

Investors Presentation

Results for the nine months ended
SEPTEMBER 30, 2010



Presented by:

Investor Relations, MCB Bank Limited



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Please Note

Certain prior period financial numbers have been restated to conform to current period results presentation

All numbers are presented on the basis of consolidated financial results basis, unless stated otherwise

The figures are presented in millions, rounded, and as percentages, unless otherwise mentioned in '000s, billions and bps.

Balance Sheet Highlights

- **Total Assets of the Group rose by Rs. 30 billion from YE09, standing at Rs. 542 billion as of Sep 30, 2010**
 - Investments of Rs. 210 billion registered significant increase of 24% from YE09.
 - Net Advances of the Group decreased by 10% over YE 09.
 - NPLs witnessed a controlled growth with a 3% rise from YE09. While, on a quarterly basis a decrease of 1% was observed.
- **Total Liabilities of the Group rose by 6% to Rs. 464 billion**
 - Deposits presented a robust increase of 15% from YE09 touching Rs. 422 billion
 - Current and Saving deposits increased by 17% and 10%
 - CASA represented 82% of the total deposits
 - Term deposits increased by 25%
 - Borrowings drastically decreased by 69% to only Rs. 14 billion

Main Ratios

ADR works out to 58.5%

Book value per share stands at Rs. 91.0

NPLs to Gross Advances comes to 9.7%

Provision (specific) to NPLs results in 74%

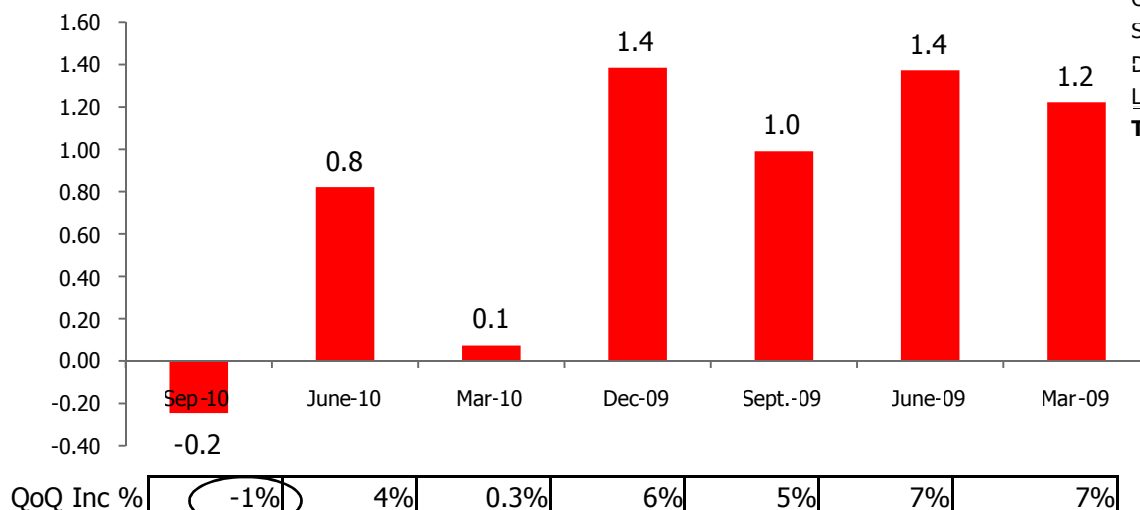
Balance Sheet

	Consolidated					Unconsolidated			
	9M 10	Mix	YE 09	Mix	%	9M 10	YE 09	%	
Cash & Balances with T.Banks	43,851	8%	38,775	8%	13%	43,851	38,775	13%	
