

FY 2009 Business and Financial Review

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Karachi

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Investor Presentation



Agenda



- Market Developments
- Business and Strategy Update
- Financial Review of 2009 Results

2009 – A Year of Economic Stabilization



Economic activity slowed down markedly in FY 2009 with GDP growth of 2% - but a slow recovery appears to be underway this year

Inflationary pressures reduced somewhat with CPI declining from over 20% in Jan '09 to 10.5% by YE (currently, back-up to 13%)

External account improved markedly and FX reserves are now close to US\$ 15B

Interest rates remained elevated in 2009 due to inflationary concerns, although Kibor declined from its high of over 15% in Jan '09

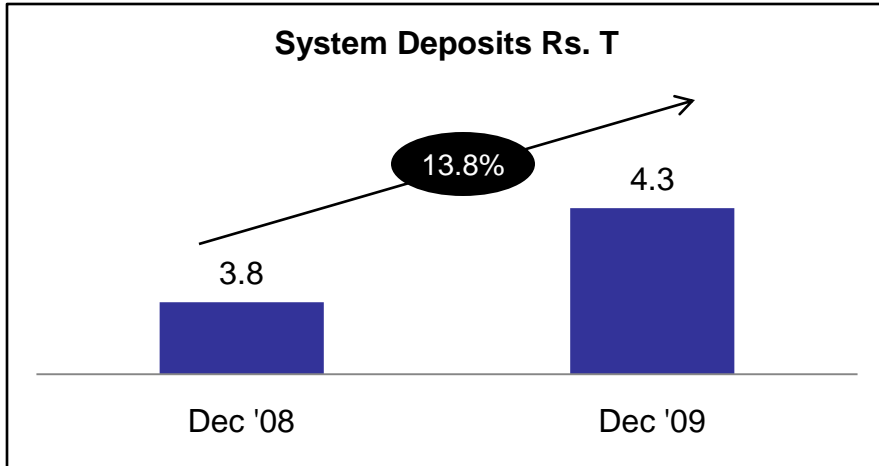
Circular debt and power issues placed the economy under significant challenges throughout the year

Law and order situation remains a concern

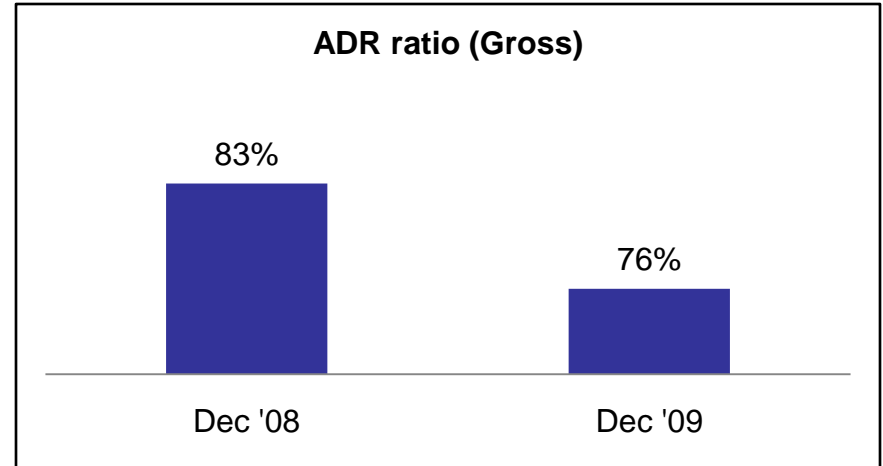
Banking System Developments



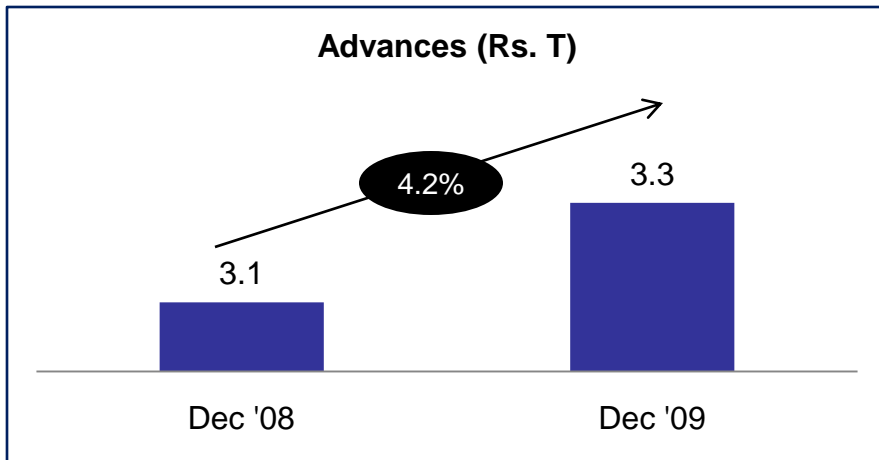
Deposit Market Grew by Rs. 524 B in 2009



