\$ 7.0 Bn) in CY19 - a growth of **36%** (Rs 400 bn);
- **Investments: Rs 434 bn** vs Rs 226 bn in CY19 – a growth of **92%** due to investment of Rs 166 bn, Rs 23 bn and Rs 34 bn in GoP Ijarah Sukuk, Government of Pakistan (GoP) Bai Muajjal and Energy Sukuk II respectively;
- **Financing: Rs 513 bn (ADR 41%)** vs Rs 494 bn (ADR 53%) in CY19 due to economic slowdown & cautious lending;

Rs in Bn

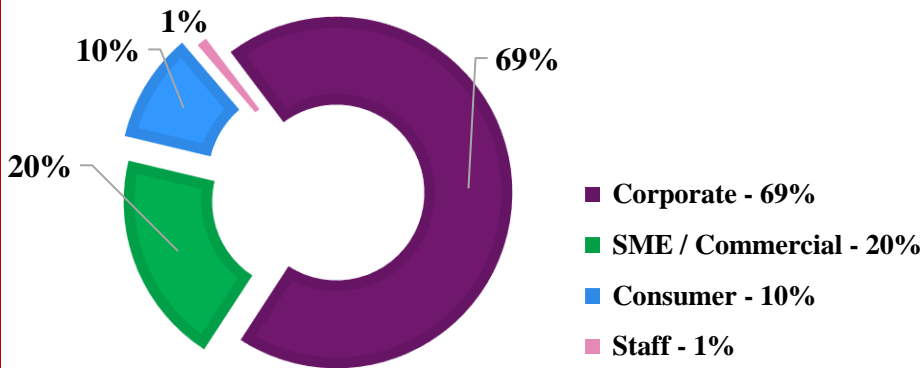


High Quality Diversified Financing Portfolio of over Rs 500 bn

15

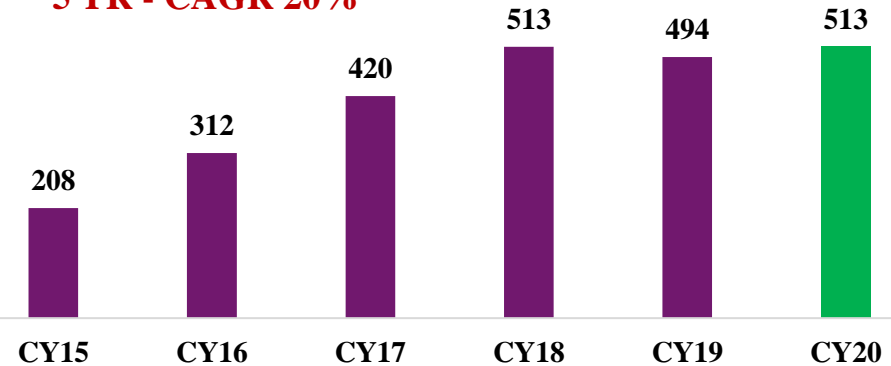
Rs in Bn

FINANCING MIX

