



# Investors Briefing

*Presentation on Financial Performance  
of MCB BANK LIMITED (PAKISTAN)*

*Analysis as of September 2011*



**Presented by:**

*Hammad Khalid, Head 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 **unconsolidated** financial results basis, unless stated otherwise*

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

# Statement of Financial Position

	Standalone					Consolidated				
	9M 11		YE 10		%	9M 11	Mix	YE 10	Mix	%
Cash & Balances with T.Banks	44,375	6%	45,407	8%	-2%	44,375	6%	45,407	8%	-2%
Balances with other Banks	938	0.1%	1,479	0.3%	-37%	1,006	0.1%	1,552	0.3%	-35%
Lendings to Financial Institutions	35,690	5%	4,402	1%	711%	35,690	5%	4,402	1%	711%
Investments	309,398	45%	213,061	38%	45%	312,189	45%	215,748	38%	45%
Advances - Net	241,562	35%	254,552	45%	-5%	241,560	35%	254,565	45%	-5%
Operating Fixed Assets	21,176	3%	20,948	4%	1%	21,652	3%	21,062	4%	3%
Other Assets	32,385	5%	27,706	5%	17%	32,547	5%	27,746	5%	17%
<b>Total Assets</b>	<b>685,524</b>		<b>567,553</b>		<b>21%</b>	<b>689,019</b>		<b>570,482</b>		<b>21%</b>
Bills Payable	6,680	1%	10,266	2%	-35%	6,680	1%	10,266	2%	-35%
Borrowings from F.I	86,621	14%	25,685	5%	237%	86,621	14%	25,685	5%	237%
Deposits	482,938	81%	431,372	88%	12%	482,886	81%	431,295	88%	12%
DTL	5,918	1%	4,934	1%	20%	6,106	1%	5,147	1%	19%
Other Liabilities	15,748	3%	16,092	3%	-2%	15,799	3%	16,090	3%	-2%
<b>Total Liabilities</b>	<b>597,905</b>		<b>488,349</b>		<b>22%</b>	<b>598,093</b>		<b>488,483</b>		<b>22%</b>
<b>Net Assets</b>	<b>87,619</b>		<b>79,204</b>		<b>11%</b>	<b>90,926</b>		<b>81,999</b>		<b>11%</b>
ROA <sup>1</sup>	3.30%		3.13%			3.29%		3.12%		
ROE <sup>2</sup>	28.21%		25.91%			27.44%		25.10%		
<b>Deposits</b>	<b>482,938</b>		<b>431,372</b>			<b>482,886</b>		<b>431,295</b>		
Market Share	8.9%		8.4%							
<b>Advances (gross)</b>	<b>263,564</b>		<b>274,144</b>			<b>263,561</b>		<b>274,158</b>		
Market Share	7.7%		7.8%							
<b>ADR (gross)</b>	<b>54.58%</b>		<b>63.55%</b>			<b>54.58%</b>		<b>63.57%</b>		

1. Profit after tax/ Average Total Assets  
 2. Profit after tax/ Average Equity (excluding surplus on revaluation of assets – net of tax)