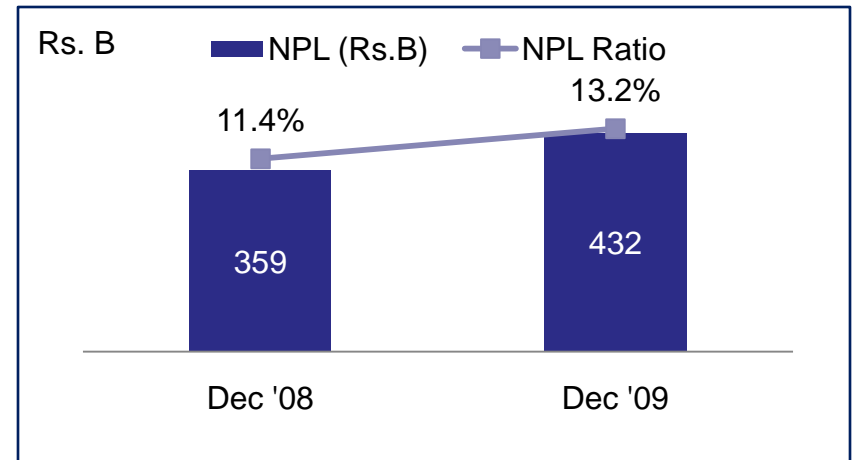
ADR ratio declined as Deposits Grew More Than Advances, and Govt. Borrowed Heavily



Sluggish Growth in Lending Reflecting Overall Economic Conditions – Rs. 131 B increase



NPL formation Declined to 27% in 2009 Compared to 70% in 2008



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Deliver Solid Returns to Shareholders

CASA Focus	Fee Income	Cost Control
<ul style="list-style-type: none"> • Increase momentum in low cost liabilities generation • New sales model in 350 branches • Invest in payments services and liabilities products • Open 50 new branches 	<ul style="list-style-type: none"> • Increase cross-sell focus • Expand product menu and services – Banca, Investment Services, Cards, Cash Management and Remittance business • Increase contribution from Treasury business 	<ul style="list-style-type: none"> • Stringent control on BAU costs • Efficiency from centralization and BPR
Credit	Growth Platforms	Capital
<ul style="list-style-type: none"> • Focus on selected credit opportunities • Increase SOW / utilization rates with existing customers • Reduce unsecured consumer book 	<ul style="list-style-type: none"> • Strengthen SME platform • Ramp-up Islamic business • Strengthen Affluent platform 	<ul style="list-style-type: none"> • Maintain strong capital adequacy • ROA higher than 3%

Execution on MCB Strategy in FY 2009



Channels / Transaction Banking



New Branch sales / service model in 100 branches >11% increase in Mystery Shopping



Three centers with a total deposit base of Rs1.3 B in 2009

Call Center – 25% increase in call volume – 1.75M calls
15% increase in service levels

Centralization : Key processes in 11 cities; 8.7m transactions clocked during 2009



With a total of around 500 ATM locations we are ranked second in the country



Launched in 2009; More than 50,000 users

Cash Management expanded market share and became a leading player in the domestic market

International remittances – opened new markets through collaborations and expanded market share from 2% to over 7% - now #3 ranked

No of transactions handled is up 60% to 80kpm

Products & services



Launched in 2008 Banca collected premium of Rs. 228 M and took product suite to 8 products



Launched in August with a total volume of 906m in 2009

Trade Products Division launched in 2008; Products introduced include TRIMs, eLC and Banker Acceptance

Liabilities Product shop set up in 2008 – 6 new products including Business Account and Salary Club



Business cooperation – access to Maybank's Affluent centers and products
- Trade and remittance business

People & Infrastructure



Core banking system installed in all branches



Oracle GL and Knowledge Manager implemented

COSO framework compliance. First Pakistani bank to be ICFR certified

Training centers revamped; 154% increase in number of training days over 2008; number of trainees to 14,224 from 4,725 in 2008

New Performance Management System rolled out

Continuity planning and testing was conducted during 2009 for all significant facilities across Bank

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FY 2009 Financial Highlights

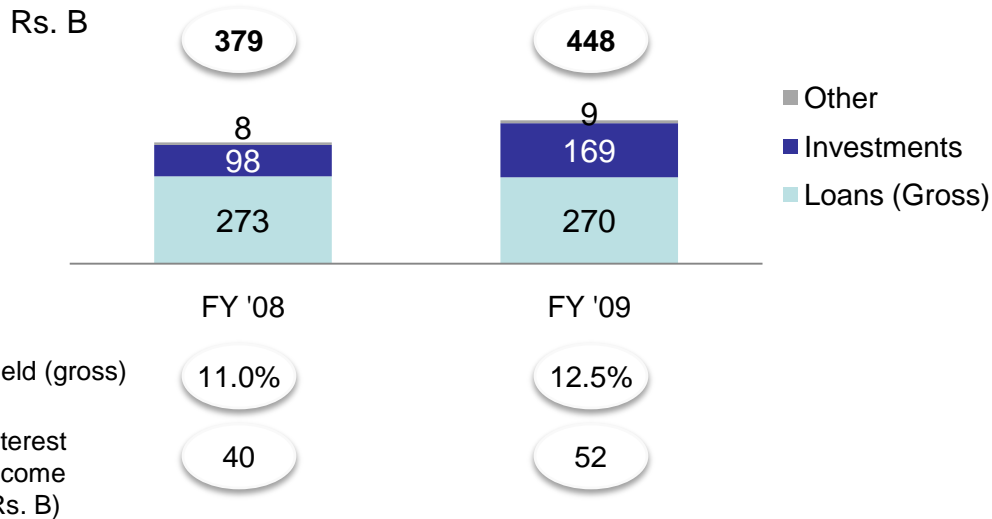
Profit & Loss (Rs. M)	Unconsolidated			Consolidated		
		Over (Under) Rs.	Over (Under) %		Over (Under) Rs.	Over (Under) %
	<u>2009</u>	<u>2008</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Net mark-up interest income	35,775	7,291	26%	35,782	7,326	26%
Non-interest income	5,643	(149)	(3%)	5,755	(175)	(3%)
Total Revenue	41,417	7,143	21%	41,537	7,151	21%
Provisions	7,322	3,303	82%	7,322	3,303	82%
Non-interest expense excl. PF	14,863	1,076	8%	14,989	1,078	8%
PF reversal	3,923	(1,476)	(27%)	3,923	(1,476)	(27%)
Associate Income	-	-	-	200	169	549%
Profit before Tax	23,155	1,287	6%	23,349	1,462	7%
PBT Before PF (Core)	19,232	2,763	17%	19,426	2,938	18%
Taxation	7,660	1,167	18%	7,684	1,120	17%
Net Income	15,495	121	1%	15,665	342	2%
EPS reported (1)	22.4	0.2	1%	22.7	0.5	2%
ROAA	3.3%	3.6%		3.3%	3.6%	
ROAE	27%	31%		27%	30%	