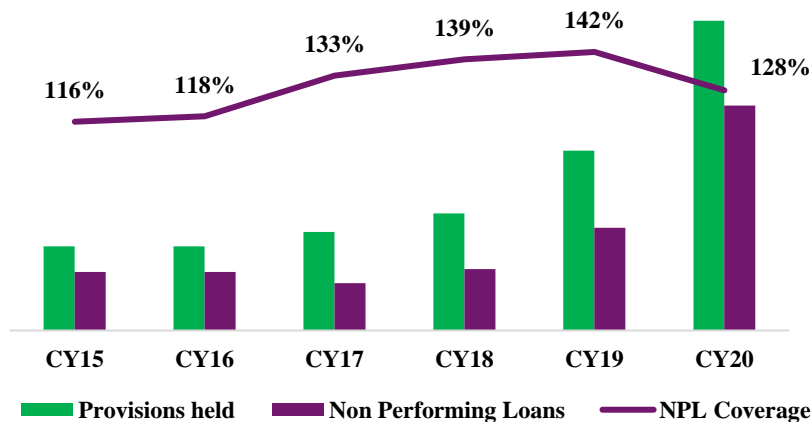


Net Financing

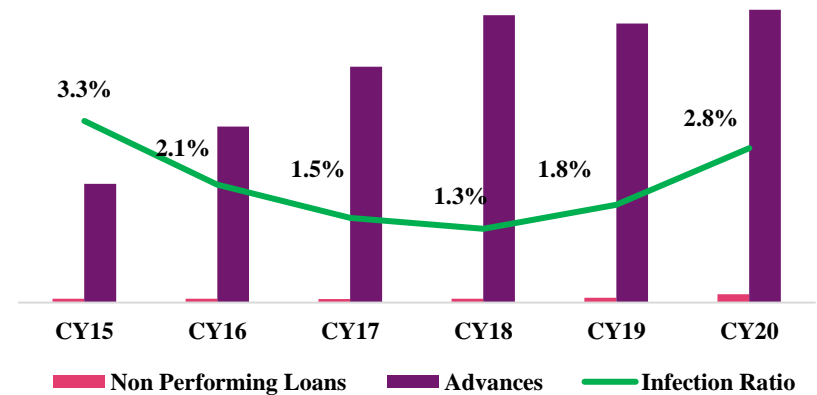
5 YR - CAGR 20%



Asset Quality



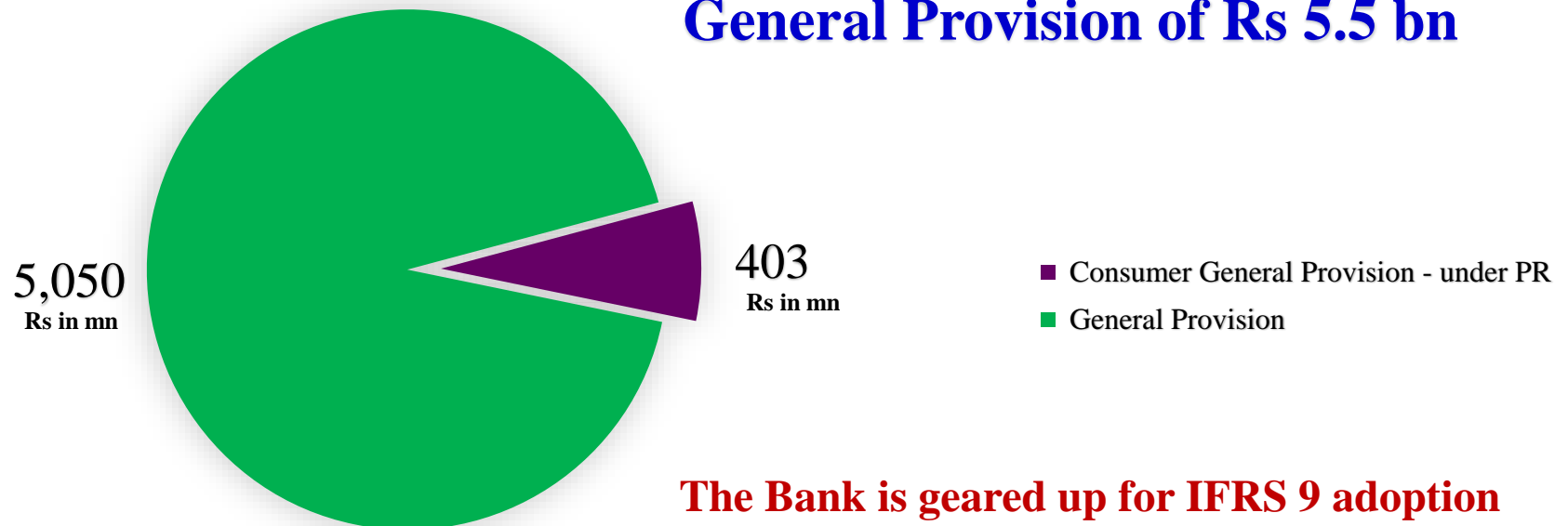
Non Performing Loans & Infection Ratio



Provisions, NPL Coverage & IFRS 9

Provision against NPLs include **Specific Provision** of Rs 7.3 billion and **General Provision** of Rs 1 billion (Q'4: **Specific Provision of Rs 4.4 bn**) due to classification of certain exposures, based on deterioration in their financial health and related risk factors of borrowers and also exposures which were past due;

