



MCB Bank Limited

THIRD 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



3Q 2008 Financial Highlights

- Profit (net) was PKR 4,007mm on revenues of PKR 9,464mm
- Profit before tax was PKR 5,739mm, a rise of 8% YoY and 1% over 2Q08
- EPS for 2Q08 was PKR 6.4, up 9% YoY (down 11% QoQ)
 - Strong growth in interest income offset by lower capital markets earnings, higher provisioning cost (up 84% YoY) and non interest expenses
 - The effective tax rate (30%) was higher in this quarter as compared to the previous quarter (21%), down 4% YoY and up 43% QoQ
- The Board of Directors announced a DPS of PKR 3/-
- Net advances were PKR 249bn, an increase of 31% YoY and 14% since year-end 2007
- Deposits were PKR 324bn, an increase of 13% YoY and 11% since year-end 2007
 - CASA deposits grew by 13% YoY and 10% since year-end 2007
- ROAA was 3.5% and ROAE 31%

* PKR 11.8 bn of Maybank related deposits



3Q 2008 Consolidated Highlights

PKR mm	O (U) PKR			O (U) %	
	3Q08	3Q07	2Q08	3Q07	2Q08
Net mark-up interest income	7,725	1,627	1,322	27%	21%
Non-interest income	1,739	(22)	715	(1%)	70%
Total Revenue	9,464	1,604	2,037	20%	27%
Profit before Tax	5,739	406	31	8%	1%
Net Income	4,007	342	(500)	9%	(11%)
EPS	6.38	0.5	(0.8)	9%	(11%)
Advances (net)	248,794	58,272	19,820	31%	9%
Deposits	323,941	36,030	(26,760)	13%	(8%)
ROE (1)	31%	34%	36%		
ROA (2)	3.5%	3.8%	4.2%		
Gross Spread (annualized ratios of each period)	8.57%	8.42%	8.32%		

- (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 annualized numbers for presentation
- (3) Gross Spread = return on earning assets less funding cost (calculated on average monthly spreads)



3Q 2008 Standalone Highlights

PKR mm	3Q08	O (U) PKR		O (U) %	
		3Q07	2Q08	3Q07	2Q08
Net mark-up interest income	7,723	1,627	1,322	27%	21%
Non-interest income	1,646	(60)	707	(4%)	75%
Total Revenue	9,370	1,567	2,030	20%	28%
Profit before Tax	5,667	387	796	7%	16%
Net Income	3,946	362	382	10%	11%
EPS	6.28	0.6	0.6	10%	11%
ROE (1)	32%	34%	30%		
ROA (2)	3.5%	3.7%	3.4%		

- (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 annualized numbers for presentation



Consolidated Income Statement

PKR mm	O (U) PKR		
	3Q08	3Q07	2Q08
Mark-up Interest Earned	11,144	3,061	2,394
Mark-up Interest Expensed	3,419	1,434	1,072
Net mark-up / interest income	7,725	1,627	1,322
Non mark-up / interest income	1,739	(22)	715
Total revenue	9,464	1,604	2,037
Provisions / bad debt writeoffs	755	344	(82)
Non-interest expense	2,983	851	1,289
Profit from associates	12	(3)	(800)
Profit before tax	5,739	406	31
Taxation	1,732	63	531
Net income	4,007	342	(500)

- Interest income increased 38% YoY and 27% QoQ
 - Higher interest rate environment led to strong growth in income from advances, up 44% YoY, and in income from investments up 17% YoY despite smaller investment portfolio
- Interest expense grew 72% YoY and 46% QoQ reflecting PLS floor of 5%
- Non-interest income declined marginally due to tough capital market conditions, down 1% YOY but up 70% QoQ
 - Lower capital markets and dividend income was offset by higher foreign exchange dealing gains of PKR 578 mn up 313% YoY
 - Fee and Commission income decreased to PKR 619mm, down 11% YoY and 22% QoQ
- Provisions were up 84% YoY and down 10% QoQ. Provisions amounted to PKR 755mm against loans and advances
- Non-interest expense reflect the impact of the Pension Reversal benefit - prior to the pension reversal, admin expenses increased 27% YoY and 13% QoQ due to inflationary pressures and franchise investments
- Profit contribution from Adamjee was PKR 12 mn, after an exceptional contribution of PKR 812mn following the Maybank deal in 2Q08
- The effective tax rate was 30% to 21% in 2Q '08

