



Financial Performance

For the Year Ended December 31, 2010



Synopsis - 2010

- Total Asset of the bank rose to Rs. 568B, increase of 11% from YE09
 - Gross Advances at Rs. 274B – increased by 2% from YE09
 - Net Investments at Rs. 213B – increased by 27% from YE09
 - Cash and Balances with banks of Rs. 47B – increased by 5% from YE09
- Total Liabilities stand at Rs. 488B, rising by Rs. 49B, 11%, from YE09
 - Deposits at Rs. 431B – rose by 17%
 - Borrowings at Rs. 26B – decreased by 42%
- Net Assets of the bank reported at Rs. 79B with an increase of 14% from YE09
- Shareholder's Equity increased to Rs. 69B, rise of Rs. 8B or 13% from YE09

- Profit (before tax) of the bank reported at Rs. 26B, rise of 13% from YE09
 - Net Interest Income of Rs. 36.8B – increase of 3%
 - Non Interest Income of Rs. 6.3B – increase of 11%
 - Gross Admin exp of Rs. 15B – increased by 10% (by 20% including pf reversal impact)
 - Provisions of Rs. 3.6B – decrease of 51% over last year
 - Against investments – decreased by 70%
 - Against loans – decreased by 47%

Statement of Financial Position - Summary

	Dec 2010	Dec 2009	YoY	%	Sep 2010	Vs. 3Q	%
Assets	567,553	509,224	58,330	11%	539,485	28,068	5%
Advances - net	254,552	253,249	1,302	1%	228,577	25,975	11%
<i>Gross Advances</i>	274,144	269,722	4,422	2%	246,887	27,257	11%
Investments	213,061	167,134	45,926	27%	207,794	5,267	3%
<i>T-Bills and PIBs</i>	196,047	150,656	45,391	30%	192,903	3,145	2%
<i>Debt Securities</i>	8,152	6,998	1,154	16%	5,877	2,275	39%
<i>Equity Securities</i>	7,393	8,095	(703)	-9%	7,545	(153)	-2%
<i>Subsidiaries and Associates</i>	1,469	1,385	84	6%	1,469	0	0%
Cash and Balances with Banks	46,886	44,785	2,101	5%	46,470	415	1%
Other Assets	54,534	50,065	4,469	9%	59,262	(4,729)	-8%
Liabilities	488,349	439,484	48,865	11%	464,172	24,177	5%
Deposits	431,372	367,605	63,767	17%	422,272	9,100	2%
Borrowings	25,685	44,662	(18,977)	-42%	14,052	11,632	83%
Bills Payable	10,266	8,201	2,064	25%	8,844	1,421	16%
Other Liabilities	21,027	19,016	2,011	11%	19,003	2,024	11%
Net Assets	79,204	69,740	9,464	14%	75,313	3,892	5%
Equity without surplus	69,181	61,076	8,105	13%	67,084	2,097	3%

Profits – ↑ by 13% (before tax) and 9% (after tax)

	Dec 2010	Dec 2009	+/-	%	Budgeted	+/-	+/- %
Mark-up Income	54,821	51,616	3,205	6%	55,455	-634	-1%
Mark-up Expense	17,988	15,837	2,150	14%	17,570	418	2%
Net Mark-up Income	36,834	35,779	1,055	3%	37,885	-1,052	-3%
Non Interest Income	6,265	5,643	622	11%	6,637	-372	-6%
Total Revenues	43,099	41,422	1,677	4%	44,522	-1,424	-3%
Non Mark-up Expense	13,249	10,944	2,304	21%	14,684	-1,436	-10%
<i>admin expenses</i>	15,394	14,035	1,360	10%	16,404	-1,010	-6%
<i>PF reversal</i>	(3,220)	(3,923)	703	-18%	(2,500)	(720)	29%
<i>other charges</i>	1,075	833	242	29%	780	294	38%
Profit before Provisions	29,850	30,477	-627	-2%	29,838	12	0%
Provisions	3,597	7,322	-3,725	-51%	5,000	-1,403	-28%
against Invesments	444	1,484	(1,040)	-70%	-	444	100%
against loans & advances	3,101	5,797	(2,696)	-47%	4,971	-1,870	-38%
bad debts written off directly	52	42	10	25%	29	23	81%
Profit before Tax	26,253	23,155	3,098	13%	24,838	1,415	6%
Taxation	9,379	7,660	1,720	22%	8,693	686	8%
Profit after Tax	16,874	15,495	1,379	9%	16,145	729	5%

Int on Advances: 32B (-10%)
Int on Investments: 20B (+46%)
Int on Deposits: 16B (+14%)

Fee, Commission and brokerage: 4B (+19%)
Capital Gains: 412M (-47%)
Income from FC: 632M (+85%)
Dividend Inc: 544M (+18%)

Personnel: 7.8B (+12%)
Travelling & Fuel: 708M (+16%)
Rent: 617M (+15%)
Insurance: 366M (+23%)
Electricity & Gas Utilities: 542M (+13)
Rep & maint: 681M (+28%)
Stationery: 363M (+10%)
Communications: 842M (-15)
CTC: 403M (-22%)

Core Earnings of the Bank – ↑ 24%

	Dec 2010 Actual	Dec2009 Actual	(YoY)	Dec 2010 Budgeted	Actual vs. Budgeted
Mark-up Income	54,821	51,616	6%	55,455	-1%
Mark-up Expense	17,988	15,837	14%	17,570	2%
Net Mark-up Income	36,834	35,779	3%	37,885	-3%
Non Interest Income *	5,310	4,409	20%	5,542	-4%
Total Revenues	42,143	40,188	5%	43,427	-3%
Non Mark-up Expense	16,469	14,868	11%	17,184	-4%
<i>admin expenses</i>	15,394	14,035	10%	16,404	-6%
<i>other charges</i>	1,075	833	29%	780	38%
Profit before Provisions	25,674	25,320	1%	26,243	-2%
Provisions	3,401	7,322	-54%	5,000	-32%
Profit before Tax**	22,273	17,998	24%	21,243	5%