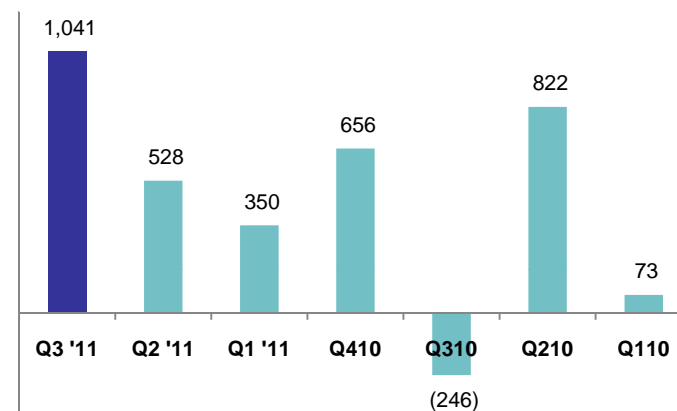
# Advances

	9M 11	YE 10	+ / -	%	9M 10	Var.	%
<b>Advances (gross)</b>	<b>264</b>	<b>274</b>	<b>(11)</b>	<b>-4%</b>	<b>247</b>	<b>17</b>	<b>7%</b>
Commercial	45	54	(10)	-18%	37	8	22%
Corporate	179	178	1	1%	168	11	6%
Consumer	13	16	(3)	-19%	17	(4)	-25%
Business Sarmaya	4	6	(1)	-26%	6	(1)	-27%
Islamic	5	4	2	46%	3	3	109%
Overseas	11	9	2	17%	9	2	17%
Others	6	7	(0.9)	-12%	7	(1)	-11%
					-		
MCB Advances (domestic)	252	265	(12)	-5%	237	15	6%
Industry Advances (domestic)	3,415	3,494	(79)	-2.3%	3,286	129	4%
<b>Market Share</b>	<b>7.4%</b>	<b>7.6%</b>					
Advances - Net	242	255	(13)	-5%	229	13	6%
Classified loans	26.5	24.5	1.92	8%	23.9	3	11%
<b>ADR (gross)</b>	<b>54.6%</b>	<b>63.6%</b>			<b>58.5%</b>		
<b>Infection Ratio</b>	<b>10.0%</b>	<b>9.0%</b>			<b>9.7%</b>		
<b>Provision to NPL</b>	<b>83.1%</b>	<b>79.8%</b>			<b>76.7%</b>		

# Non-Performing Loans

## Quarterly additions in NPLs

	Sep 11	June 11	Mar 11	Dec 10	Sep 10	June 10	Mar 10
<b>Total NPLs</b>	<b>26,463</b>	<b>25,422</b>	<b>24,894</b>	<b>24,544</b>	<b>23,888</b>	<b>24,134</b>	<b>23,312</b>
YTD - change	8%	3.6%	1.4%	5.6%	2.8%	3.9%	0.3%
QoQ	1,041	528	350	656	(246)	822	73
QoQ % variance	4%	2%	1%	3%	-1%	4%	
<b>OAEM</b>	<b>31</b>	<b>30</b>	<b>38</b>	<b>57</b>	<b>74</b>	<b>69</b>	<b>71</b>
YTD - change	-46%	-47%	-33%	-26%	-3%	-10%	-8%
QoQ	1	(8)	(19)	(17)	5	(2)	(6)
QoQ % variance	2%	-20%	-33%	-23%	7%	-3%	
<b>Substandard</b>	<b>1,886</b>	<b>552</b>	<b>1,356</b>	<b>1,540</b>	<b>1,983</b>	<b>2,255</b>	<b>1,776</b>
YTD - change	22%	-64%	-12%	-48%	-34%	-24%	-41%
QoQ	1,333	(804)	(183)	(444)	(271)	479	(1,210)
QoQ % variance	241%	-59%	-12%	-22%	-12%	27%	
<b>Doubtful</b>	<b>709</b>	<b>911</b>	<b>1,264</b>	<b>2,142</b>	<b>3,176</b>	<b>3,679</b>	<b>4,447</b>
YTD - change	-67%	-57%	-41%	-50%	-25%	-13%	5%
QoQ	(202)	(353)	(879)	(1,033)	(503)	(768)	204
QoQ % variance	-22%	-28%	-41%	-33%	-14%	-17%	
<b>Loss</b>	<b>23,838</b>	<b>23,928</b>	<b>22,236</b>	<b>20,805</b>	<b>18,654</b>	<b>18,131</b>	<b>17,018</b>
YTD - change	15%	15%	7%	31%	17%	14%	7%
QoQ	(90)	1,692	1,431	2,150	523	1,113	1,085
QoQ % variance	-0.4%	8%	7%	12%	3%	7%	



## Category wise concentration of NPLs

	Sep 11	Con.	Dec 10	Con.	+ / -
<b>OAEM</b>	<b>31</b>	<b>0.1%</b>	<b>57</b>	<b>0.2%</b>	<b>(26)</b>
<b>Substandard</b>	<b>1,886</b>	<b>7.1%</b>	<b>1,540</b>	<b>6.3%</b>	<b>346</b>
<b>Doubtful</b>	<b>709</b>	<b>2.7%</b>	<b>2,142</b>	<b>8.7%</b>	<b>(1,434)</b>
<b>Loss</b>	<b>23,838</b>	<b>90.1%</b>	<b>20,805</b>	<b>84.8%</b>	<b>3,033</b>
<b>Total</b>	<b>26,463</b>	<b>100%</b>	<b>24,544</b>	<b>100%</b>	<b>1,919</b>

