



# **MCB Bank Limited**

**THIRD QUARTER 2009**

**September 2009**

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## Important Information about Results Presentation

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



## 3Q 2009 Financial Highlights

### Balance Sheet

- Deposits reached Rps. 362 Bn, an increase of 12% YoY & flat on quarterly basis
- Gross advances were Rps. 253B, a decrease of 3% YoY and 7% QoQ

### Income Statement

- Net interest income increased 10% YoY and decreased 5% QoQ to Rps. 8.5B
- Non interest income declined by 31% YoY and increased by 9% QoQ to Rps. 1.2B
  - Fee income increased 26% YoY and decreased 7% QoQ
- Provisions were down 48% QoQ to Rps. 1.1B
- Non-interest expenses excluding Pension Fund (PF) reversal were Rs. 3.7Bn, up 3% QoQ and down 1% YoY
- PF reversal was Rps. 1,050M in 3Q09, bringing total PF reversal to Rs. 2.8B for 9M 2009
- PBT was Rps. 6.5 Bn, an increase of 13% YoY and 17% QoQ and net income was Rps. 4.5 Bn on revenues of Rps. 9.7 Bn

### Key Ratios

- EPS for 3<sup>rd</sup> Quarter was Rps. 6.6
- A 25% cash dividend was announced
- ROAA was 3.9% and ROAE 30% as on 3Q09.



## 3Q 2009 Consolidated Highlights

PKR mm	O (U) PKR			O (U) %	
	3Q09	3Q08	2Q09	3Q08	2Q09
Net mark-up interest income	8,522	802	(471)	10%	(5%)
Non-interest income	1,200	(533)	96	(31%)	9%
Total Revenue	9,721	269	(375)	3%	(4%)
Profit before Tax	6,474	734	933	13%	17%
Net Income	4,531	524	865	13%	24%
EPS	6.56	0.8	1.3	13%	24%
Advances (net)	238,291	(10,504)	(20,558)	(4%)	(8%)
Deposits	362,097	38,157	280	12%	0%
ROAE	30%	31%	25%		
ROAA	3.9%	3.5%	3.2%		
NIM (1)	8.4%	8.2%	9.0%		



(1) NIM = (Net Interest Income / (Avg. Bal. with other banks + Avg. Lendings to Fin. Institutions + Avg. Investments-net + Avg. Gross Advances ))\*4

## 3Q 2009 Standalone Highlights

PKR mm	O (U) PKR			O (U) %	
	3Q09	3Q08	2Q09	3Q08	2Q09
Net mark-up interest income	8,520	802	(471)	10%	(5%)
Non-interest income	1,183	(457)	113	(28%)	11%
Total Revenue	9,703	345	(357)	4%	(4%)
Profit before Tax	5,964	297	514	5%	9%
Net Income	4,049	102	427	3%	12%
EPS	5.86	0.1	0.6	3%	12%
ROAE	28%	32%	26%		
ROAA	3.5%	3.5%	3.1%		
NIM (1)	7.4%	7.4%	5.3%		

(1) NIM = (Net Interest Income / (Avg. Bal. with other banks + Avg. Lendings to Fin. Institutions + Avg. Investments-net + Avg. Gross Advances))<sup>4</sup>



## 3Q 2009 - Consolidated Income Statement

PKR mm	O (U) PKR			O (U) %	
	3Q09	3Q08	2Q09	3Q08	2Q09
Mark-up Interest Earned	12,352	1,200	(497)	11%	(4)%
Mark-up Interest Expensed	3,831	398	(26)	12%	(1)%
Net mark-up / interest income	8,522	802	(471)	10%	(5)%
Non mark-up / interest income	1,200	(533)	96	(31)%	9%
Total revenue	9,721	269	(375)	3%	(4)%
Provisions / bad debt writeoffs	1,120	365	(1,030)	48%	(48)%
Non-interest expense	2,642	(328)	155	(11)%	6%
Non-interest expense exclud. PF	3,692	(29)	91	(1)%	3%
Pension fund reversal	1,050	299	(64)	40%	(6)%
Profit from associates	515	502	433	4109%	534%
Profit before tax	6,474	734	933	13%	17%
Taxation	1,942	211	69	12%	4%
Net income	4,531	524	865	13%	24%
Effective tax rate	30%	30%	34%		