* Excluding Dividend Income and Capital Gains

** Excludes Equity Securities Provision & pension fund reversal

Based on Standalone financial statements

Quarterly Performance

	Q4 - 2010	QoQ %	Q3- 2010	QoQ %	Q2 - 2010	QoQ %	Q1- 2010
Mark-up Income	14,580	5%	13,845	4%	13,295	1%	13,101
Mark-up Expense	4,728	4%	4,560	6%	4,322	-1%	4,377
Net Mark-up Income	9,852	6%	9,285	3%	8,973	3%	8,724
Non Interest Income	1,674	5%	1,600	1%	1,591	14%	1,400
Total Revenues	11,527	6%	10,885	3%	10,563	4%	10,124
Non Mark-up Expense	3,064	-19%	3,759	6%	3,555	24%	2,871
<i>admin expenses</i>	3,925	0.4%	3,909	-3%	4,035	14%	3,525
<i>PF reversal</i>	(1,151)	171%	(425)	-45%	(769)	-12%	(875)
<i>other charges</i>	290	5%	276	-4%	288	31%	221
Profit before Provisions	8,463	19%	7,125	2%	7,009	-3%	7,253
Provisions	1,573	6288%	-25	-102%	1,048	5%	1,002
against Invesments	330	3221%	(11)	-1657%	1	-99%	124
against loans & advances	1,233	4835%	(26)	-103%	1,029	19%	865
bad debts written off directly	9	18%	11	-38%	18	30%	14
Profit before Tax	6,890	-4%	7,151	20%	5,961	-5%	6,251
Taxation	2,513	-3%	2,596	20%	2,160	2%	2,110
Profit after Tax	4,377	-4%	4,554	20%	3,801	-8%	4,141

Key Ratios

	Dec 2010	Sep 2010	June 2010	March 2010	Dec 2009
Book Value per share	91.00	88.24	85.18	82.61	80.34
ROA *(After Tax)	3.13%	3.18%	3.05%	3.29%	3.25%
ROE *(After Tax)	25.91%	26.00%	25.25%	26.74%	27.35%
EPS *	22.20	21.92	20.89	21.79	20.38
ADR (gross)	63.55%	58.47%	62.82%	66.29%	73.37%
NPLs to Advances (gross)	8.95%	9.68%	9.16%	8.98%	8.62%
Industry - NPLs to Advances (gross)	**14.31%	15.03%	13.96%	14.04%	13.39%
Loan Loss Provision to NPLs	79.83%	76.65%	76.02%	74.36%	70.89%
Loan Loss Provision (incl. benefit of liquid sec) to NPLs	91.82%	88.10%	87.22%	86.53%	83.41%

*Annualised

** Calculation derived from SBP website and projected figure of 500B

- Industry numbers based on Weekly Statement of Affairs and the NPLs Statement (www.sbp.org.pk)

Based on Standalone financial statements

Bank Spread (%) as of 2010 is 8.00 (2009: 9.00)



Overview of Consolidated Results

- **Profit (before tax) of the group rose to Rs. 26.5B, rise of 14% from YE09**
 - Net interest income of Rs. 36.8B – increase of 3%
 - Non interest income of Rs. 6.4B – increase of 12%
 - Admin exp of Rs. 15.5B – increased by 10% (20% including pf reversal impact)
 - Provisions of Rs. 3.6B – decrease of 51%
- **Net Assets of the group rose to Rs. 82B with an increase of 13% from YE09**
- Total Asset of the group rose to Rs. 570B, increase of 11% from YE09
 - Gross Advances of Rs. 274B – increased by 2%
 - Net Investments of Rs. 216B – increased of 27%
- Total Liabilities stand at Rs. 488B, rising by Rs. 49B, 11%, from YE09
 - Deposits of Rs. 431B – rose by 17%
 - Borrowings of Rs. 26B – decreased by 42%
- Shareholder's Equity increased to Rs. 71B, rise of Rs. 8B or 13% from YE09
- **Key Ratios**
 - ROA 3.12% - (2009: 3.27%)
 - ROE 25.1% - (2009: 26.72%)
 - EPS Rs. 22.20 - (2009: Rs. 20.61)
 - Book value (per share) 93.7 - (2009: 91.3)

AS WE MOVE FORWARD

- Delivering remarkable returns to stakeholders, sustainable performance, exceeding market and shareholders expectations
- Providing value added services with operational expansion directed to vast outreach through geography and upgraded systems
- Building Corporate culture of equality, trust and one-team spirit
- Keeping ahead of competition depicting sound financial base and strong presence
- Expanding capital base through continuous organic equity raisings
- Disciplined expense growth through controlled internal measures
- Strong capital position with effective and regularized risk management mechanisms
- Benchmarked leadership and management structure with highest levels of employee satisfaction
- Progress as leaders in alternate delivery channels in the region
- Capitalization on the low cost liability franchise of the Bank
- Strengthening of compliance culture ensuring adherence to statutory requirements
- Enhancing global image through means of flourishing our success stories to be known beyond seas
- Continuous expansion of the asset base through credit opportunities with targeted contribution to the economy
- Extending social cooperation and building strong ethical standards with specific focus on CSR





Thankyou

**For further details on MCB Bank Limited, please visit
www.mcb.com.pk**

**For any query/comments/feedback, please e-mail
investor.relations@mcb.com.pk**