# Investments



Rs. in Mlns

	9M 11	YE 10	+/-	%
Treasury Bills	275,468	189,111	86,357	46%
Pakistan Investment Bonds	11,436	6,936	4,500	65%
TFCs, Debentures, Bonds COIs and PTCs	5,962	5,772	190	3%
Other Government Securities	1,493	1,447	47	3%
Shares in Listed and Unlisted Co.s	12,081	7,393	4,689	63%
Sukook Bonds	3,344	3,528	(184)	-5%
Subsidiaries & Associated Undertakings	1,542	1,469	73	5%
<b>Gross Investments</b>	<b>311,327</b>	<b>215,655</b>	<b>95,671</b>	<b>44%</b>
Prov. for diminution in value of investments	(2,821)	(3,116)	295	-9%
Surplus /(Deficit) on revaluation of securities	893	522	371	71%
<b>Net Investments</b>	<b>309,398</b>	<b>213,061</b>	<b>96,337</b>	<b>45%</b>
Investments (net) to Total Assets	<b>45.13%</b>	37.54%		
T-Bills & PIBs to Total Investments (gross)	<b>88.48%</b>	87.69%		

# Deposits

	Q3 11		1H 11		Q1 11		Q4 10		Q3 10	
	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix	Volume	Mix
<b>Deposits</b>	<b>482,938</b>		<b>496,206</b>		<b>462,301</b>		<b>431,372</b>		<b>422,272</b>	
Current deposits	169,167	35%	181,364	37%	163,911	35%	151,155	35%	150,507	36%
Savings deposits	222,431	46%	224,266	45%	217,367	47%	200,143	46%	193,643	46%
Term Deposits	91,340	19%	90,575	18%	81,023	18%	80,074	19%	78,122	19%
<b>CASA</b>										
2011 - 2010	391,598	81%	405,631	82%	381,278	82%	351,298	81%	344,150	81%
<b>YoY</b>	<b>14%</b>		<b>18%</b>		<b>17%</b>		<b>15%</b>		<b>13%</b>	
<b>Variance</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>	<b>YoY</b>	<b>QoQ</b>
Current deposits	12%	-7%	23%	11%	21%	8%	17%	0%	15%	2%
Savings deposits	15%	-1%	14%	3%	14%	9%	14%	3%	12%	-1%
Term Deposits	17%	1%	20%	12%	23%	1%	28%	2%	34%	4%
<b>Total Deposits</b>	<b>14%</b>	<b>-3%</b>	<b>18%</b>	<b>7%</b>	<b>18%</b>	<b>7%</b>	<b>17%</b>	<b>2%</b>	<b>17%</b>	<b>1%</b>
<b>Market Share (Domestic)</b>										
Industry	5,418,431		5,599,098		5,083,754		5,124,308		4,644,386	
MCB	476,896		489,106		455,542		424,837		414,161	
<b>Share</b>	<b>8.80%</b>		<b>8.74%</b>		<b>8.96%</b>		<b>8.29%</b>		<b>8.92%</b>	

# Profit and Loss Summary



Rs. in Mlns

	Standalone			Consolidated		
	9M 11	9M 10	+/- %	9M 11	9M 10	+/- %
Mark-up Income	49,613	40,241	23%	49,658	40,247	23%
Mark-up Expense	16,691	13,260	26%	16,697	13,258	26%
<b>Net Mark-up Income</b>	<b>32,922</b>	<b>26,981</b>	<b>22%</b>	<b>32,961</b>	<b>26,989</b>	<b>22%</b>
Non Interest Income	6,077	4,591	32%	6,222	4,753	31%
<b>Total Revenues</b>	<b>38,999</b>	<b>31,572</b>	<b>24%</b>	<b>39,183</b>	<b>31,742</b>	<b>23%</b>
Non Mark-up Expense	12,101	10,185	19%	12,323	10,381	19%
<i>admin expenses</i>	12,955	11,469	13%	13,177	11,661	13%
<i>PF reversal</i>	(1,643)	(2,069)	-21%	(1,643)	(2,069)	-21%
<i>other charges</i>	788	785	0%	789	788	0%
<b>Profit before Provisions</b>	<b>26,898</b>	<b>21,387</b>	<b>26%</b>	<b>26,859</b>	<b>21,361</b>	<b>26%</b>
Provisions	2,734	2,025	35%	2,734	2,025	35%
<i>against Investments</i>	218	114	91%	218	114	91%
<i>against loans &amp; advances</i>	2,516	1,910	32%	2,516	1,910	32%
<b>Profit before Tax</b>	<b>24,165</b>	<b>19,363</b>	<b>25%</b>	<b>24,125</b>	<b>19,337</b>	<b>25%</b>
Share of Undertaking	-	-	-	139	165	-16%
Taxation	8,649	6,866	26%	8,734	6,951	26%
<b>Profit after Tax</b>	<b>15,515</b>	<b>12,497</b>	<b>24%</b>	<b>15,531</b>	<b>12,550</b>	<b>24%</b>



