



MCB Bank Limited

SECOND QUARTER 2008

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Important Information about Results Presentation

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



Market Conditions in 1H 2008

- After a period of sustained growth, Pakistan is now facing economic challenges to curb the twin deficits and inflation. The rise in the deficits and inflation is partly due to the increase in soft and hard commodity prices globally
- In 1H 2008, a challenging macroeconomic environment and uncertain political climate coincided with monetary tightening measures adopted by State Bank of Pakistan (SBP)
- SBP increased the discount rate by 250bps to 13% to counter inflationary pressures and reduce aggregate demand
- SBP also increased CRR and SLR requirements for banks by a 100bps to 9% and 19% respectively, effective 1st June 2008
- KIBOR has risen from around 10.5% in April 2008 to around 13.5% currently
- SBP announced that the minimum profit rate on PLS savings accounts will be 5% from 1st June 2008



Recent Events

- In May 2008, MCB announced signing of agreements for a strategic partnership with Malaysia's leading financial services group Malayan Banking Berhad ("Maybank")
- Maybank acquired an initial 15% stake in MCB with an option to increase to 20% within one year subject to the necessary approvals
- In August 2008, Maybank purchased the additional 5% to increase its stake in MCB to 20%
- As a core part of the transaction both parties will enter into a Business Cooperation Agreement covering multiple business areas
- To facilitate close cooperation Maybank will have representation on the board as well as in key management committees



2Q 2008 Financial Highlights

- EPS for 2Q08 was PKR 7.2, up 10% YoY and 12% QoQ
 - Higher net interest income and contribution from Adamjee was offset by lower capital markets income
 - The effective tax rate was also lower in this quarter
- The Board of Directors announced a DPS of PKR 3/-
- Profit (net) was PKR 4,507mm on revenues of PKR 7,427mm
- Profit before tax was PKR 5,708mm, a decline of 6% YoY and 1% over 1Q08
- Net advances were PKR 229bn, an increase of 18% YoY and 5% since year-end 2007
- Deposits were PKR 351bn, an increased of 17% YoY and 20% since year-end 2007
 - CASA deposits grew by 21% YoY and 23% since year-end 2007
- ROAA was 4.2% and ROAE 36%



2Q 2008 Consolidated Highlights

PKR mm	2Q08	O (U) PKR		O (U) %	
		2Q07	1Q08	2Q07	1Q08
Net mark-up interest income	6,403	604	205	10%	3%
Non-interest income	1,024	(963)	(886)	(48%)	(46%)
Total Revenue	7,427	(359)	(681)	(5%)	(8%)
Profit before Tax	5,708	(365)	(39)	(6%)	(1%)
Net Income	4,507	394	500	10%	12%
EPS	7.17	0.6	0.8	10%	12%
Advances (net)	228,974	35,060	(862)	18%	(0%)
Deposits	350,701	49,872	49,062	17%	16%
ROAE (1)	36%	40%	34%		
ROAA (2)	4.2%	4.4%	3.9%		
NIM (3)	7.6%	8.3%	8.3%		

- (1) ROAE = Net income / Average shareholder funds over period. Shareholder funds exclude revaluation reserve
 (2) ROAA = Net income / Average assets over period. Both ROAE and ROAA are presented as annualised numbers for presentation
 (3) NIM = Net interest income + capital markets income + dividend income / average earning assets over period (balance with other banks + lending to FI + investments + advances)



2Q 2008 Standalone Highlights

PKR mm	O (U) PKR			O (U) %	
	2Q08	2Q07	1Q08	2Q07	1Q08
Net mark-up interest income	6,401	606	205	10%	3%
Non-interest income	939	(1,017)	(978)	(52%)	(51%)
Total Revenue	7,340	(411)	(773)	(5%)	(10%)
Profit before Tax	4,870	(1,002)	(888)	(17%)	(15%)
Net Income	3,565	(371)	(547)	(9%)	(13%)
EPS	5.67	(0.6)	(0.9)	(9%)	(13%)
ROE (1)	30%	40%	36%		
ROA (2)	3.4%	4.2%	4.1%		

- (1) ROAE = Net income / Average shareholder funds over period. Shareholder funds exclude revaluation reserve
 (2) ROAA = Net income / Average assets over period. Both ROAE and ROAA are presented as annualised numbers for presentation



Consolidated Income Statement

PKR mm	O (U) PKR			
	2Q08	2Q07	1Q08	
Mark-up Interest Earned	8,750	751	560	<ul style="list-style-type: none"> ■ Interest income increased 9% YoY and 7% QoQ <ul style="list-style-type: none"> • Strong growth in income from advances, up 28% YoY, was offset by lower income from investments
Mark-up Interest Expensed	2,347	146	355	<ul style="list-style-type: none"> ■ Interest expense grew 7% YoY and 18% QoQ
Net mark-up / interest income	6,403	604	205	<ul style="list-style-type: none"> ■ Non-interest income declined due to tough capital market conditions , down 48% YOY and 46% QoQ <ul style="list-style-type: none"> • Gains on sale of securities was PKR 128mm, down 83% YoY and 79% QoQ, while a loss was recorded from trading in foreign currencies of PKR 189mm • Fee and Commission income increased to PKR 795mm, up 1% YoY and 6% QoQ
Non mark-up / interest income	1,024	(963)	(886)	
Total revenue	7,427	(359)	(681)	
Provisions / bad debt writeoffs	837	(133)	222	<ul style="list-style-type: none"> ■ Provisions were down 14% YoY and up 36% QoQ. Provisions included an amount of PKR 210mm for diminution of value of investments
Non-interest expense	1,694	754	(78)	<ul style="list-style-type: none"> ■ Non-interest expense reflect the impact of the Pension Reversal benefit - prior to the pension reversal, non-interest expense increased 11% YoY and 8% QoQ
Profit from associates	812	616	785	<ul style="list-style-type: none"> ■ Profit contribution from Adamjee increased significantly to PKR 812mm
Profit before tax	5,708	(365)	(39)	<ul style="list-style-type: none"> ■ The effective tax rate was 21% compared to 30% in 1Q '08
Taxation	1,201	(759)	(540)	
Net income	4,507	394	500	



