



MCB Bank Limited

SECOND QUARTER 2009

August 2009

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Important Information about Results Presentation

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



Acquisition Of RBS Pakistan by MCB



RBS - Transaction Overview

- MCB Bank Limited (“MCB”) has entered into an Agreement to purchase the Royal Bank of Scotland Limited (“RBS Pakistan”) from Royal Bank of Scotland Group plc
- The total consideration for the transaction is PKR 7.2 billion
- MCB will acquire 99.4% stake in RBS from the sponsors (1,707,107,891 shares) while the remaining 0.6% or 10,873,515 shares will be tendered for as per relevant rules and regulations
- The Transaction will be entirely funded through cash from internally generated resources and is not contingent on any external fund raising
- The acquisition will enable MCB to gain excellence in the following areas:
 - Leading upscale franchise with robust Preferred Banking portfolio
 - Product Knowledge and Expertise in Transaction Services
 - Best practices and systems in Risk management and Information technology
 - Experienced Management team with established contacts



Franchise Overview- Royal Bank of Scotland

Overview

- First foreign bank to open branches in Pakistan post independence in 1948
- Acquired Prime Commercial Bank in April 2007 which merged into ABN in September 2007
- Branch network comprising over 75 branches in 24 cities of which 8 are owned:
 - General Banking Branches – 47 (2 inoperative)
 - Royal Preferred Banking Branches – 30
 - Islamic Banking Branches – 3
 - Sales Branch – 1
- Leading international franchise in GBM, GTS and Royal Preferred Banking
- Staff strength 1,829 FTEs and 1,746 outsourced employees
- The Bank is listed on all three stock exchanges in Pakistan

Summary Profit and Loss (1)

| PKR mn | 2006 | 2007 | 2008 |
|-----------------------------|-------|---------|-------|
| Net Interest Income | 4,223 | 6,077 | 5,768 |
| Non Interest Income | 1,751 | 2,163 | 3,811 |
| Total Revenue | 5,974 | 8,240 | 9,579 |
| Cost | 2,369 | 5,871 | 6,592 |
| Operating Profit | 3,605 | 2,369 | 2,987 |
| Credit cost and impairments | 515 | 3,708 | 3,605 |
| Profit before Tax | 3,090 | (1,339) | (515) |

Summary Balance sheet data (1)

| PKR mn | 2006 | 2007 | 2008 |
|--------------------------|--------|---------|---------|
| Share Capital | 5,297 | 13,474 | 13,474 |
| Reserves | 3,401 | (8,385) | (8,904) |
| Total Shareholder's Fund | 8,669 | 5,089 | 8,276 |
| Deposits | 93,743 | 90,289 | 79,103 |
| Advances | 71,843 | 64,155 | 67,910 |
| Borrowing from FI's | 16,830 | 6,068 | 8,196 |
| Investments | 25,609 | 16,444 | 18,983 |



¹⁾ 2H '09 Not published. We will provide the numbers as soon as they are available

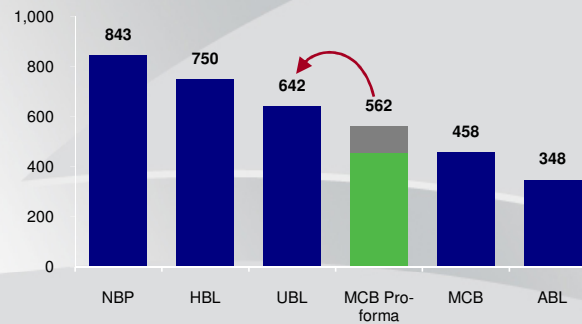
Strategic Rational – MCB's Acquisition of RBS