Consolidated Balance Sheet

PKR mm	O (U) PKR		
	3Q08	3Q07	2Q08
Assets			
Cash and balances with treasury banks	47,724	13,319	(12,925)
Balances with other banks	9,880	5,595	(4,844)
Lending to financial institutions	18,701	15,788	4,389
Investments - net	93,134	(32,188)	(8,997)
Advances - net	248,794	58,272	19,820
Other assets - net	38,019	10,692	5,618
Total assets	456,253	71,477	3,061
Liabilities			
Bills payable	7,314	(1,796)	(408)
Borrowings	39,386	15,816	24,887
Deposits and other accounts	323,941	36,030	(26,760)
Sub-ordinated loan	-	(479)	-
Other liabilities	26,452	13,030	4,969
Total liabilities	397,093	62,601	2,688
Net assets	59,160	8,876	373
<i>Of which</i>			
Shareholder funds	53,235	9,221	2,281
Minority interests	0	0	0
Revaluation reserve	5,925	(345)	(1,908)

■ Total net advances were PKR 249bn, up 31% YoY and 9% QoQ - gross advances were PKR 261bn, up 31% YoY and 8% QoQ

• Industry net advances increased by 22% YoY* and 6.1% QoQ

■ Deposits were PKR 324bn, up of 13% YoY and down by 8% QoQ

• Total banking sector deposits increased 9% YoY* and decreased by 1% QoQ

■ Investments declined by 26% YoY

■ Shareholder funds prior to revaluation reserve increased to PKR 53bn, up 21% YoY and 4% QoQ

- SBP weekly release for all scheduled banks
- System Net Advances 27th Sep 2008 ~ PKR 2,831.9 bn
- System Net Advances 29th Sep 2007 ~ PKR 2,316.8 bn
- System Net Advances 5th July 2008 ~ PKR 2,669.2 bn

- SBP weekly release for all scheduled banks
- System Deposits 27th Sep 2008 ~ PKR 3,781.5 bn
- System Deposits 29th Sep 2007 ~ PKR 3,464.7 bn
- System Deposits 5th July 2008 ~ PKR 3,838.9 bn



Deposit Base

PKR mm	3Q08	% total	O (U) PKR		O (U) %	
			3Q07	2Q08	3Q07	2Q08
Fixed deposits	38,308	12%	3,173	8,338	9%	28%
Savings	168,828	52%	15,780	(38,656)	10%	(19)%
Current	116,805	36%	17,077	3,557	17%	3%
Total deposits	323,941	100%	36,030	(26,760)	13%	(8)%
CASA deposits	285,633	88%	32,857	(35,099)	13%	(11)%

- Deposits decreased by PKR 26.8 bn during the quarter compared to 2Q08
 - Fixed deposits increased by PKR 8.3 bn compared to 2Q08
 - Saving deposits decreased by 19% QoQ and increased 10% YoY
 - Current deposits increased by 3% QoQ and increased 17% YoY
- Over the year, the mix of deposits has changed with CASA deposits representing 88% of total deposits at Sep 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	O (U) PKR			O (U) %	
	3Q08	3Q07	2Q08	3Q07	2Q08
Corporate	144	48	24	51%	20%
Commercial	68	2	(4)	2%	-6%
Consumer	33	5	(1)	16%	-2%
Islamic	6	2	(1)	50%	-13%
Other	11	5	2	76%	20%
Gross advances	261	61	20	31%	8%
ADR (gross) %	81%	69%	68%		
ADR (net) %	77%	66%	65%		

- Total loan portfolio grew by PKR 61bn YoY and increased by PKR 20bn QoQ
 - Corporate lending increased 51% YoY and 20% QoQ
 - Commercial loan book increased 2% YoY and declined 6% QoQ (due to seasonal factors)
 - Consumer lending increased 16% YoY and declined 2% QoQ

Asset Quality

PKR mm				O (U) PKR		O (U) %	
	3Q08	3Q07	2Q08	3Q07	2Q08	3Q07	2Q08
Gross loans	260,822	200,068	240,178	60,753	20,644	30%	9%
NPL	13,320	9,546	11,988	3,774	1,333	40%	11%
Total provision	12,028	9,546	11,204	2,481	824	26%	7%
NPL: Loans	5.11%	4.77%	4.99%				
Provision: NPLs	90.3%	100.0%	93.5%				

- Non-performing loans increased 11% QoQ to PKR 13,320mm.
- The NPL: advances (gross) ratio increased by 12bps during the 3Q 08 to 5.11% compared to 4.99% in 2Q 08
- NPLs are 90% provisioned at the end of 3Q 08

Capital Strength

PKR mm	<u>Sep-08</u>	<u>Jun-08</u>	<u>Dec-07</u>
Total assets	456,253	453,192	412,901
Tier 1 Capital	49,705	46,922	44,720
Tier 2 Capital	7,704	7,885	8,750
Risk weighted assets	314,963	306,697	299,119
Tier 1 Capital Ratio	15.8%	15.3%	15.0%
Tier 2 Capital Ratio	2.4%	2.6%	2.9%

- Tier 1 capital ratio was 15.8% at September 2008
- Total capital ratio was 18.2% at September 2008



**Thank you
&
Question & Answer Session**