General Provision of Rs 5.5 bn

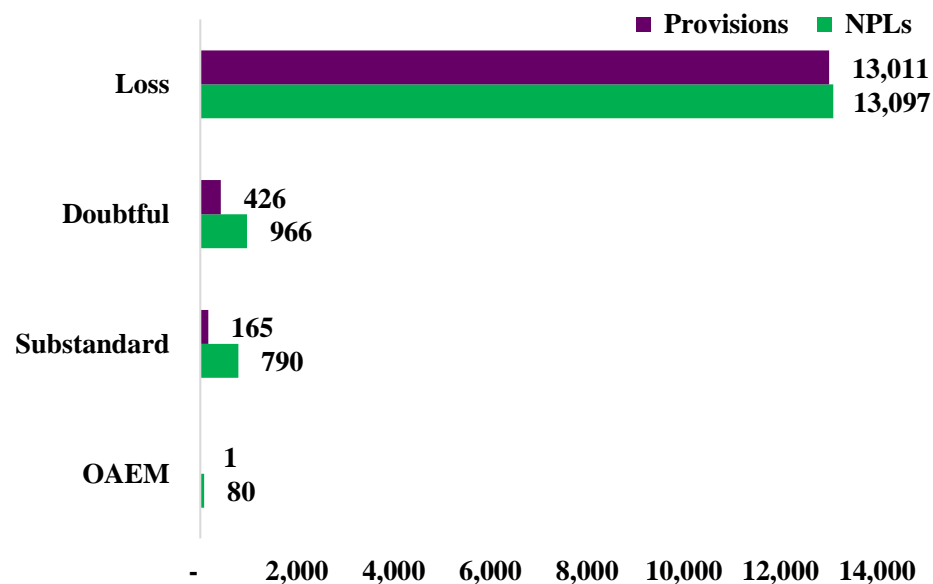


The Bank is geared up for IFRS 9 adoption

NPL Categories of classification & provisions

Rs in mn

Category of NPLs	NPLs	Provisions
OAEM	80	1
Substandard	790	165
Doubtful	966	426
Loss	13,097	13,011
	14,933	13,603



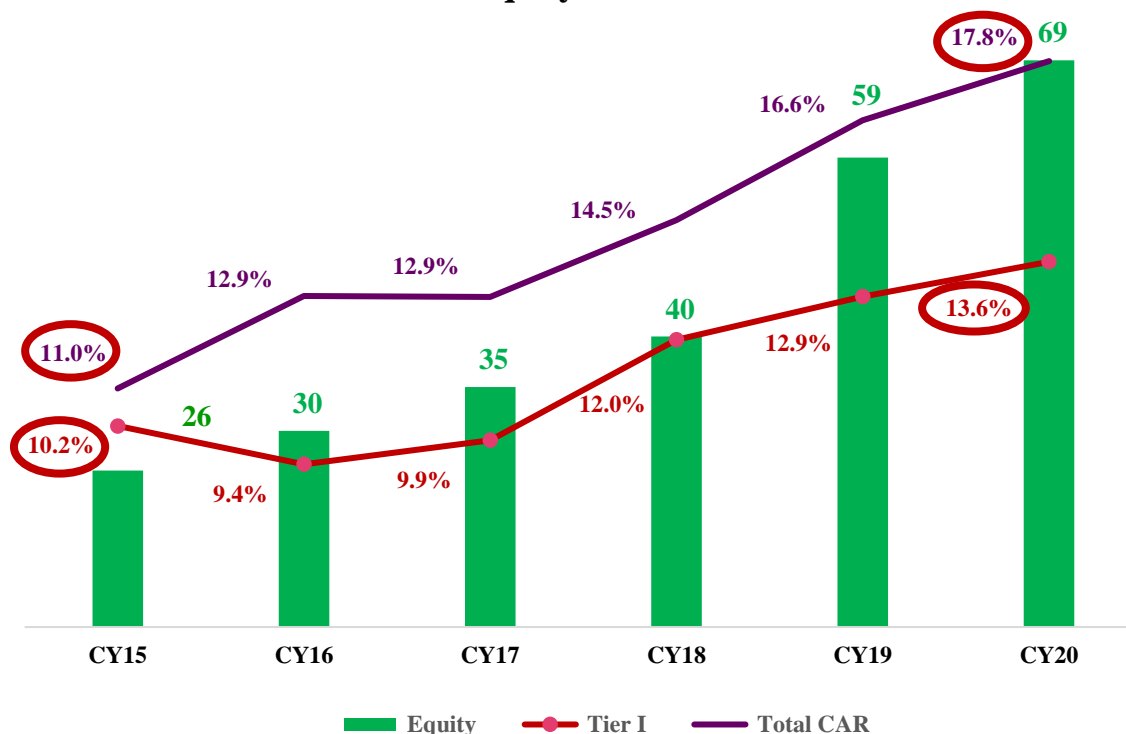
NPL Coverage Ratio : 128%

Equity of over Rs 69 bn; CAR & Dividend Payout

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Final Cash dividend of 20% for Q4 bringing the total payout for **2021 to 70%** (60% cash & 10% bonus shares) vs 60% (50% cash & 10% bonus shares) in 2019;

Equity and CAR



	Min Req	CY20	CY19
Total CAR	11.50	17.82	16.58
Tier I CAR	9.00	13.63	12.92
Common Equity Tier I	7.50	12.25	11.30

Profit After Tax Grew by 46% to Rs 22 bn

PROFITABILITY:

- **Profit After Tax (PAT) - CY20: Rs 22.17 bn** (\$ 139 mn) vs Rs 15.23 bn (\$ 95 mn) – a growth of **46%** (Rs 6.93 bn).
- **Earnings Per Share - Rs 15.67** in CY20 vs Rs 10.77 in CY19 on enhanced share capital of Rs 14.15 bn;
- **Return on Average Equity** (with surplus) - **34.59%** vs **30.66%** in CY19;
- **Return on Average Assets - 1.68%** vs **1.48%** in CY19;

REVENUE / INCOME:

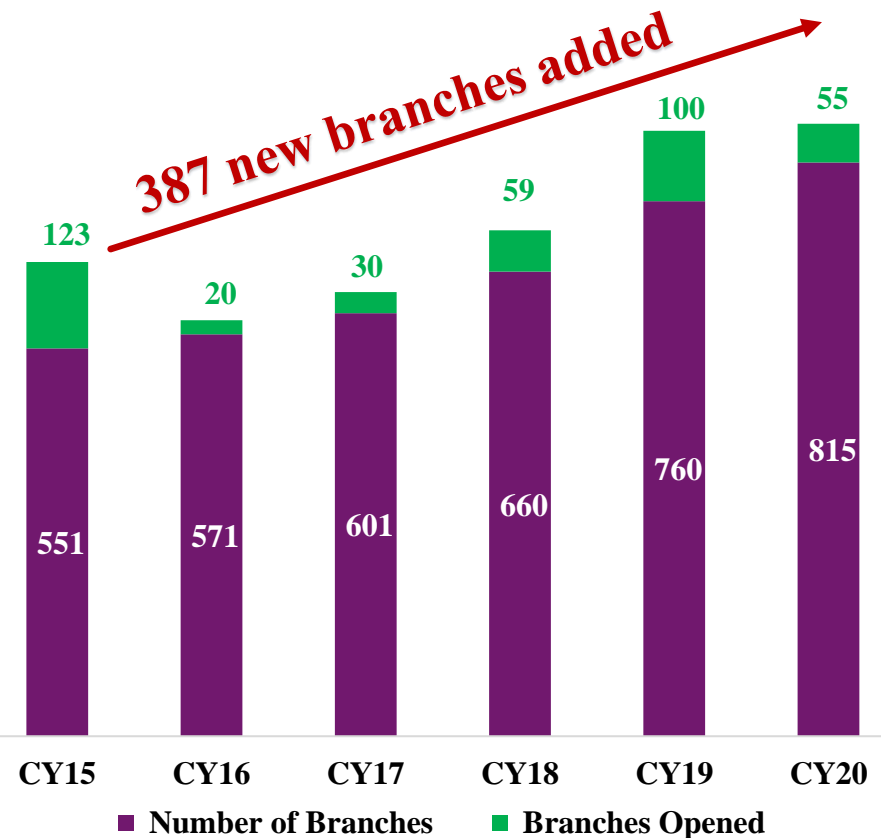
- **Net spread : Rs 65 bn** vs Rs 47 bn in CY19 due to high volume of earning assets & optimal cost of funds due to immediate re-pricing of deposits and 49% increase in current account deposit during the year;
- **Fee , commission and other income: Rs 6.61 bn** vs Rs 6.71 bn in CY19– lower by **2%** due to waiver of fee on certain digital transactions and lower underlying transaction volume post COVID-19;
- **Capital Gain: Rs 683 mn** vs loss of Rs 418 mn in CY19 mainly due to gain on partial sale of Energy Sukuk;
- **Dividend Income - Rs 624 mn** vs Rs 341 mn in CY19 due to higher dividend distribution by subsidiary;

815 Branches in 248 cities; Administrative expenses up by 17%

20

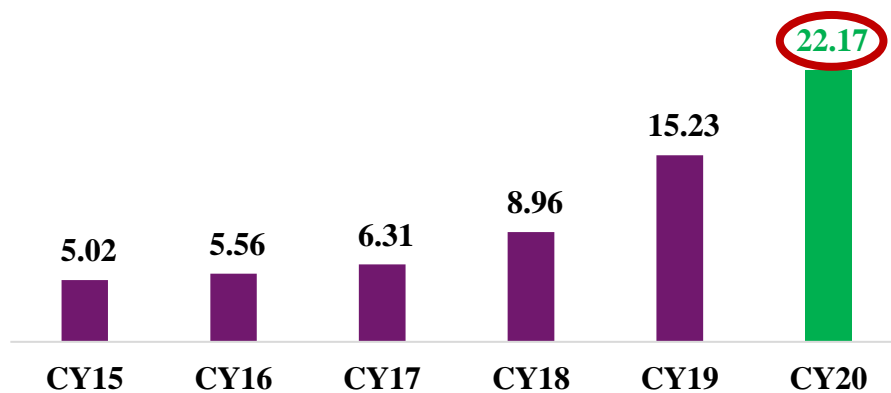
- **Operating Expenses - Rs 29.8 bn** vs Rs 25.5 bn in CY19 (17% up) due to full year impact of **100 new branches** opened in CY19 and partial impact of **55 new branches** of CY20;
- **Income efficiency ratio: 40%** vs 46% in CY19 – improved by **6%**;
- **No of New Branches: 55** new branches in **CY20** reaching **815** vs 760 in CY19 (**248 cities** vs 242 cities);