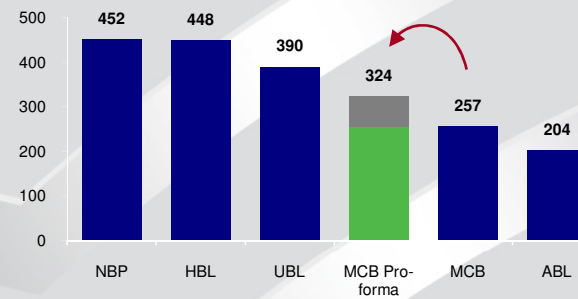
An opportunity for MCB to benefit from internationally acclaimed product knowledge and expertise, and add value to its existing franchise

Strategic Rational – MCB's Acquisition of RBS

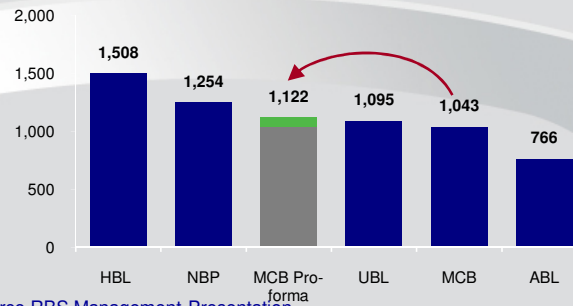
2008- Asset Base – PKR bn



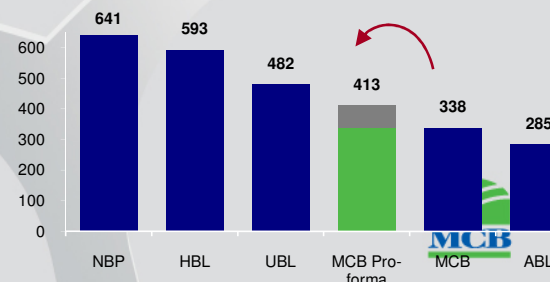
1Q09- Gross Advances pro-forma comparison – PKR bn



1Q09- Number of Branches



1Q09- Deposits pro-forma comparison – PKR bn



Source: RBS Management Presentation



MCB 2Q09 Results



2Q 2009 Financial Highlights

Balance Sheet

- Deposits were Rps. 362 Bn, an increase of 3% YoY and 7% QoQ- current deposits rose by 14% YoY to Rps. 130 B
- Gross advances were Rps. 273 B, an increase of 14% YoY and 6% QoQ

Income Statement

- Net interest income increased 40% YoY and decreased 1% QoQ to Rps. 9B
- Non interest income increased by 8% YoY and declined by 35% QoQ to Rps. 1.1B
 - Fee income increased 8% YoY and 4% QoQ, while FX dealing and sale of securities were lower
- Provisions were up 23% QoQ to Rps. 2.2B
- Non-interest expenses (adjusted for PF Reversals) was Rs. 3.6 Bn up 4% QoQ and 8% YoY
- PF reversal was Rps. 1,114 M in 2Q09, compared to Rps 650 M in 1Q09 and Rps 1,648 M in 2Q08
- PBT was Rps. 5.5 Bn, a decline of 3% YoY and 13% QoQ and net income was Rps. 3.7 B on revenues of Rps. 10.1 B

Key Ratios

- EPS for 2nd Quarter was Rps. 5.3, down 19% YoY on a consolidated basis, and was up 2% at Rps. 5.2 on a stand alone basis
 - A Rps. 2.5 per share cash dividend was announced
- ROAA was 3.2% and ROAE 25% as on 2Q09.