Balances with other Banks	2,703	0.5%	6,077	1%	-56%	2,619	6,010	-56%	
Lendings to Financial Institutions	9,865	2%	3,000	1%	229%	9,865	3,000	229%	Assets +6%
Investments	210,091	39%	169,485	33%	24%	207,794	167,134	24%	
Advances - Net	228,576	42%	253,248	49%	-10%	228,577	253,249	-10%	
Operating Fixed Assets	18,398	3%	18,099	4%	2%	18,298	18,015	2%	
Other Assets	28,553	5%	23,058	5%	24%	28,481	23,040	24%	Liabilities+6%
Bills Payable	8,844	2%	8,201	2%	8%	8,844	8,201	8%	
Borrowings from F.I	14,052	3%	44,662	10%	-69%	14,052	44,662	-69%	
Deposits	422,220	91%	367,581	84%	15%	422,272	367,605	15%	Equity +10%
DTL	4,005	1%	3,202	1%	25%	3,988	3,197	25%	Net Assets +8%
Other Liabilities	15,015	3%	15,783	4%	-5%	15,015	15,819	-5%	
ROA ¹	3.18%		3.27%			3.18%	3.25%		
ROE ²	25.30%		26.72%			26.00%	27.35%		
Deposits	422,220		367,581		+15%	422,272	367,605		
Market Share	9.1%		8.5%						
Advances	246,886		269,721		-8%	246,887	269,722		
Market Share	7.5%		8.2%						
ADR (gross)	58.47%		73.38%			58.47%	73.37%		
Industry Deposits	4,644,386		4,325,139						
Industry Advances	3,286,046		3,271,977						

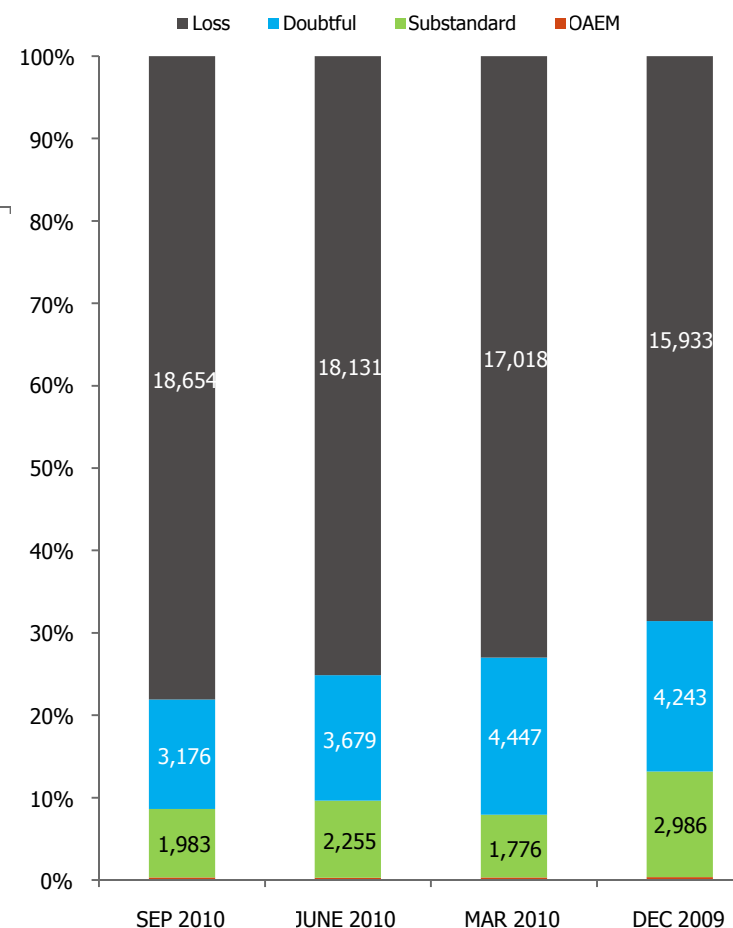
Asset Quality / NPL Concentration

SEP 2010	JUNE 2010	MAR 2010	DEC 2009
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QoQ Increase in NPLs (Blns)



OAEM	74	69	71	77
Substandard	1,983	2,255	1,776	2,986
Doubtful	3,176	3,679	4,447	4,243
Loss	18,654	18,131	17,018	15,933
Total NPLs	23,888	24,134	23,312	23,239



Category wise Concentration of NPLs

	SEP 2010	JUNE 2010	MAR 2010	DEC 2009
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OAEM	0.3%	0.3%	0.3%	0.3%
Substandard	8.3%	9.3%	7.6%	12.8%
Doubtful	13.3%	15.2%	19.1%	18.3%
Loss	78.1%	75.1%	73.0%	68.6%