Branch Network – in 248 cities

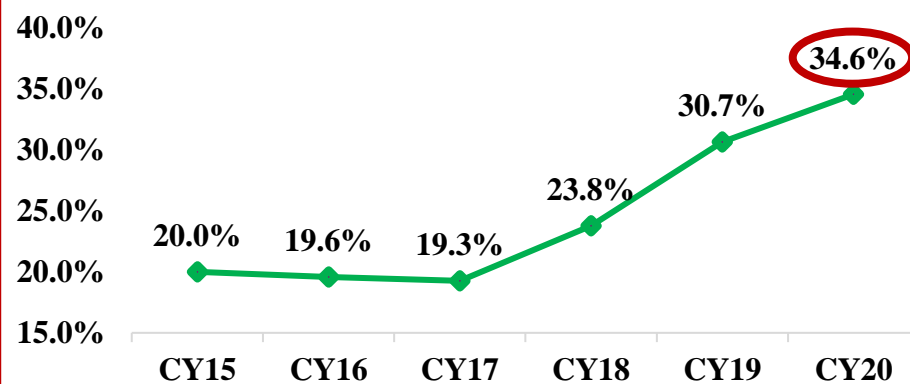


Profit After Tax & Key Ratios At a Glance

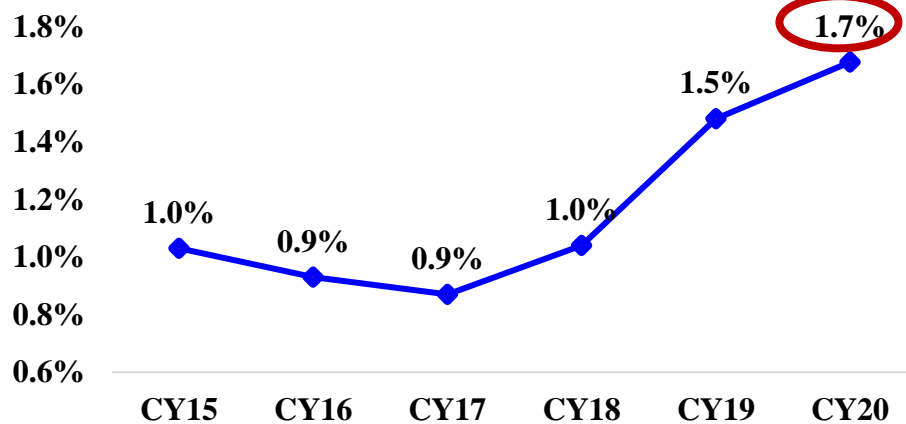
PROFIT AFTER TAX - Rs in bn



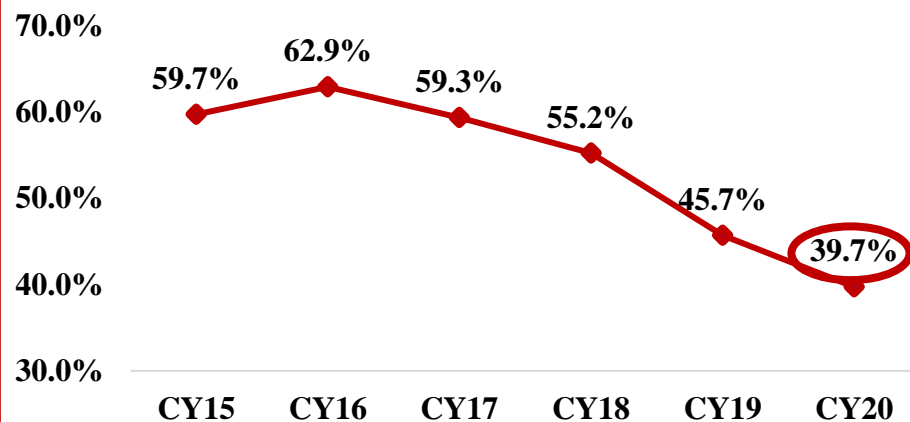
ROE - %



ROA - %



Income Efficiency Ratio - %



Top Rated Mobile App in Industry & Digital Transactions Growth

Meezan Mobile App is Rated as Top App on Google Play & Apple App Store



Play Store
Alternatives

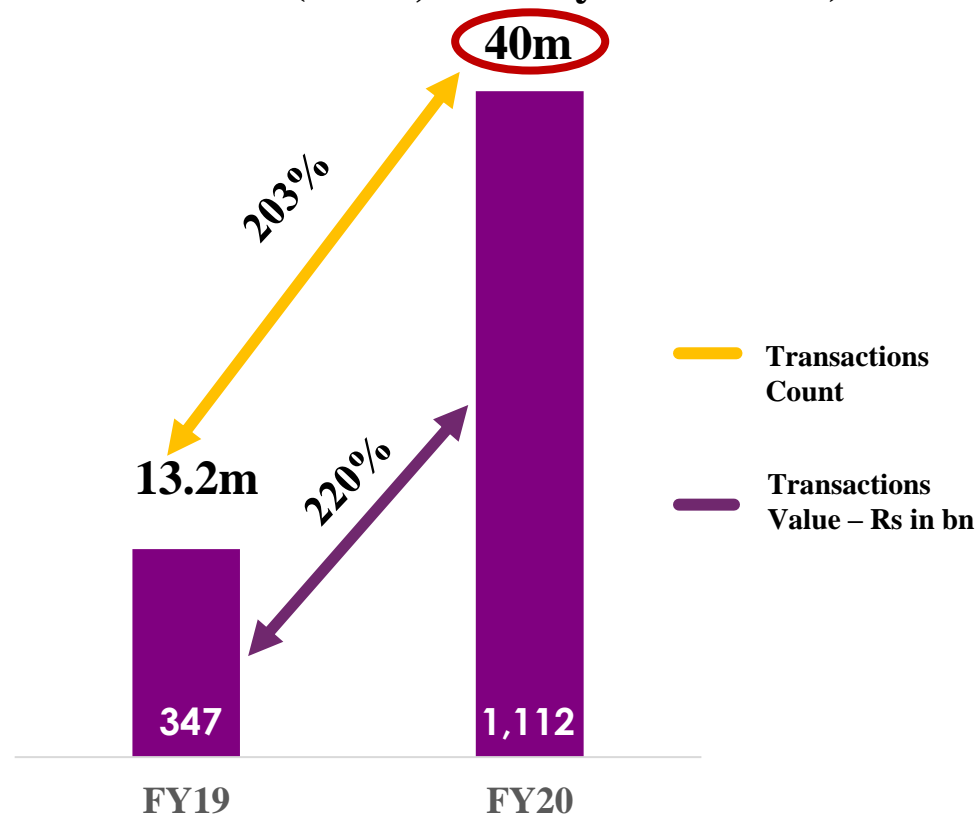
4.9



Apple Store

4.9

Mobile App & Internet Banking Financial Transactions (IBFT, Bill Payment & FT)



Three important Digital Transformation initiatives in implementation phase



Data Analytics platform from IBM will serve the reporting needs and perform Predictive and Prescriptive analysis on data to perform Customer Churn Analysis, Identify Customer's Next Best Action, etc.

**Data Analytics
solution**



Oracle Banking Digital Experience (OBDX) will simplify on-boarding process, reduce operational cost with increased efficiency. It will enable the Bank to deploy new digital assets by quickly launching new capabilities.

**Digital Banking
platform**



SmartVista from BPC Business Technologies has the complete set of features to address almost every area of payment landscape i.e. ATM Switch, POS, Issuing, Acquiring, eCommerce etc.

**Digital Payments
platform**

CY20 Results – Deposit grew by 35% (Unconsolidated)

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Rs in mn

Balance Sheet	CY20	CY19	Growth % - vs CY19
Investments	434,208	225,646	92%
Due from FIs	342,069	223,689	53%
Islamic Financing and related assets	512,532	493,775	4%
Cash and Bank Balance	155,689	107,566	45%
Others	77,062	70,582	9%
Total Assets	1,521,560	1,121,258	36%
Deposits	1,254,431	932,579	35%
Due to FIs	94,501	42,047	125%
Sub-ordinated Sukuk	18,000	14,000	29%
Others	85,473	73,617	16%
Total Liabilities	1,452,405	1,062,243	37%
Net Assets	69,155	59,015	17%
Paid-up Capital	14,147	12,861	10%
Reserves / Retained Profit	49,446	36,753	35%
Revaluation Surplus	5,562	9,401	(41%)
Total Equity	69,155	59,015	17%

CY20 Results – 46% Growth in Profitability (Unconsolidated)