2Q 2009 Consolidated Highlights

| PKR mm | 2Q09 | O (U) PKR | | O (U) % | |
|------------------------------|---------|-----------|--------|---------|-------|
| | | 2Q08 | 1Q09 | 2Q08 | 1Q09 |
| Net mark-up interest income | 8,992 | 2,589 | (104) | 40% | (1%) |
| Non-interest income | 1,104 | 80 | (602) | 8% | (35%) |
| Total Revenue | 10,096 | 2,669 | (706) | 36% | (7%) |
| Profit bf. provisions and PF | 6,576 | 1,679 | (886) | 34% | (12%) |
| Profit before Tax | 5,540 | (168) | (829) | (3%) | (13%) |
| Net Income | 3,666 | (841) | (588) | (19%) | (14%) |
| EPS | 5.31 | (1.2) | (0.9) | (19%) | (14%) |
| Advances (net) | 258,848 | 29,875 | 14,701 | 13% | 6% |
| Deposits | 361,817 | 11,116 | 23,540 | 3% | 7% |
| ROAE | 25% | 36% | 31% | | |
| ROAA | 3.2% | 4.2% | 3.8% | | |
| NIM | 9.4% | 7.6% | 9.9% | | |
| NIM (incl. associate income) | 9.5% | 8.6% | 10.0% | | |



2Q 2009 Standalone Highlights

| PKR mm | O (U) PKR | | | O (U) % | |
|-----------------------------|-----------|-------|-------|---------|-------|
| | 2Q09 | 2Q08 | 1Q09 | 2Q08 | 1Q09 |
| Net mark-up interest income | 8,990 | 2,589 | (104) | 40% | (1%) |
| Non-interest income | 1,070 | 131 | (618) | 14% | (37%) |
| Total Revenue | 10,060 | 2,720 | (722) | 37% | (7%) |
| Profit bf. Provisions & PF | 6,487 | 2,427 | (844) | 60% | (12%) |
| Profit before Tax | 5,451 | 580 | (787) | 12% | (13%) |
| Net Income | 3,622 | 57 | (513) | 2% | (12%) |
| EPS | 5.24 | 0.1 | (0.7) | 2% | (12%) |
| ROAE | 26% | 30% | 31% | | |
| ROAA | 3.1% | 3.4% | 3.7% | | |
| NIM | 9.5% | 7.7% | 9.9% | | |



2Q 2009 - Consolidated Income Statement

| PKR mm | O (U) PKR | | | O (U) % | |
|---------------------------------|-----------|-------|-------|---------|-------|
| | 2Q09 | 2Q08 | 1Q09 | 2Q08 | 1Q09 |
| Mark-up Interest Earned | 12,849 | 4,099 | (155) | 47% | (1)% |
| Mark-up Interest Expensed | 3,857 | 1,510 | (51) | 64% | (1)% |
| Net mark-up / interest income | 8,992 | 2,589 | (104) | 40% | (1)% |
| Non mark-up / interest income | 1,104 | 80 | (602) | 8% | (35)% |
| Total revenue | 10,096 | 2,669 | (706) | 36% | (7)% |
| Provisions / bad debt writeoffs | 2,150 | 1,313 | 408 | 157% | 23% |
| Non-interest expense | 2,487 | 793 | (342) | 47% | (12)% |
| Non-interest expense exclud. PF | 3,601 | 259 | 122 | 8% | 4% |
| Pension fund reversal | 1,114 | (534) | 464 | (32)% | 71% |
| Profit from associates | 81 | (731) | (58) | (90)% | (42)% |
| Profit before tax | 5,540 | (168) | (829) | (3)% | (13)% |
| Taxation | 1,874 | 673 | (242) | 56% | (11)% |
| Net income | 3,666 | (841) | (588) | (19)% | (14)% |
| <i>Effective tax rate</i> | 34% | 21% | 33% | | |



Non Interest Income - Consolidated

| PKR mm | 2Q09 | O (U) PKR | | O (U) % | |
|--|-------|-----------|-------|---------|--------|
| | | 2Q08 | 1Q09 | 2Q08 | 1Q09 |
| Fee, commission and brokerage income | 859 | 64 | 34 | 8% | 4% |
| Income earned as trustee to various funds | 4 | (2) | 0 | (28%) | 3% |
| Dividend income | 81 | 49 | 14 | 154% | 20% |
| Income from dealing in foreign currencies | (153) | 36 | (585) | (19%) | (135%) |
| Gain on sale of securities and trading in govt. securities | 19 | (76) | (95) | (80)% | (83)% |
| Other income | 294 | 8 | 29 | 3% | 11% |
| Total non mark-up / interest income | 1,104 | 80 | (602) | 8% | (35)% |