(1) Before dilution impact from 10% bonus share announcement

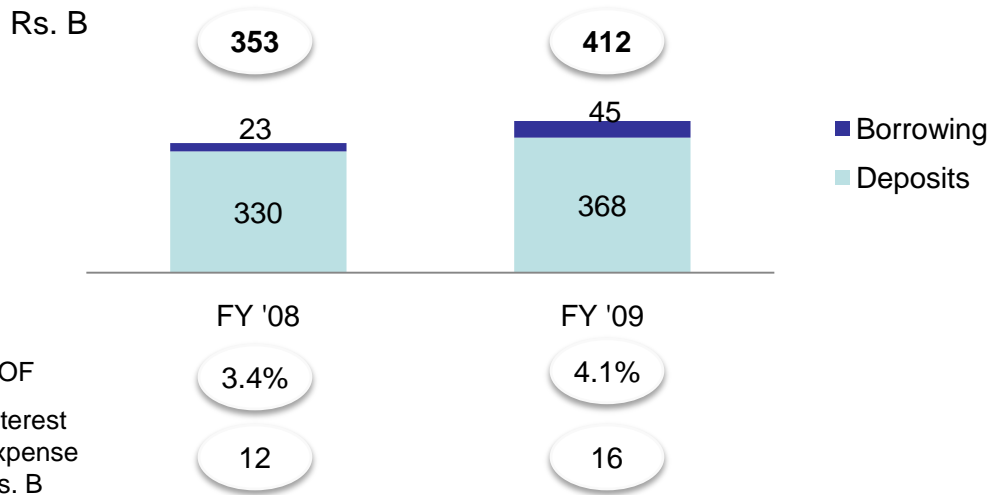
Solid Top-line Interest Income Growth

All Financials are Presented On A Consolidated Basis, Unless Otherwise Stated

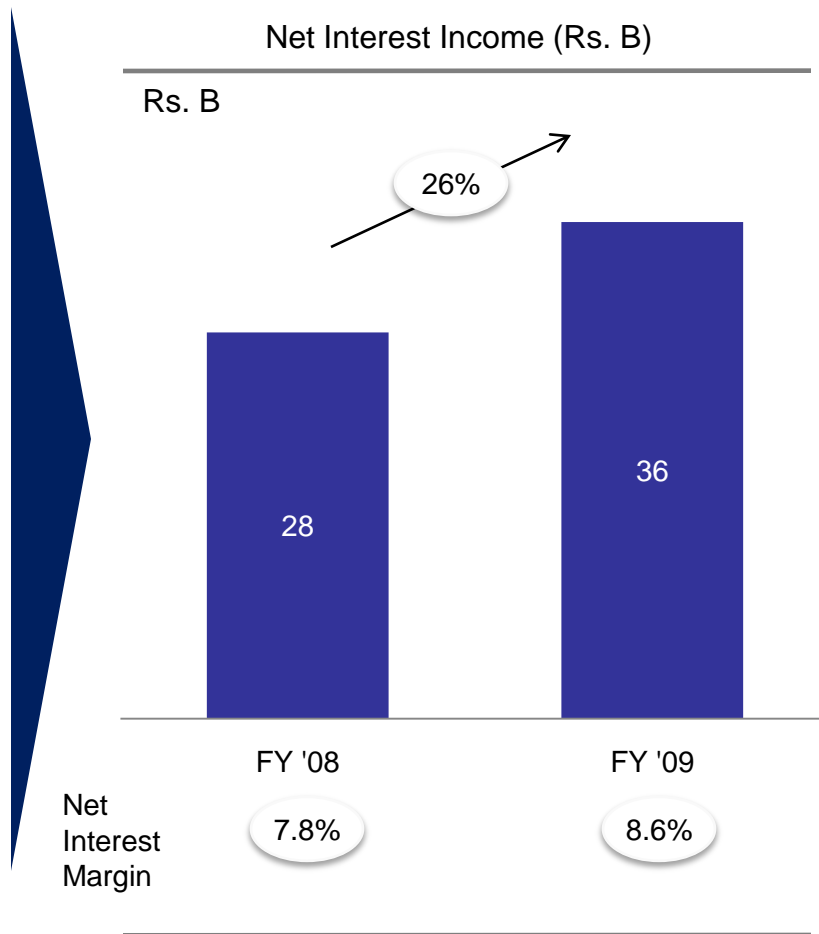
Earning Assets Grew By 18% in FY '09 and Yield Expanded



