



MCB Bank Limited

FULL YEAR 2008 RESULTS PRESENTATION

5th March 2009



2008 Financial Highlights

PKR mm	Consolidated			Unconsolidated		
	O (U) PKR		O (U) %	O (U) PKR		O (U) %
	2008	2007	2007	2008	2007	2007
Net mark-up interest income	28,457	4,524	19%	28,483	4,562	19%
Non-interest income	5,930	(584)	(9%)	5,791	(657)	(10%)
Total Revenue	34,386	3,939	13%	34,275	3,905	13%
Profit before Tax	21,887	(640)	(3%)	21,868	560	3%
Net Income	15,323	(1,118)	(7%)	15,375	109	1%
EPS	24.4	(2)	(7%)	24.5	0.2	1%
Advances (gross)	273,221	43,489	19%			
Market Share (Actual)	8.7%	8.7%				
Deposits	330,245	38,157	13%			
Market Share (Actual)	8.7%	8.2%				
Equity (including Reval)	60,132	2,585	4%			
		<i>Actual .</i>				
ROE (1)	30%	39%				
ROA (2)	3.6%	4.3%				
NIM (3)	8.4%	8.2%				

(1) ROAE = Net income / Average shareholder funds over period. Shareholder funds exclude revaluation reserve

(2) ROAA = Net income / Average assets over period

(3) NIM = Net interest income + capital markets income + dividend income / average earning assets over period
(balance with other banks + lending to FI + investments + advances)

(1) System

Dec 08 = 27th Dec 08

Dec 07 = 29th Dec 07



MCB Business Performance & Key Events

2008



New branch sales model:
Over 400 PBA / DSCs
inducted
Consumer 40 branches
Commercial 56 branches

**Mobile banking – SMS
alerts, e-statements**

**COSO framework
compliance
implementation**

**First domestic bank in
Pakistan to obtain ICFR
certification by auditor**



**Best Bank in Asia
Award (July)**



**Trade Products
Division Launched in
June**

**Centralization of
inward, outward
clearing and bulk
remittances**

**Strengthening of Agri
Division and hiring of
Agricultural Marketing
Officers (AMOs) in
2H08**



Launched in Aug



**Business cooperation
with Maybank**



**Mini MCB:
Electronic lobbies / van
– ATM, virtual and
phone banking**



PRIVILEGE

**Launched in Nov
Karachi, Lahore, Islamabad**



**Core banking system
installed in 750+ branches
by Dec – whole network by 1H08**



Oracle GL implemented in Dec



**Business Continuity
Planning tested
throughout year for
mission critical
functions**



REVIEW OF 2008 FINANCIALS



2008 - Consolidated Income Statement

PKR mm	O (U) PKR		O (U) %
	2008	2007	2007
Mark-up Interest Earned	40,050	8,258	26%
Mark-up Interest Expensed	11,593	3,734	48%
Net mark-up / interest income	28,457	4,524	19%
Non mark-up / interest income	5,930	(584)	(9%)
Total revenue	34,386	3,939	13%
Total Provisions	4,019	954	31%
Provisions against loans and advances	1,335	(1,624)	(55%)
Provision for impairment of investments	2,684	2,579	N/A
Non-interest expense excluding PF Reversal	13,911	2,062	17%
PF Reversal	5,399	(370)	(6%)
Profit from associates	31	1,193	(97%)
Profit before tax	21,887	(640)	(3%)
Profit before tax excluding PF Reversal and Associate Income	16,457	923	6%
Taxation	6,564	479	8%
Net income	15,323	(1,118)	(7%)
EPS	24.4	(2)	(7%)
Effective tax rate	30%	27%	



Non Interest Income

Fee, Brokerage and Commission Income		O (U) PKR	O (U) %
PKR Mm	<u>FY08</u>	<u>FY07</u>	<u>FY07</u>
ATM/ Debit Card/ Visa	538	149	38%
Utility Bill	220	(23)	(9%)
Cash Management	189	58	45%
Commission on bill/ LC/ Gaurantee	857	89	12%
Commission on DD/ TT/ MT	194	(71)	(27%)
<u>Others</u>	<u>881</u>	<u>(97)</u>	<u>(10%)</u>
Total Fee, Brokerage & Commission Income	<u>2,879</u>	<u>106</u>	<u>4%</u>

Non Interest Income		O (U) PKR	O (U) %
PKR Mm	<u>FY08</u>	<u>FY07</u>	<u>FY07</u>
Fee, commission and brokerage income	2,879	106	4%
Dividend income	451	(85)	(16%)
Income from dealing in foreign currencies	728	34	5%
Gain on sale of securities - net	748	(759)	(50%)
<u>Other income</u>	<u>1,124</u>	<u>119</u>	<u>12%</u>
Non Interest Income	<u>5,930</u>	<u>(584)</u>	<u>(9%)</u>

Note: Others include Incidental charges, arrangement/ advisory fee, consumer finance, miscellaneous and difference of consolidated and unconsolidated Fee income



2008 Non Interest Expenses - Consolidated

PKR Mm	O (U) PKR		O (U) %
	FY08	FY07	FY07
Admin Expenses			
Salary allowances	6,680	871	15%
PF reversal	(5,399)	370	(6%)
Defined Plan and Provident Contribution	208	(210)	-50%
Rents, taxes, utilities	1,045	201	24%
Communications	850	193	29%
Repair & maintenance	510	133	35%
Cash transportation charges	399	37	10%
Depreciation	823	219	36%
Amortisation	143	(49)	(25%)
Travelling and fuel	621	300	93%
Other	1,700	73	5%
Sub-total	7,580	2,140	39%
Sub-total excl. PF	12,980	1,770	16%
Other Charges			
SBP penalties	300	(113)	(27%)
WWF	437	437	N.M
Others	184	(46)	(20%)
Sub-total	921	278	43%
Other	10	14	(370%)
Total Non-Interest Expenses	8,511	2,432	40%
Total Non - Interest Expenses without PF Reversal	13,911	2,062	17%

Note: Car monetization cost of 290M in 08. against 141M in 07.