## Non Interest Income - Consolidated

PKR mm	O (U) PKR			O (U) %	
	3Q09	3Q08	2Q09	3Q08	2Q09
Fee, commission and brokerage income	799	166	(60)	26%	(7)%
Income earned as trustee to various funds	4	(1)	0	(22)%	8%
Dividend income	107	(176)	26	(62)%	32%
Income from dealing in foreign currencies	(37)	(619)	116	(106)%	(76)%
Gain on sale of securities - net	143	167	125	(698)%	666%
Gain / (loss) on trading in government securities - net	-	-	-	NM	NM
Unrealised loss on revaluation of invest. Classif. HFT	(21)	(24)	(44)	(1004)%	(195)%
Other income	205	(46)	(67)	(19)%	(25)%
Total non mark-up / interest income	1,200	(533)	96	(31)%	9%





## Administrative Expenses- Standalone

	Actuals			
	3Q 09	2Q 09	Amount	%age
Personnel expenses	1,507	1,737	(230)	(13)%
Rent, taxes, insurance, electricity	361	335	26	8%
Legal and professional charges	62	58	4	7%
Communications	286	270	16	6%
Repairs and maintenance	128	117	11	9%
Stationery and printing	70	96	(25)	(27)%
Advertisement and publicity	36	53	(17)	(32)%
Depreciation	229	202	27	13%
Amortization of intangible asset	42	25	17	70%
Travelling, conveyance and fuel	156	148	8	6%
Entertainment	14	14	(0)	(1)%
Credit Card Related Expenses	(14)	25	(40)	(157)%
Cash transportation charges	132	130	2	1%
Instrument clearing charges	38	36	2	5%
Others	421	150	271	180%
<b>Total Admin expenses without reversal of pension Fund</b>	<b>3,468</b>	<b>3,397</b>	<b>71</b>	<b>2%</b>



## Deposit Base

PKR Bn	% Total			O (U) PKR		O (U) %	
	3Q09	3Q08	2Q09	3Q08	2Q09	2Q08	1Q09
Fixed deposits	58	16%	16%	20	2	52%	3%
Savings (1)	173	48%	49%	5	(2)	3%	(1)%
Current (2)	130	36%	36%	14	1	12%	1%
Total deposits	362	100%	100%	38	0	12%	0%
CASA deposits	304	84%	84%	18	(1)	6%	(0)%

- Deposits remained flat during the quarter compared to 2Q09
  - CASA deposits declined by PKR 1bn, while fixed deposits rose by 2bn compared to 2Q09
  - Saving deposits decreased by 2% QoQ and current deposits increased by 1% QoQ
- Over the year, the mix of deposits has changed with CASA deposits representing 84% of total deposits at 3Q 09
- **Market deposits increased by 1.0% QoQ ( 27<sup>th</sup> June 09 - 26<sup>th</sup> Sep 09)**

(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	3Q09	O (U) PKR		O (U) %	
		3Q08	2Q09	3Q08	2Q09
Corporate	160	16	(6)	11%	(4)%
Commercial	48	(17)	(9)	(26)%	(17)%
Consumer	28	(5)	(2)	(14)%	(5)%
Islamic	3	(3)	(1)	(50)%	(25)%
Other	14	1	(1)	6%	(9)%
Gross advances	253	(8)	(20)	(3)%	(7)%
ADR (gross) %	70%	81%	75%		
ADR (net) %	66%	77%	72%		

- Total loan portfolio fell by PKR 8bn YoY and PKR 20bn QoQ
  - Corporate lending increased 11% YoY and decreased 4% QoQ
  - Commercial loan book decreased 26% YoY and 17% QoQ
  - Consumer lending decreased 14% YoY and 5% QoQ