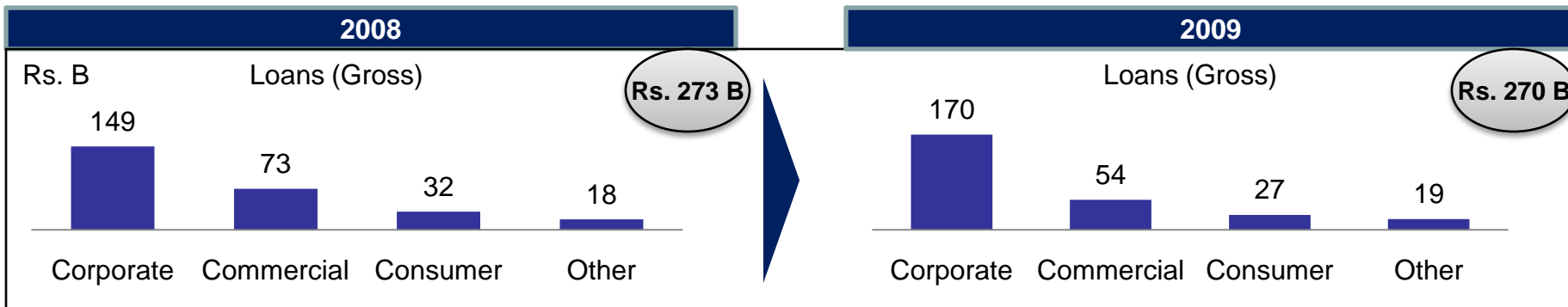
Deposits Grew 11% and CASA Grew 14%



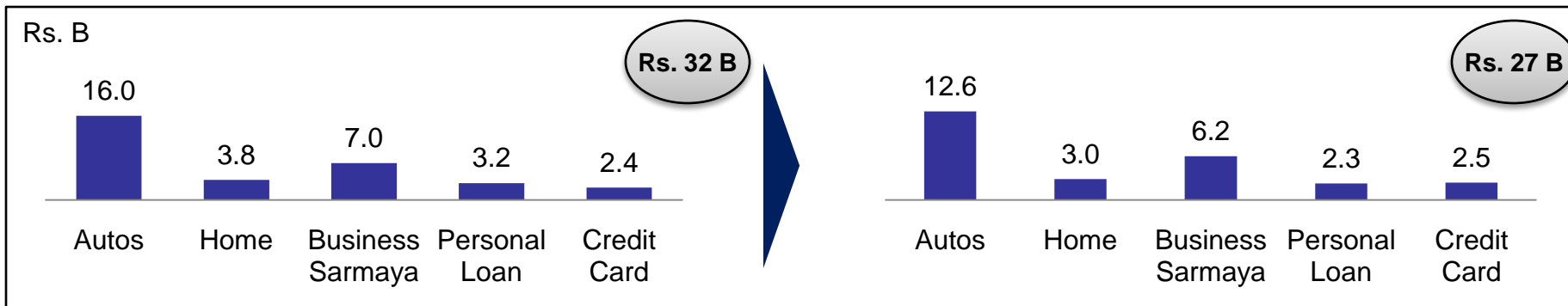
Net Interest Income (Rs. B)



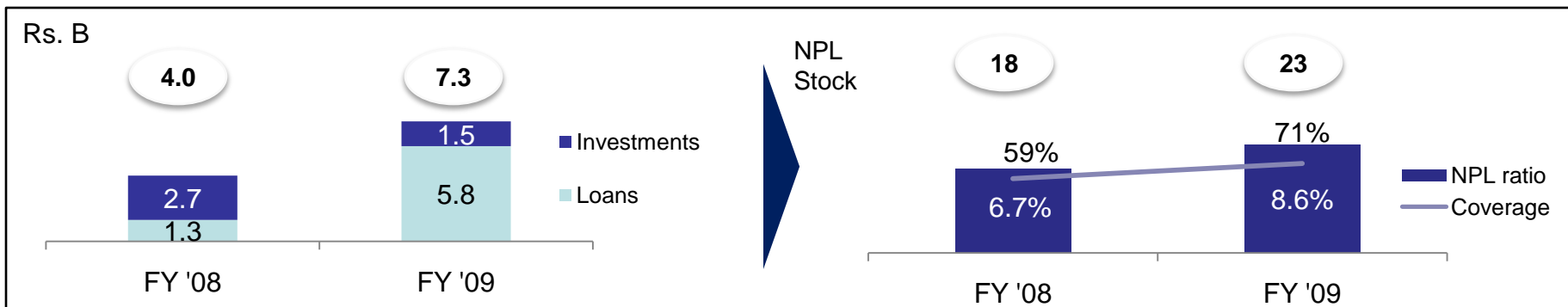
Loan Portfolio and Credit Costs



Consumer Loans (Gross)