Rs in mn

Profit & Loss Account	CY20	CY19	Growth %
Net spread earned	64,849	46,539	39%
Fee and commission and other income	6,611	6,713	(2%)
Foreign exchange income	2,154	2,684	(20%)
Dividend income and capital gain / (loss)	1,307	(77)	(1,797%)
Operating income	74,921	55,859	34%
Operating expenses and other charges	(29,775)	(25,522)	17%
Profit before provisions	45,146	30,337	49%
Provision against NPLs - net (Specific: Rs 7.3 bn & General: Rs 1 bn)	(8,341)	(3,073)	171%
Reversal / (Provision) against investments and others	131	(1,113)	(112%)
Total provisions	(8,210)	(4,186)	96%
Profit before tax	36,936	26,151	41%
Taxation - Current and Deferred	(13,149)	(9,249)	42%
Taxation - Super Tax	(1,621)	(1,670)	(3%)
	(14,770)	(10,919)	35%
Profit after tax	22,166	15,232	46%
Earnings per share – on enhanced share capital of Rs 14.15 billion	15.67	10.77	46%
Number of branches	815	760	7%

Profit and Loss – Q4' 2020 Vs Q3' 2020 (Unconsolidated)

Rs in mn

Profit & Loss Account	Q4'20	Q3'20	Growth %
Policy Rate	7.00%	7.00%	
Return on financings, investments and placements	23,277	25,483	(9%)
Return on deposits and other dues expensed	(8,183)	(8,083)	1%
Net spread earned	15,094	17,400	(13%)
Non funded income	2,907	2,140	36%
Operating income	18,001	19,540	(8%)
Operating expenses and other charges	(7,108)	(7,775)	(9%)
Profit before provisions	10,893	11,765	(7%)
Total provisions	(4,022)	(1,091)	269%
Profit before tax	6,871	10,674	(36%)
Taxation	(2,784)	(4,272)	(35%)
Profit after tax	4,087	6,402	(36%)
Earnings per share – on enhanced share capital of Rs 14.15 billion	2.89	4.53	(36%)

Consolidated Balance Sheet - Total Assets Grew by 36%

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Rs in mn

Balance Sheet	CY20	CY19	Growth %
Investments	438,796	229,667	91
Due from FIs	342,069	223,689	53
Islamic Financing and related assets	512,532	493,775	4
Cash and Bank Balance	155,722	107,609	45
Fixed Assets and Other Assets	77,442	71,375	9
Total Assets	1,526,561	1,126,115	36
Deposits	1,254,412	932,569	35
Due to FIs	94,501	42,047	125
Sub-ordinated Sukuk	18,000	14,000	29
Others	86,417	74,718	16
Total Liabilities	1,453,330	1,063,334	37
Paid-up Capital	14,147	12,861	10
Reserves / Retained Profit	52,257	39,349	33
Revaluation Surplus	5,562	9,401	(41)
Total Equity	71,966	61,611	17
Non Controlling Interest	1,265	1,170	8
	73,231	62,781	17

Consolidated Profit After Tax Grew by 44% of Rs 22.39 Billion

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Rs in mn

Profit & Loss account	CY20	CY19	Growth %
PSX - 100 Index	43,755	40,735	7
Net spread earned	64,829	46,533	39
Fee, commission and other income	7,912	7,962	(1)
Income from dealing in foreign currencies	2,154	2,684	(20)
Dividend income and capital gain / (loss)	995	(153)	750
Fee, commission, forex & other income	11,061	10,493	5
GROSS BANKING INCOME	75,890	57,026	33
Operating expenses, WWF & other charges	(30,258)	(26,165)	16
	45,632	30,861	48
Share of result of associates before taxation	368	302	22
PROFIT BEFORE PROVISIONS	46,000	31,163	48
Total provisions - net	(8,210)	(4,186)	96
PROFIT BEFORE TAX	37,790	26,977	40
Taxation	(15,115)	(11,198)	35
PROFIT AFTER TAX	22,675	15,779	44
Non Controlling Interest	(278)	(195)	43
PROFIT AFTER TAX AND NON CONTROLLING INTEREST	22,397	15,584	44
EPS - on enhanced share capital of Rs 14.15 bn - Rs.	15.83	11.02	44

Performance Over Last 6 years



Key Ratios: CY15 – CY20

Key Ratios - %	CY15	CY16	CY17	CY18	CY19	CY20
Policy rate	9.50% - 6.00%	6.00% - 5.75%	5.75%	5.75% - 10.00%	10.00% - 13.25%	13.25%-7.00%
Income Efficiency Ratio	59.7	62.9	59.3	55.2	45.7	39.7
Branches opened	123	20	30	59	100	55
Total no of branches	551	571	601	660	760	815
Book value per share	18.6	21.5	24.8	28.5	41.7	48.9
Earnings Per Share	3.6	3.9	4.5	6.3	10.8	15.7
NPL/Gross Loans	3.3	2.1	1.5	1.3	1.8	2.8
NPL Coverage (Total)	116	118	133	139	142	128
Advances/ Deposits (ADR)	44	56	63	65	53	41
Investment/Deposits (IDR)	31	23	18	16	24	35
CASA Ratio	72	75	75	73	74	76
Capital Adequacy Ratio (CAR)	11.0	12.9	12.9	14.5	16.6	17.8
Tier I CAR	10.2	9.4	9.9	12.0	12.9	13.6
ROE	20.0	19.6	19.3	23.8	30.7	34.6
ROA	1.0	0.9	0.9	1.0	1.5	1.7