ADR = Gross Advances divided by Deposits

## Asset Quality

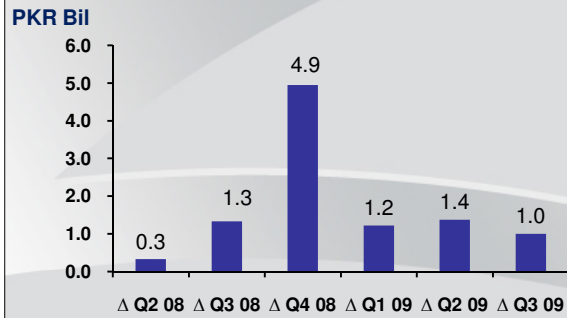
PKR mm				O (U) PKR		O (U) %	
	3Q09	3Q08	2Q09	3Q08	2Q09	2Q08	1Q09
Gross loans	253,167	260,822	272,906	(7,655)	(19,739)	(3)%	(7)%
NPL	21,854	13,320	20,863	8,534	991	64%	5%
Total provision	14,876	12,028	14,058	2,849	818	24%	6%
NPL: Loans	8.63%	5.11%	7.64%				
Provision: NPLs	68.1%	90.3%	67.4%				

- Non-performing loans increased 5% QoQ to PKR 21,854mm
- NPLs are 68% provisioned at the end of 3Q 09

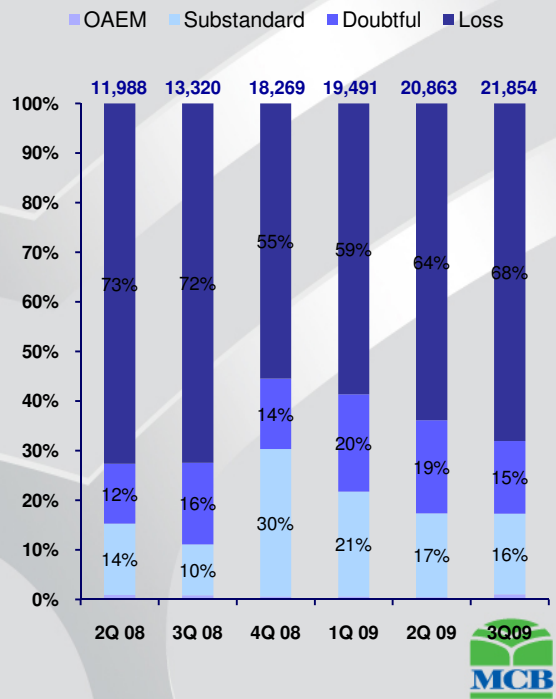


# NPLs

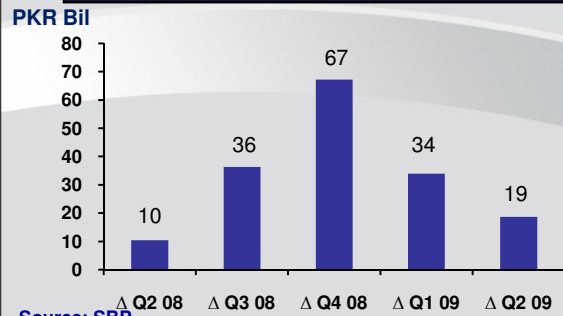
QoQ Change in MCB NPLs



MCB NPLs breakdown by Category



QoQ Change in System NPLs



Source: SBP



## Capital Strength

Consolidated	<u>3Q-09</u>	<u>Dec-08</u>	■ Tier 1 capital ratio was 19% at 3Q 09
Total assets	471,232	445,286	■ Capital Adequacy ratio was 21% at 3Q 09
Tier 1 Capital	57,967	52,493	
Tier 2 Capital	4,386	580	
Risk weighted assets	302,347	330,372	
Tier 1 Capital Ratio	19.2%	15.9%	
Tier 2 Capital Ratio	1.5%	0.2%	
Total Capital Adequacy	20.6%	16.1%	



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**Thank you  
&  
Question & Answer Session**

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