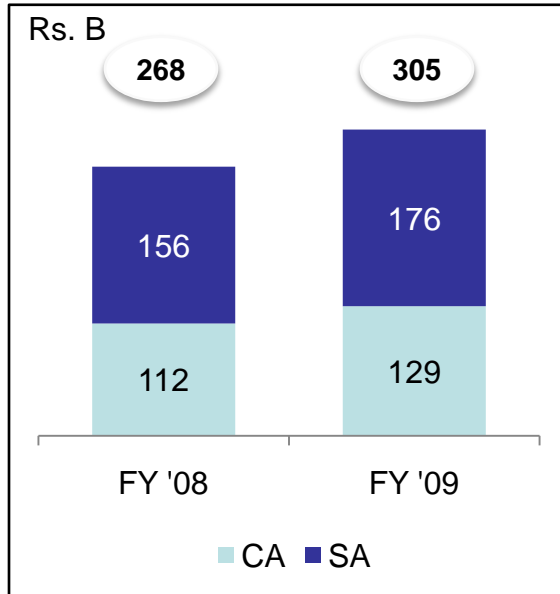
Provision charge (P&L) and NPL



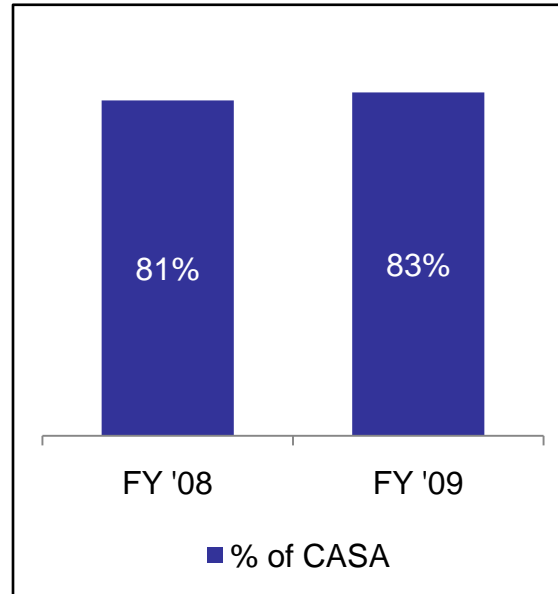
Supported By Strong Low Cost Liabilities Franchise



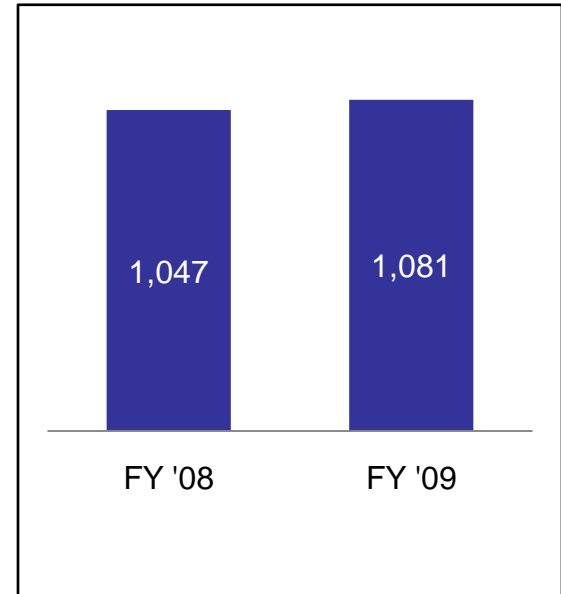
CASA growth of 14% in FY2009



Share of CASA in Deposits at 83%



Number of Branches

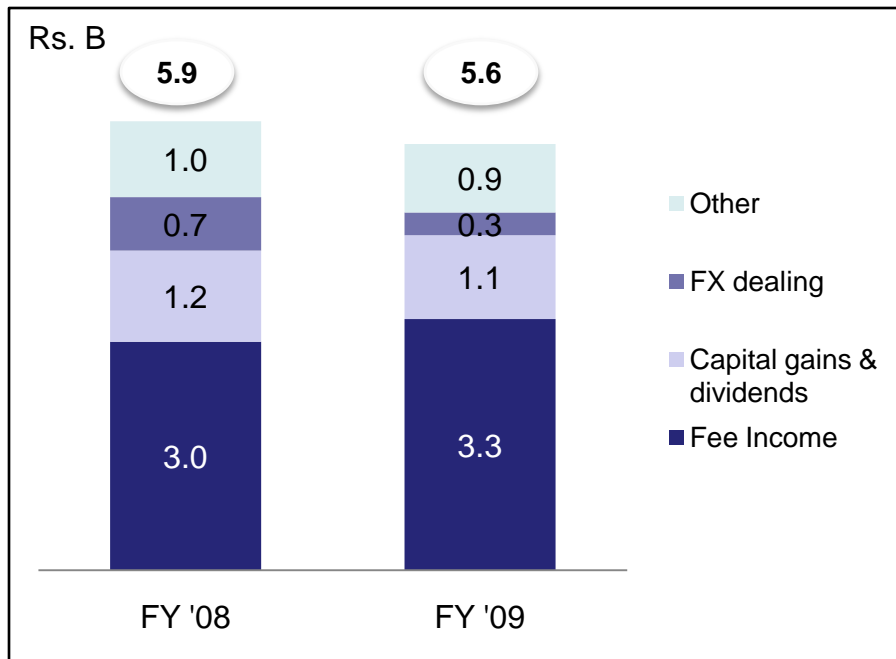


- CASA passed the Rs. 300B mark in FY2009
 - Continued strong momentum in 1Q '10
- All retail banking branches within Pakistan are online connected to our core banking system, Symbols
- Number of account holders around 4M
- NTB customer acquisition and cross-sell key areas of focus
- Expansion in branch network coverage