Investments – Major concentration in Risk-Free Govt. Securities

	Sep 2010	Dec 2009	+/-	%	June 2010	+/-	%
Treasury Bills	186,318	142,957	43,361	30%	154,079	32,239	21%
Pakistan Investment Bonds	6,952	7,699	(747)	-10%	7,566	(614)	-8%
TFCs, Debentures, Bonds COIs and PTCs	5,178	6,082	(905)	-15%	5,163	15	0%
Other Government Securities	2,204	1,143	1,061	93%	4,422	(2,218)	-50%
Shares in Listed and Unlisted Co.s	7,545	8,416	(870)	-10%	8,537	(991)	-12%
Sukook Bonds	1,869	3,154	(1,285)	-41%	1,932	(63)	-3%
Subsidiaries & Associated Undertakings	3,387	3,403	(16)	0%	3,427	(40)	-1%
Gross Investments	213,453	172,855	40,598	23%	185,126	28,327	15%
Prov. for diminution in value of investments	(3,150)	(3,687)	(537)	15%	(3,485)	(335)	10%
Surplus /(Deficit) on revaluation of securities	(212)	317	(528)	-167%	199	(411)	-206%
Net Investments	210,091	169,485	40,607	24%	181,840	28,251	16%

Deposits – Increase of 15%

	9M 10	YE 09	+/-	%	1H 10	+/-	%
Current deposits	150	129	22	17%	148	2	2%
Savings deposits	194	176	18	10%	196	(2)	-1%
Fixed/Term Deposits	78	63	15	25%	75	3	4%
Deposits	422	368	55	15%	419	3	1%
Industry Deposits (domestic)	4,644	4,325	319	7%	4,661	-17	-0.4%
Share	9.1%	8.5%			9.0%		

Volume Mix – CASA at 82%

	2010						2009			
	Q3 2010		Q2 2010		Q1 2010		Q4 09		Q3 09	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
Deposits	422		419		392		368		362	
Current deposits	150	36%	148	35%	135	35%	129	35%	130	36%
Savings deposits	194	46%	196	47%	191	49%	176	48%	173	48%
Term Deposits	78	18%	75	18%	66	17%	63	17%	58	16%
CASA	344	82%	344	82%	326	83%	305	83%	304	84%

Profit and loss Highlights

- **PBT and PAT increased by 6% and 1% respectively**
- NIM rose by 1%
 - Markup income increased to Rs. 40 billion with an increase of 5%
 - Markup expense rose to Rs. 13 billion, by 14%
 - Increase is attributable to significant rise of 10% and 25% in saving and term deposits respectively
- Non-markup income increased by Rs. 4 billion (19%) over previous year
 - Fee and commission rose to Rs. 3 billion, increasing by 17% over corresponding period last year
 - Income from dealing in FC also contributed an increase of Rs. 211 million
- Operating expenses block increased by Rs. 2.4 billion, an increase of 30%
 - Administrative expenses posted an increase of 31%, while excluding the impact of pension fund reversal, the same increased by 15%
 - The increase is justified owing to the inflationary pressures, higher cost of insurance and rents, additional repair and maintenance costs and higher security and transportation charges
- Provision charge of the group decreased by a significant 3 billion, owing mainly to risk averse lending strategies adopted

Main Ratios:

EPS comes to Rs. 22.01

ROE reported at 25.3%

ROA reported at 3.2%

Profit Statement – Key Highlights

	Consolidated			Unconsolidated		
	9M 10	9M 09	%	9M 10	9M 09	%
Interest Earned	40,247	38,294	5%	40,241	38,289	5%
Interest Expensed	(13,258)	(11,661)	14%	(13,260)	(11,662)	14%
NIM	26,989	26,633	1%	26,981	26,627	1%
Operating Income	4,753	3,992	19%	4,591	3,924	17%
Operating Expense	(10,381)	(7,962)	30%	(10,185)	(7,884)	29%
Pre-Tax Profit	21,361	22,663	-6%	21,387	22,667	-6%
Provisions	(2,025)	(5,014)	-60%	(2,025)	(5,014)	-60%
Taxation	(6,951)	(5,932)	17%	(6,866)	(5,848)	17%
Share of associate	165	735	-78%	-	-	N/A
Profit after tax and provisions	12,550	12,451	1%	12,497	11,805	6%
EPS	22.01	21.84		21.92	20.70	