Administrative Expenses- Standalone for 1H 2009

| | 2009 | 2008 | O (U) % |
|--|--------------|--------------|------------|
| PKR Mil | | | |
| Personnel expenses | 3,553 | 3,394 | 5% |
| Rent, taxes, insurance, electricity | 592 | 448 | 32% |
| Legal and professional charges | 91 | 95 | (4)% |
| Communications | 459 | 389 | 18% |
| Repairs and maintenance | 217 | 219 | (1)% |
| Stationery and printing | 170 | 149 | 14% |
| Advertisement and publicity | 108 | 92 | 17% |
| Depreciation | 445 | 356 | 25% |
| Amortization of intangible asset | 73 | 87 | (16)% |
| Travelling, conveyance and fuel | 272 | 256 | 6% |
| Entertainment | 41 | 43 | (4)% |
| Credit Card Related Expenses | 54 | 46 | 17% |
| Cash transportation charges | 246 | 188 | 31% |
| Instrument clearing charges | 62 | 54 | 15% |
| Others | 288 | 233 | 24% |
| Total Admin expenses exclud. PF reversals | 6,671 | 6,049 | 10% |



Deposit Base

| PKR Bn | % Total | | | O (U) PKR | | O (U) % | |
|----------------|---------|------|------|-----------|------|---------|------|
| | 2Q09 | 2Q09 | 1Q09 | 2Q08 | 1Q09 | 2Q08 | 1Q09 |
| Fixed deposits | 57 | 16% | 17% | 27 | 0 | 89% | (0)% |
| Savings (1) | 176 | 48% | 49% | -32 | 9 | (15)% | 6% |
| Current (2) | 130 | 36% | 34% | 16 | 14 | 14% | 13% |
| Total deposits | 362 | 100% | 100% | 11 | 24 | 3% | 7% |
| CASA deposits | 305 | 84% | 83% | -16 | 24 | (5)% | 8% |

- Deposits increased by PKR 24bn during the quarter compared to 1Q09
 - CASA deposits also increased by PKR 24bn, while fixed deposits remained flat at 57bn compared to 1Q09
 - Saving deposits increased by 6% QoQ and current deposits by 13% QoQ
- Over the year, the mix of deposits has changed with CASA deposits representing 84% of total deposits at 2Q 09
- **Market deposits increased by 6.3% QoQ (28th Mar 09 - 27th June 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 | 2Q09 | O (U) PKR | | O (U) % | |
|----------------|------|-----------|------|---------|------|
| | | 2Q08 | 1Q09 | 2Q08 | 1Q09 |
| Corporate | 166 | 47 | 21 | 40% | 14% |
| Commercial | 57 | (15) | (4) | -21% | -6% |
| Consumer | 30 | (3) | (1) | -9% | -4% |
| Islamic | 4 | (3) | (2) | -45% | -29% |
| Other | 16 | 7 | 2 | 76% | 15% |
| Gross advances | 273 | 33 | 16 | 14% | 6% |
| ADR (gross) % | 75% | 68% | 76% | | |
| ADR (net) % | 72% | 65% | 72% | | |

- Total loan portfolio grew by PKR 33bn YoY and fell by PKR 16bn QoQ
 - Corporate lending increased 40% YoY and 14% QoQ
 - Commercial loan book decreased 21% YoY and 6% QoQ (due to seasonal factors)
 - Consumer lending decreased 9% YoY and 4% QoQ