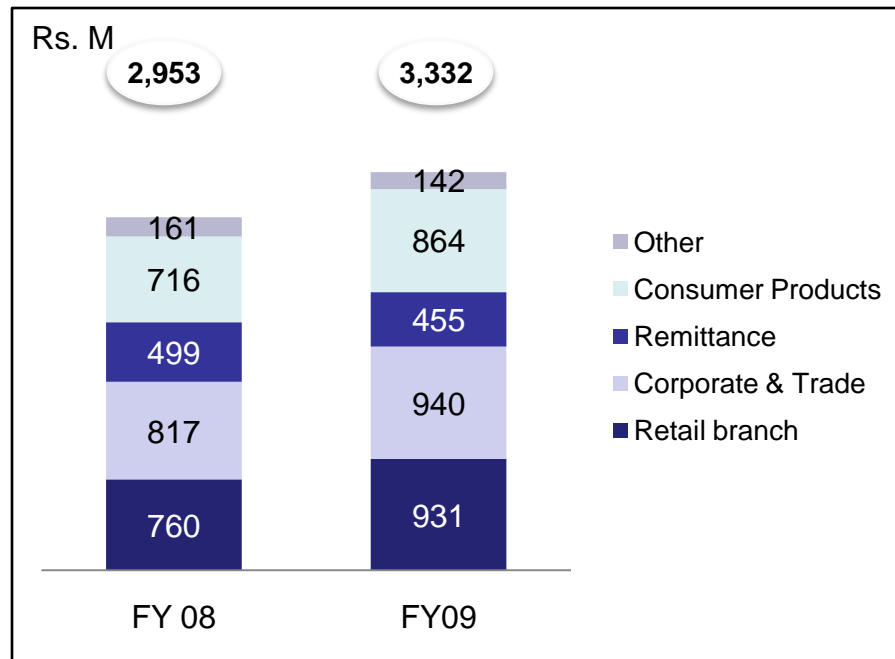
Non Interest Income



Non-interest Income declined 3%



Fee Commission Income (Unconsolidated) up 13%

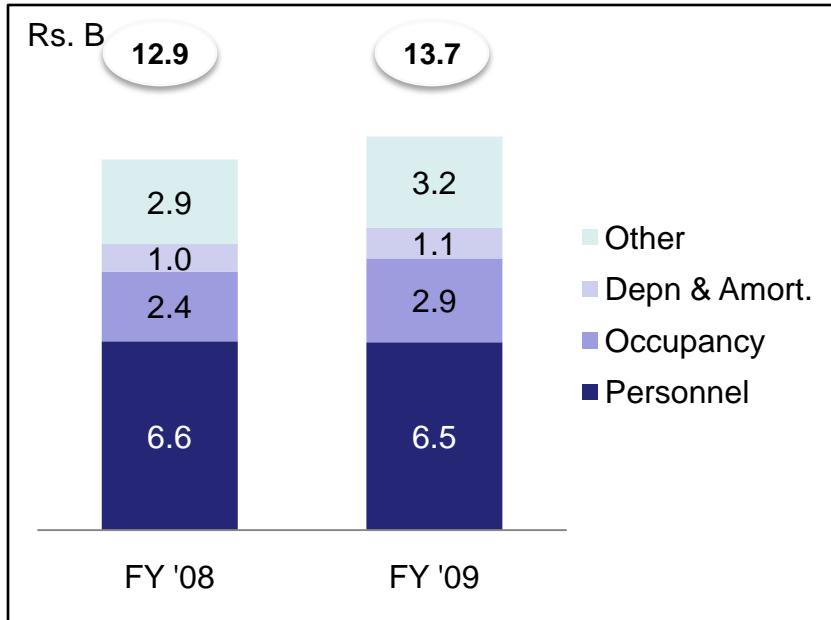


- Solid growth in fee income with good contributions from banca, cards, cash management
- Lower FX dealing income led to an overall decline in non-interest income

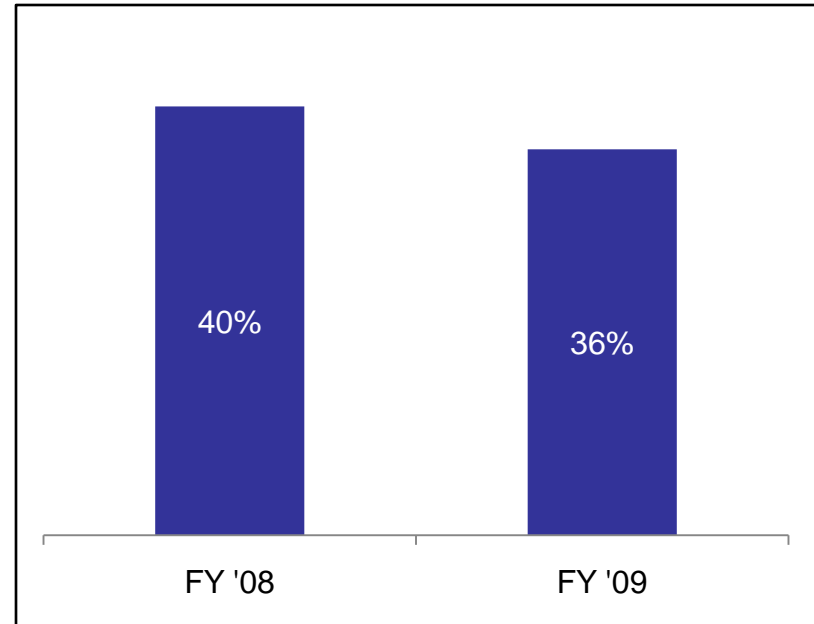
Strong Conversion of Revenues to Core Profits