# Income Composition

## Markup Income and Expense = NIM

	9M 11	9M 10	+/-	%
<b>MARK-UP EARNED</b>	<b>49,613</b>	<b>40,241</b>	<b>9,372</b>	<b>23%</b>
On Loans and advances	25,641	24,597	1,044	4%
On investments	23,152	14,390	8,763	61%
On deposits with financial institutions	8	17	(9)	-54%
On securities purchased under resale agreements	587	995	(408)	-41%
On money at call	60	80	(20)	-25%
Others	165	162	3	2%
<b>MARK-UP EXPENSED</b>	<b>16,691</b>	<b>13,260</b>	<b>3,431</b>	<b>26%</b>
Deposits	14,534	11,550	2,984	26%
Securities under repurchase agreements	740	570	170	30%
Other short-term borrowings	902	661	241	37%
Discount, Commission and brokerage	429	413	16	4%
Others	85	65	20	31%
<b>NIM</b>	<b>32,922</b>	<b>26,981</b>	<b>5,941</b>	<b>22%</b>

## Non Markup Income

	9M 11	9M 10	+/-	%	
Fee, Commission & Brokerage		3,628	3,055	573	19%
Dividend Income		656	321	335	104%
Income from dealing in Foreign Currencies		730	475	255	54%
Capital Gains		666	327	339	104%
Other Income		397	412	(15)	-4%
<b>Total</b>		<b>6,077</b>	<b>4,591</b>	<b>1,486</b>	<b>32%</b>

# Administrative Expenses



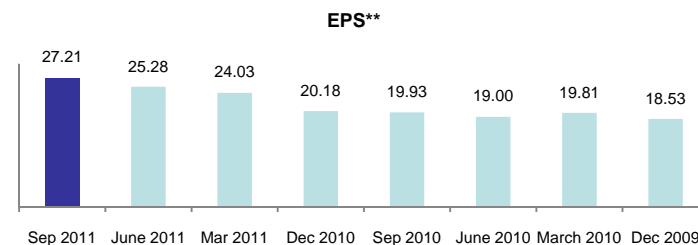
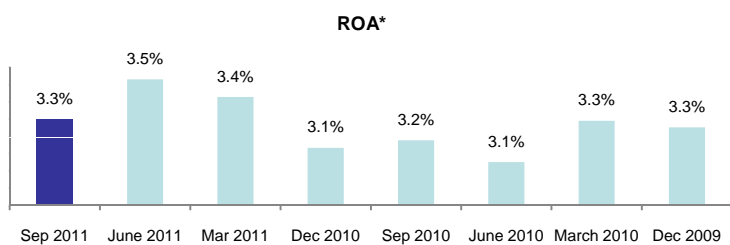
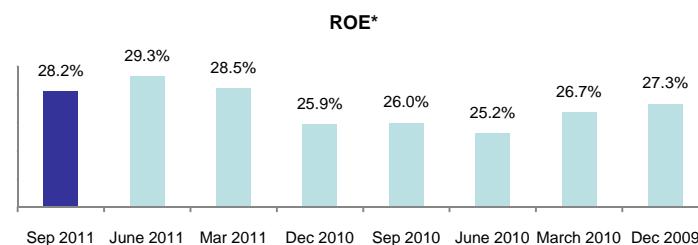
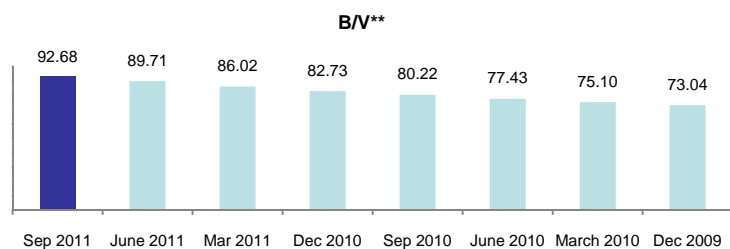
Rs. in Mlns