Deposit Base

PKR Bn	% Total			O (U) PKR		O (U) %	
	Dec-08	Dec-08	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07
Customers							
Fixed deposits	62	19%	11%	29			92%
Savings deposits	151	46%	52%	-1			0%
Current deposits	105	32%	33%	9			10%
Margin	3	1%	1%	1			21%
Other	0	0%	0%	0			(87%)
	321	97%	97%	39			14%
Financial Institutions							
Remunerative	5	2%	3%	-4			(44%)
Non-remunerative	4	1%	0%	3			619%
Total Deposits	330	100%	100%	38			13%
CASA	269	81%	89%				

System Growth (29th Dec 07 - 27th Dec 08) = 7%



Loan Portfolio

PKR Bn	Dec 08		O (U) PKR	O (U) %
	<u>Dec 08</u>	<u>% of Total</u>	<u>Dec 07</u>	<u>Dec 07</u>
Corporate	149	54%	47	46%
Commercial	80	29%	(6)	(7%)
Consumer	30	11%	-	0%
Islamic	5	2%	-	0%
Other	10	4%	3	43%
Gross advances	273	100%	44	19%
ADR (gross) %	83%		79%	
ADR (net) %	79%		75%	

System Growth (29th Dec 07 - 27th Dec 08) = 18%

ADR = Gross Advances divided by Deposits



Loan Portfolio By Sector

		O (U) PKR	O (U) %	% Total
	<u>Dec 08</u>	<u>Dec 07</u>	<u>Dec 07</u>	<u>Dec 08</u>
Advances				
Financial	10,491	(4,879)	-32%	4%
Power / utilities	48,481	33,643	227%	18%
Textiles	35,241	(501)	-1%	13%
Transport, storage and communication	33,182	21,812	192%	12%
Chemicals and pharma	13,931	5,870	73%	5%
Cement	4,986	(324)	-6%	2%
Sugar	6,490	554	9%	2%
Wholesale and retail	24,868	2,029	9%	9%
Export/imports	0	(184)	-100%	0%
Individuals	32,721	866	3%	12%
<u>Other</u>	<u>62,830</u>	<u>(15,398)</u>	<u>-20%</u>	<u>23%</u>
Total	273,221	43,489	19%	100%



Asset Quality

PKR mm			O (U) PKR	O (U) %
	<u>Dec 08</u>	<u>Dec 07</u>	<u>Dec 07</u>	<u>Dec 07</u>
Gross loans	273,221	229,732	43,489	19%
NPL	18,269	10,725	7,544	70%
Total provision s	10,712	10,772	(60)	(1%)
NPL: Loans	6.69%	4.67%		
Provisions: NPLs	58.6%	100.4%		



Provisions

PKR Mn	2008
Specific Provisioning o/b	7,327
Specific Provision charge to P&L	1,488
General Provision transferred to Specific Provisions (1)	2,477
Specific Provisions charge	3,965
Amounts written off	(1,600)
Exchange adjustments	204
Specific Provision c/b	9,896
Total provisions o/b	10,772
Total Provision c/b	10,712

(1) In 2008, management revised the estimate relating to General Provisions against unidentified losses to c.0.1% of advances (gross) from 1% as the bank does not utilize FSV benefit in its provisioning policy. The estimate of providing 1% provision was made when FSV benefit was in place and unidentified losses were not properly covered through provisions



Asset Quality By Sector

PKR Mm	<u>Non Performing Advances</u>	<u>NPL O (U)</u>	<u>Specific Provision Coverage</u>
	<u>Dec 2008</u>	<u>PKR</u>	<u>Dec 2008</u>
Financial	2,094	2,041	6%
Power / utilities	4	2	86%
Textiles	2,921	1,642	79%
Transport, storage, comm.	73	38	82%
Chemicals and pharma	118	96	51%
Cement	0	(0)	100%
Sugar	388	367	35%
Wholesale and retail	3,147	(1,676)	69%
Export/imports	318	(36)	91%
Individuals	1,444	661	51%
Other	7,760	4,408	52%
Total	18,269	7,544	54%



Capital Strength

	<u>Dec-08</u>	<u>Dec-07</u>
Total assets	445,286	412,901
Tier 1 Capital	52,493	45,067
Tier 2 Capital	580	6,371
Risk weighted assets	330,372	308,170
Tier 1 Capital Ratio	15.9%	14.6%
Total Capital Adequacy	16.1%	16.7%



Outlook For 2009

- Spreads
 - Interest rate environment
 - Credit spreads
 - Cost of deposits
 - Banking liquidity
- NPLs and provisioning
- Opex and Capex
- Deposit market
- Lending/ Advances



**Thank you
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Question & Answer Session**