Unconsolidated Balance Sheet: CY15 – CY20

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Rs in mn

Balance Sheet	CY15	CY16	CY17	CY18	CY19	CY20
Cash and Bank Balance	54,861	68,058	69,452	73,277	107,566	155,689
Due from FIs	101,079	129,115	147,229	184,815	223,689	342,069
Investments	146,305	130,156	119,238	123,743	225,646	434,208
Islamic Financing and related assets	207,569	311,530	420,029	512,564	493,775	512,532
Fixed and Intangible Assets	8,057	8,925	11,876	13,754	24,065	24,648
Other Assets	17,993	14,271	20,984	29,762	46,517	52,414
Total Assets	535,864	662,055	788,808	937,915	1,121,258	1,521,560
Bills Payable	10,100	13,757	17,175	23,751	17,187	26,494
Due to FIs	13,610	32,006	36,813	36,408	42,047	94,501
Deposits	468,281	559,398	667,181	785,477	932,579	1,254,431
Sub-ordinated Sukuk	-	7,000	7,000	14,000	14,000	18,000
Other Liabilities	17,526	19,420	25,562	37,946	56,430	58,979
Total Liabilities	509,517	631,581	753,731	897,582	1,062,243	1,452,405
Net Assets	26,347	30,474	35,077	40,333	59,015	69,155
Paid-up Capital	10,027	10,027	10,629	11,692	12,861	14,147
Reserves/Retained Profit	15,530	18,122	23,709	28,687	36,753	49,446
Revaluation Surplus / (Deficit)	790	2,325	739	(46)	9,401	5,562
Total Equity	26,347	30,474	35,077	40,333	59,015	69,155

Unconsolidated Profit And Loss Account: CY15 – CY20

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Rs in mn

P&L Statement	CY15	CY16	CY17	CY18	CY19	CY20
Policy rate	9.50% - 6.00%	6.00% - 5.75%	5.75%	5.75% - 10.00%	10.00% - 13.25%	13.25%-7.00%
Policy rate - Average	7.13%	5.85%	5.75%	7.10%	11.99%	8.95%
Profit / return earned	32,893	31,027	36,427	48,625	94,270	106,589
Profit on deposits & others	(15,181)	(13,239)	(15,684)	(20,457)	(47,731)	(41,740)
Net Spread earned	17,712	17,788	20,743	28,168	46,539	64,849
Other income	4,588	5,724	7,624	7,462	9,320	10,072
Total Revenue	22,300	23,512	28,367	35,630	55,859	74,921
Operating Expense	(13,313)	(14,787)	(16,832)	(19,670)	(25,522)	(29,775)
Profit Before Provisions	8,987	8,725	11,535	15,960	30,337	45,146
Total (provisions) / reversals	(535)	218	(1,283)	(1,168)	(4,186)	(8,210)
Profit Before Provisions	8,452	8,943	10,252	14,792	26,151	36,936
Taxation	(3,429)	(3,381)	(3,939)	(5,830)	(10,919)	(14,770)
Profit After Tax	5,023	5,562	6,313	8,962	15,232	22,166
YoY Growth	10%	11%	14%	42%	70%	46%
Earnings per share - on enhanced share capital of Rs 14.15 bn - Rs.	3.55	3.93	4.46	6.33	10.77	15.67
Dividend per share - Rs	30%(C)	30%(C)	30%(C)	35%(C) & 10%(B)	50%(C) & 10%(B)	60%(C) & 10%(B)

Meezan Bank: Performance of Subsidiary - Al Meezan Investments Management Limited

- ✓ Longest track record of over 25 years;
- ✓ One of the largest investor base of 130,568 investors
- ✓ Manages the largest open-end Shariah Compliant Equity Fund & Voluntary Pension Fund (VPS)
- ✓ Developed the first Shariah Compliant Index (KMI-30) in collaboration with KSE (now PSX)
- ✓ Launched the first Shariah Compliant Exchange Traded Fund – Meezan Pakistan Exchange Traded Fund (Ticker: MZNP-ETF)

	Dec 2020	Dec 2019	Δ %
AUMs discretionary portfolio – Rs Bn	176	135	30%
Funds –Incl. plans (No.)	30	29	3%
Branches (No.)	27	25	8%



Q & A Session:

Mr. Ariful Islam
Deputy CEO



Thank You