	September		Variance Last Year	
	2011	2010	Amount	%age
<b>Personnel expenses</b>				
Salaries and allowances	4,692	4,075	617	15%
Bonus	981	812	169	21%
Outsource staff costs	585	654	(69)	-11%
Contributions to defined contribution plan - provident fund	132	119	14	12%
Post retirement medical benefits	141	105	36	34%
Employees' contributory benevolent scheme	39	55	(16)	-28%
Employees' compensated absences	121	112	9	8%
	<b>6,691</b>	<b>5,932</b>	<b>759</b>	<b>13%</b>
<b>Other Administrative expenses</b>				
Rent, taxes, insurance, electricity	1,221	1,121	101	9%
Legal and professional charges	132	172	(40)	-23%
Communications	701	640	61	10%
Repairs and maintenance	640	448	191	43%
Stationery and printing	276	258	18.6	7.2%
Advertisement and publicity	216	149	67	45%
Auditors' remuneration	14	11	2	21%
Depreciation	818	742	76	10%
Amortization of intangible asset	173	114	59	52%
Travelling, conveyance and fuel	592	544	48	9%
Entertainment	71	51	20	40%
Training Expenses	33	49	(17)	-34%
Petty Capital items	42	46	(4)	-8%
Credit Card Related Expenses	67	87	(20)	-23%
Non-executive directors' fees	24	7	18	258%
Cash transportation charges	310	299	10	4%
Instrument clearing charges	152	125	27	21%
Subscription	21	23	(2)	-8%
Donations	1	15	(14)	-95%
Others	761	635	126	20%
Total other administrative expenses	<b>6,264</b>	<b>5,537</b>	<b>727</b>	<b>13%</b>
<b>Total Admin expenses without reversal of pension Fund</b>	<b>12,955</b>	<b>11,469</b>	<b>1,486</b>	<b>13%</b>

# Key Financial Ratios



	9M11	1H11	1Q11	YE10	9M10	1H10	1Q10	YE09
<b>ADR (gross)</b>	54.58%	56.79%	60.49%	63.55%	58.47%	62.82%	66.29%	73.37%
<b>Loan loss Provision to Advances (gross)</b>	8.35%	7.74%	7.36%	7.15%	7.42%	6.97%	6.68%	6.11%
<b>Infection ratio</b>	10.04%	9.02%	8.90%	8.95%	9.68%	9.16%	8.98%	8.62%
<b>Loan Loss Provision to NPLs</b>	83.14%	85.82%	82.71%	79.83%	76.65%	76.02%	74.36%	70.89%
<b>Investments to Total Assets</b>	45.13%	41.29%	41.38%	37.54%	38.52%	33.74%	31.56%	32.82%
<b>NIM/Avg Total Assets</b>	7.01%	7.42%	7.45%	6.84%	6.86%	6.80%	6.94%	7.51%
<b>Share Price (MCB scip, KSE, Rs.)</b>	173.3	199.3	207.5	228.5	188.3	194.2	209.0	219.7
<b>Market Capitalisation (bln)</b>	144.9	166.7	157.8	173.7	143.2	147.6	158.9	151.8



\*Annualised  
 \*\* Based on number of shares as at September 30, 2011

# Major Awards and Recognitions



**The Banker**  
GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

Ranked 606, 3<sup>rd</sup> highest among the local Top 5



"Most Stable Bank in Pakistan"



The Best Domestic Bank in Pakistan



Ranked among the Top 25 largest companies in Pakistan



Certificate of Merit for 2009 -Banking Sector subject to Prudential Supervision



## Awards and Recognition



Estd. 1951

"Best Corporate Report Award 2009"

### "Series of Awards Won"

**2009**

Asia Money – Best Domestic Bank in Pakistan  
The Asset - Best Domestic Bank in Pakistan

**2008**

EuroMoney – Best Bank In Asia  
Best Bank In Pakistan  
AsiaMoney – Best Domestic Bank In Pakistan

**2006**

EuroMoney – Best Bank In Pakistan  
AsiaMoney – Best Domestic Bank In Pakistan

**2005**

EuroMoney – Best Bank In Pakistan  
AsiaMoney – Best Domestic Bank In Pakistan

**2004**

EuroMoney – Best Bank In Pakistan  
AsiaMoney – Best Domestic Bank In Pakistan

**2000, 2001 & 2003**

EuroMoney – Best Bank In Pakistan



"Strongest Bank in Country"



Best Bank Led Mobile Money Transfer Program



The QFC Asian Banker Leadership Achievement Award – 2010

# Bank for Life



For further details on MCB Bank Limited, please visit  
[www.mcb.com.pk](http://www.mcb.com.pk)

For any query/comments/feedback, please e-mail  
[investor.relations@mcb.com.pk](mailto:investor.relations@mcb.com.pk)