Consolidated Balance Sheet

PKR mm	O (U) PKR		
	2Q08	2Q07	1Q08
Assets			
Cash and balances with treasury banks	60,649	24,068	22,764
Balances with other banks	14,724	8,907	13,103
Lendings to financial institutions	14,313	4,801	8,726
Investments - net	102,131	(13,888)	13,987
Advances - net	228,974	35,060	(862)
Other assets - net	32,401	8,164	(3,691)
Total assets	453,192	67,112	54,028
Liabilities			
Bills payable	7,723	400	(1,783)
Borrowings	14,499	(1,254)	(937)
Deposits and other accounts	350,701	49,872	49,062
Sub-ordinated loan	-	(958)	-
Other liabilities	21,483	9,573	7,273
Total liabilities	394,405	57,632	53,614
Net assets	58,787	9,480	414
<i>Of which</i>			
Shareholder funds	50,954	9,033	2,715
Minority interests	0	0	0
Revaluation reserve	7,832	447	(2,301)

- Total net advances were PKR 229bn, up 18% YoY and flat QoQ - gross advances were PKR 240bn, up 18% YoY and flat QoQ
 - Industry net advances increased by 17% YoY*
- Deposits were PKR 351bn, up of 17% YoY and 16% QoQ
 - Total banking sector deposits increased 11% YoY*
- Investments declined by 12% YoY
- Shareholder funds prior to revaluation reserve increased to PKR 59bn, up 22% YoY and 6% QoQ
- Revaluation of the investment portfolio led to a decline in the revaluation reserve of PKR 2.3bn compared to 1Q08

* SBP weekly release for all scheduled banks



Deposit Base

PKR mm	2Q08	% total	O (U) PKR		O (U) %	
			2Q07	1Q08	2Q07	1Q08
Fixed deposits	29,969	9%	(6,794)	1,450	(18)%	5%
Savings	207,484	59%	40,183	37,167	24%	22%
Current	113,248	32%	16,483	10,445	17%	10%
Total deposits	350,701	100%	49,872	49,062	17%	16%
CASA deposits	320,732	91%	56,666	47,611	21%	17%

- Deposits increased by PKR 49bn during the quarter compared to 1Q08
 - CASA deposits increased by PKR 47.6bn, while fixed deposits increased by PKR 1.5bn compared to 1Q08
 - Saving deposits increased by 22% QoQ and current deposits by 10% QoQ
- Over the year, the mix of deposits has improved with CASA deposits representing 91% of total deposits at June 2008

(1) Savings = saving deposits plus financial institutions remunerative deposits

(2) Current = current deposits plus financial institutions non-remunerative deposits plus margin accounts plus other accounts



Loan Portfolio

PKR bn	2Q08	O (U) PKR		O (U) %	
		2Q07	1Q08	2Q07	1Q08
Corporate	119	23	5	25%	4%
Commercial	72	1	(10)	2%	(12)%
Consumer	33	7	1	24%	3%
Islamic	7	3	1	57%	20%
Other	9	3	2	41%	19%
Gross advances	240	37	(1)	18%	0%
ADR (gross) %	68%	68%	80%		
ADR (net) %	65%	76%	64%		

- Total loan portfolio grew by PKR 37bn YoY and declined PKR 1bn QoQ
 - Corporate lending increased 25% YoY and 4% QoQ
 - Commercial loan book increased 2% YoY and declined 12% QoQ (due to seasonal factors)
 - Consumer lending increased 24% YoY and 3% QoQ



Asset Quality

PKR mm				O (U) PKR		O (U) %	
	2Q08	2Q07	1Q08	2Q07	1Q08	2Q07	1Q08
Gross loans	240,178	203,319	241,012	36,858	(835)	18%	0%
NPL	11,988	9,405	11,656	2,583	332	27%	3%
Total provision	11,204	9,405	11,177	1,799	27	19%	0%
NPL: Loans	4.99%	4.63%	4.84%				
Provision: NPLs	93.5%	100.0%	95.9%				

- Non-performing loans increased 3% QoQ to PKR 11,988mm.
- The NPL: advances (gross) ratio increased by 15bps during the 2Q 08 to 4.99% compared to 4.84% in 1Q 08
- NPLs are 94% provisioned at the end of 2Q 08



Capital Strength

	<u>Jun-08</u>	<u>Mar-08</u>	<u>Dec-07</u>	
Total assets	453,192	399,164	412,901	
Tier 1 Capital	46,922	45,694	44,720	
Tier 2 Capital	7,885	8,575	8,750	
Risk weighted assets	306,697	301,034	299,119	
Tier 1 Capital Ratio	15.3%	15.2%	15.0%	■ Tier 1 capital ratio was 15% at June 2008
Tier 2 Capital Ratio	2.6%	2.8%	2.9%	■ Total capital ratio was 18% at June 2008



**Thank you
&
Question & Answer Session**