Administrative Expenses Excluding PF and Defined Plans



Cost: Income Ratio Improved to 36%

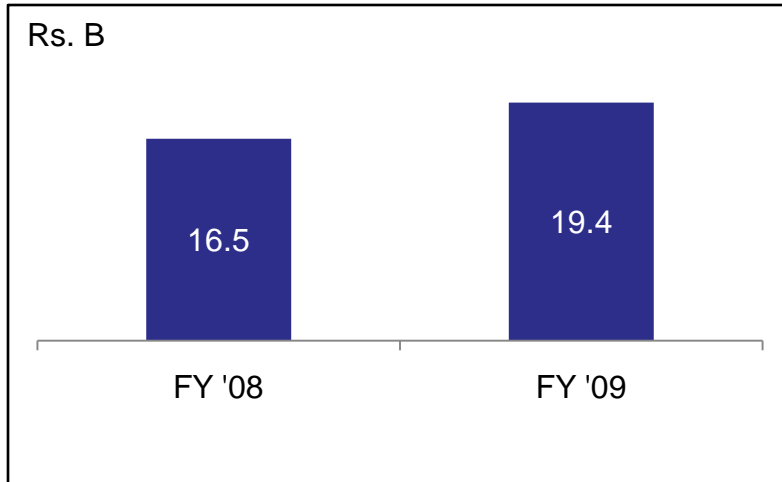


- Personnel cost marginally lower in FY '09 compared to FY '08
- Occupancy costs rose due to inflationary pressure on rental properties

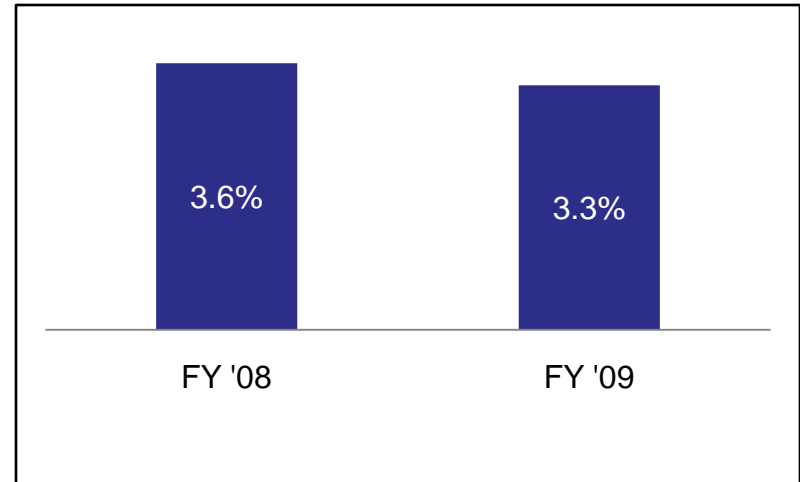
Strong Returns and Consistent Profitability