ADR = Gross Advances divided by Deposits

Asset Quality

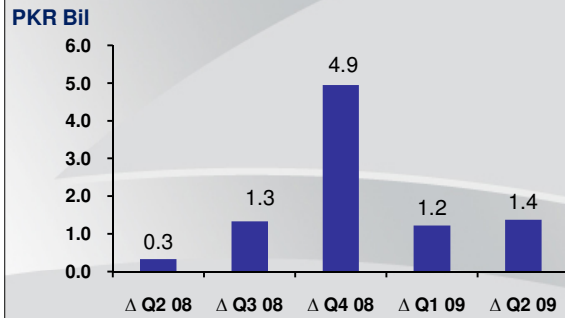
| PKR mm | 2Q09 | 2Q08 | 1Q09 | O (U) PKR | | O (U) % | |
|-----------------|---------|---------|---------|-----------|--------|---------|------|
| | | | | 2Q08 | 1Q09 | 2Q08 | 1Q09 |
| Gross loans | 272,906 | 240,178 | 256,663 | 32,729 | 16,243 | 14% | 6% |
| NPL | 20,863 | 11,988 | 19,491 | 8,876 | 1,373 | 74% | 7% |
| Total provision | 14,058 | 11,204 | 12,517 | 2,854 | 1,541 | 25% | 12% |
| NPL: Loans | 7.64% | 4.99% | 7.59% | | | | |
| Provision: NPLs | 67.4% | 93.5% | 64.2% | | | | |

- Non-performing loans increased 7% QoQ to PKR 20,863mm
- NPLs are 67% provisioned at the end of 2Q 09

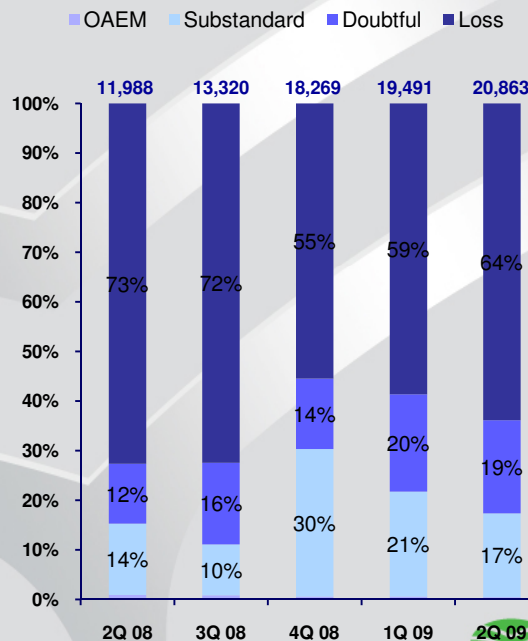


NPLs

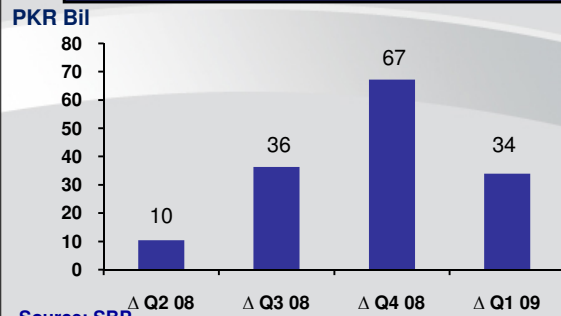
QoQ Change in MCB NPLs



MCB NPLs breakdown by Category



QoQ Change in System NPLs



Source: SBP



Capital Strength

| | <u>2Q-09</u> | <u>Dec-08</u> | |
|------------------------|--------------|---------------|---|
| Total assets | 469,524 | 445,286 | ■ Tier 1 capital ratio was 18% at 2Q 09 |
| Tier 1 Capital | 56,888 | 52,493 | ■ Capital Adequacy ratio was 19% at 2Q 09 |
| Tier 2 Capital | 3,434 | 580 | |
| Risk weighted assets | 319,285 | 330,372 | |
| Tier 1 Capital Ratio | 17.8% | 15.9% | |
| Tier 2 Capital Ratio | 1.1% | 0.2% | |
| Total Capital Adequacy | 18.9% | 16.1% | |



**Thank you
&
Question & Answer Session**