Increase of 357M in NIM

- YoY increase of 1.95B in Interest Income;
 - On loans, inc of 2.9B
 - On Investments, inc of 4.7B
- Increase in Interest Expense by 1.6B YoY;
 - On deposits, inc of 1.3B
 - Securities under rep-agreement, inc of 115M
 - 79M inc in discount & commission

Admin Expenses posted an increase of 15%;

- Personnel cost +17%
- Rent +19%
- Insurance +24%
- Electricity & Gas +12%
- Rep & maint +30%
- Travelling & fuel +27%
- Instrument clearing +26%
- CTC -21%
- Communications -14%

Highest Quarterly PBT recorded in the history of the group

	Q3 - 2010	Q2 - 2010	Q1 - 2010	Q4 - 2009	Q3 - 2009	Q2 - 2009	Q1 - 2009
Mark-up Earned	13,847	13,297	13,103	13,328	12,441	12,868	12,984
Mark-up Expensed	(4,560)	(4,322)	(4,376)	(4,178)	(3,896)	(3,879)	(3,886)
Net Markup income	9,288	8,975	8,726	9,150	8,545	8,989	9,099
Operating income	1,682	1,603	1,468	1,762	1,182	1,117	1,693
Operating expense	(3,858)	(3,620)	(2,903)	(3,103)	(2,646)	(2,498)	(2,818)
Share of profit of associated undertaking	(9)	76	99	(534)	515	81	139
Profit before provision and tax	7,103	7,034	7,389	7,274	7,595	7,690	8,112
Provisions	25	(1,048)	(1,002)	(2,308)	(1,122)	(2,149)	(1,743)
Profit before tax	7,128	5,987	6,387	4,966	6,474	5,540	6,370
Taxation	(2,615)	(2,190)	(2,145)	(1,752)	(1,942)	(1,874)	(2,116)
Profit after tax	4,513	3,796	4,242	3,214	4,531	3,666	4,254
Share attributable to minority interest	1	1	(0)	0	(0)	(0)	(0)
Profit after tax and minority interest	4,513	3,797	4,242	3,214	4,531	3,666	4,254

Non-Interest Income – Considerable increase of 19%

	9M 10	9M 09	+/-	%	3Q 10	3Q 09	+/-	%
Fee, Commission & Brokerage Income	3,057	2,611	446	17%	982	929	54	6%
Income earned as trustee to various funds	17	13	4	34%	6	4	1	24%
Dividend Income	227	256	(29)	-11%	60	107	(48)	-44%
Income from dealing in foreign currency	475	264	211	80%	200	(15)	214	-1438%
Gain on sale of securities - net	345	265	80	30%	190	133	56	42%
Unrealized loss on revaluation of investments classified as held for trading	12	7	5	68%	(7)	(21)	14	-66%
Other Income	619	576	43	7%	252	45	207	455%
Total	4,753	3,992	761	19%	1,603	1,182	421	36%

Major increase due to commission from Banca amounting to +149M (120%)

MCB – how the bank is making the transition



- Upto 500 ATMs installed and fully operational
- One of the leading ATM network in Pakistan



Four centers in Karachi, Lahore, Islamabad & Multan.



New Branch sales / service model



- 92,000 customers; 2.2B worth transactions
- International recognition: GSMA nomination, The Banker finalist, TCG case study



- Business cooperation
- 20% stake in MCB

Only Bank offering utility and bills payments through ATMs, Virtual Baking, MCB Mobile and Call Center



profit of Rs. 80m in the first year

Restructured Consumer Lending

Market leading Cash Management



First Bank to be ICFR compliant



"Strongest Bank in Country 2010"



"Most Stable Bank in Pakistan"



• volume of 906m in 2009



"Best Bank Led Mobile Money Transfer Program"



- 52,700 Internet banking customers
- 18,400 transactions worth 256M recorded during June 2010



Oracle GL and Knowledge Manager implemented



Core banking system installed in all branches



"Best Corporate Report Award 2009"



"The Best Domestic Bank in Pakistan"



THANKYOU

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Limited

Q&A SESSION