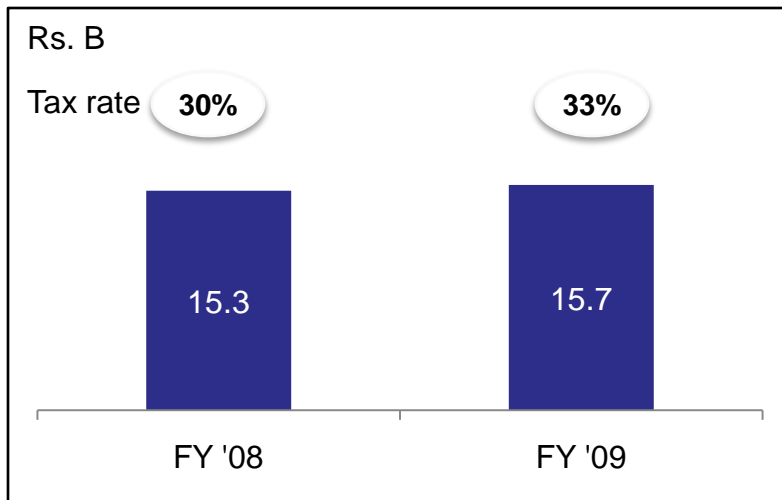
PBT (Core) – Pre-PF increased 18%



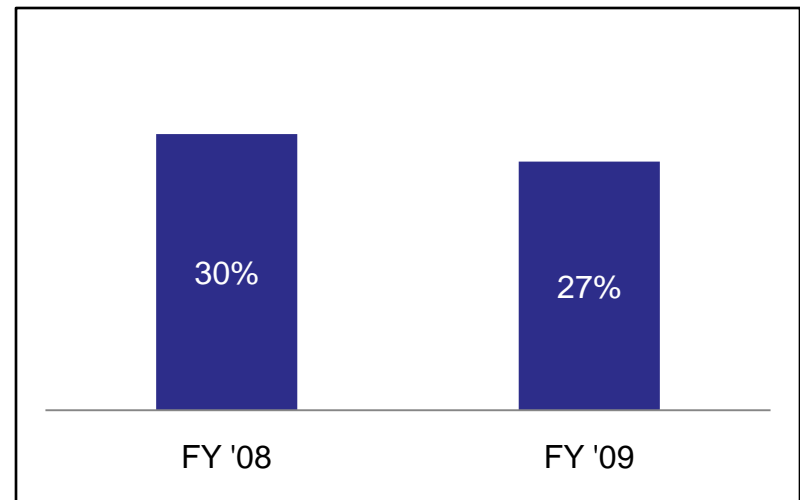
Return on Average Assets remains solidly above 3%



Reported Net Income rose 2%



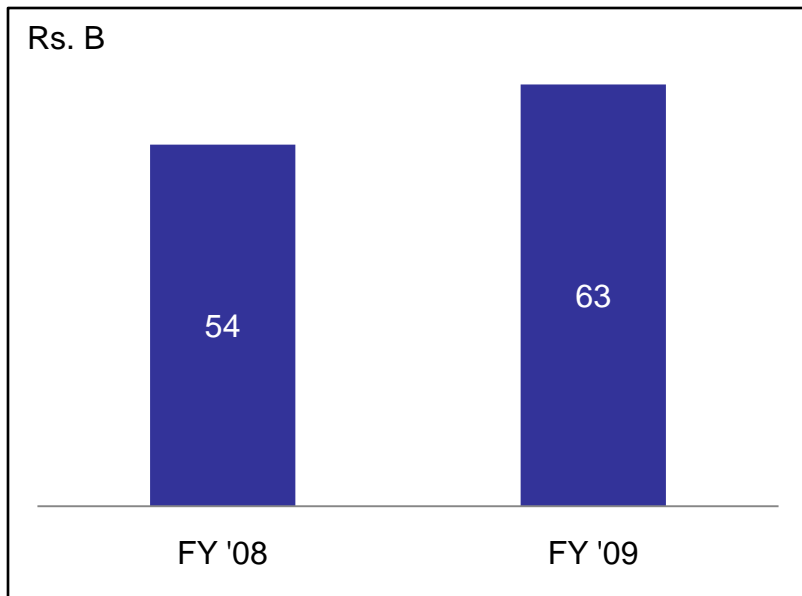
Return on Average Equity slid through equity retention



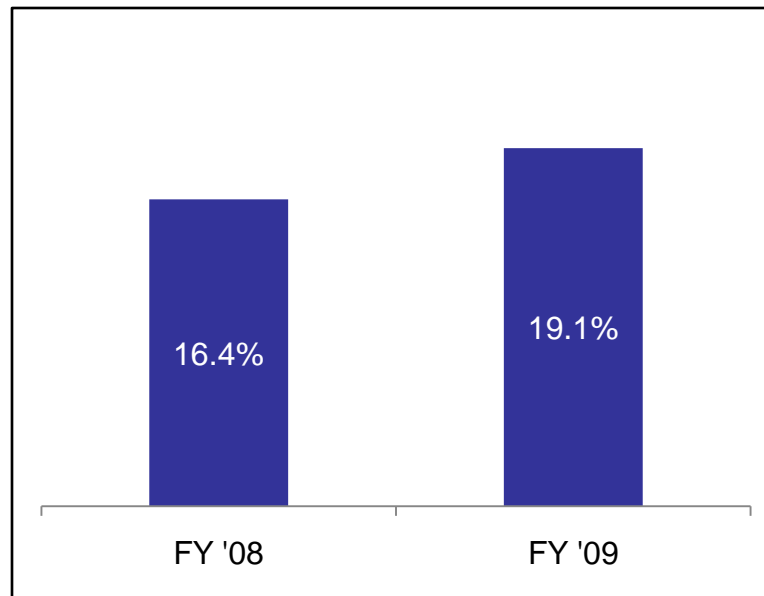
Solid Capital Base



Shareholder Funds



Strong capital adequacy



- Consistent increase in shareholder funds
- Strongest capitalization ratio in industry

Question and Answer Session

Financial Summary



Rs. M	1Q09	2Q09	3Q09	4Q09
Interest earned	13,004	12,849	12,352	13,328
Interest expensed	3,908	3,857	3,831	4,178
Net interest income	9,096	8,992	8,522	9,150
Provisions	1,742	2,150	1,120	2,308
Non interest income	1,706	1,104	1,200	1,745
Of which:				
Fee income	824	859	799	806
Capital Markets & Dividend Income	181	100	250	627
FX dealing	432	(153)	(37)	77
Other income	269	298	188	252
Revenues (net)	9,060	7,946	8,601	8,604
Non interest expenses (excluding PF)	3,479	3,601	3,692	4,213
Associate income	139	81	515	(534)
Pension Fund Reversal	650	1,114	1,050	1,109
Profit before taxation	6,370	5,540	6,474	4,966
Taxation	2,116	1,874	1,942	1,752
Profit after taxation	4,254	3,666	4,531	3,214
Advances - net	244,147	258,848	238,291	253,248
Deposits	338,277	361,817	362,097	367,581
Equity including reval	63,963	66,631	70,049	72,313