

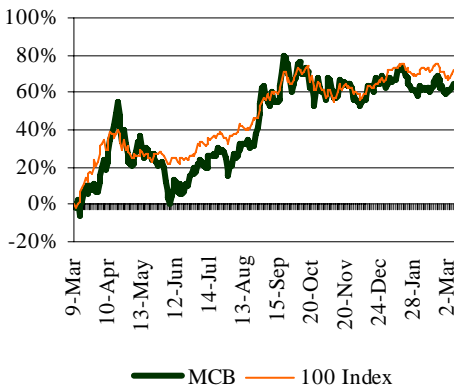
Company Statistics

KATS Code	MCB
Bloomberg Code	MCB:PA
Router Code	MCB.KA
Sector	Banks
Paid-up Capital (PKR mn)	6,911.05
O/S (mn)	691.10
Free Float (Shares mn)	311.00
Mkt. Cap. (PKR bn)	150.94
Mkt. Cap. (US\$ bn)	1.78
Volume mn (Mar 08'10)	1.63

Performance at KSE

	3M	6M	12M
Avg. Price	217.93	217.53	190.17
Max	233.80	244.00	244.00
Min	203.00	198.47	122.87
Avg. Vol. Mn	1.95	2.26	3.12
Rel %	7.64%	7.61%	62.03%

MCB V/S KSE 100 Index



MCB: FY09 result review

In our 'Market Lens' of today, we have presented a detailed review of MCB FY09 result which was announced on February 25, 2010. The Bank's bottom line remained flat in FY09 registering a meager growth of 1%. While on Q-o-Q basis, the Bank posted a net earning of PKR3,690mn, EPS: PKR5.34 during 4QFY09 compared to PKR4,049mn, EPS: PKR5.86 during the same quarter last year, reflecting a decline of 9%. The Bank also declared a final cash dividend of PKR3.50/share and stock dividend of 10%. During the last trading session, the MCB scrip closed at PKR218.41/-, which is below our fair value for the scrip thereby allowing us to recommend an 'ACCUMULATE' stance for the scrip at current levels.

Flat earning in FY09

The Bank reported a flat growth in its bottom line thereby translating into a net profit after tax of PKR15,495mn, EPS: PKR22.42 for FY09 compared to PKR15,375mn EPS: PKR22.25 during the last year. This lackluster growth in earning is attributed to the higher NPLs, significant increase in non-interest expense and lower non interest income.

NII jumped by 26%

During the year, the Net Interest Income (NII) of the Bank increased by 26% to PKR35,775mn compared to PKR28,483mn during last year. This is mainly due to the improved NIM of the bank reached to 8.33%, up 57bps from 7.76% in the last year on account of higher yield on earning assets. Yield on earning asset improved by 111bps while cost of funds jumped by 59bps. Moreover, latest figure indicates that Bank CASA share has improved to 83% in deposits mix, we expect that cost of fund will remain on lower side in coming quarters.

Bad debt provisions stood at PKR5,797mn

In 2009, MCB's credit provisions swell by 3.3x to PKR5,797mn as against PKR1,335mn in the last year whereas provisions from diminution of investment value stood at PKR1,484mn against PKR2,684mn in FY08. Consequently, total provision charges are increased by 82% to PKR7,322mn in FY09. In 4QFY09, bad debt provisions remained 84% higher on Q-o-Q basis at PKR1,568mn as against PKR855mn in the preceding quarter. While during 4QFY08, the bank had reversed NPLs provisions of PKR660mn owing to change in accounting assumption on account of general provisions. Moreover, total provisions included PKR733mn on account of impairment charge of in the fourth quarter.

Key Income Statement Items

PKR mn	4QFY09	4QFY08	%Δ	FY09	FY08	%Δ
NII	9,148	8,179	12%	35,775	28,483	26%
NII after Prov.	6,839	6,367	7%	28,452	24,464	16%
Non-markup inc.	1,719	1,298	32%	5,643	5,791	-3%
Non-markup Exp	3,056	2,093	46%	10,940	8,388	30%
PAT	3,690	3,751	-2%	15,495	15,375	1%
EPS	5.34	5.43		22.42	22.25	



Pakistan Capital Market

Non interest income down by 3% (Y-o-Y)

During the period under review, non-markup/interest income of the Bank dropped by 3% over last year on the back of lower dividend income and income from dealing in foreign currencies. Fee, commission and brokerage income remained the main contributor in non interest income which improved by 12% in FY09 compared to last year.



Pakistan Capital Market

REPO RATES (AVG. YIELD %)		
TENOR	AVERAGE	
Overnight	12.23	
3-Months	12.00	
6-Months	12.06	
1-Year	12.09	

PIB YIELD (%)		
TENOR	YIELD RANGE	
2.6-3.0 Years	12.35	12.40
4.6-5.0 Years	12.45	12.50
9.6-10.0 Years	12.60	12.63
15 Years	12.85	13.00
20 Years	13.10	13.15
30 Years	13.15	13.25

T-BILL YIELD (%)		
TENOR	YIELD RANGE	
16-30 Days	12.00	12.05
61-90 Days	12.07	12.10
121-180 Days	12.18	12.20
271-365 Days	12.25	12.27

KIBOR RATES (%)		
TENOR	BID	OFFER
1 Month	11.95	12.45
3 Months	12.10	12.35
6 Months	12.15	12.40
12 Months	12.25	12.75

EXCHANGE RATES (PKR)		
CURRENCY	BID	OFFER
US Dollar	84.75	84.95
Euro	114.55	115.05
UK Pound	127.30	127.80
Japan Yen	0.92	0.93
UAE Dirham	22.85	22.95
Saudi Riyal	22.25	22.35

LIBOR USD (%)	
TENOR	YIELD
1 Month	0.23
3 Months	0.25
6 Months	0.39
12 Months	0.86

OIL PRICES (US\$/BARREL)	
London Brent	79.25
US Crude	81.87

GDR (US\$)	
MCBS @ 2 Ord. Sh	2.60
OGDC @ 10 Ord. Sh	13.70
UBLA @ 4 Ord. Sh	2.39
LKCA @ 4 Ord. Sh	3.10

OTHERS	
SCRA (US\$mn)*	15.44
Bank Al Jazira (SR)	17.95

*March 05'10

ECONOMIC EVENTS	
DATE	EVENTS
Last week of March 2010	Monetary Policy Statement
May 15, 2010	Federal Budget 2010

COMPANY	PERIOD	DPS %	BONUS %	RIGHT %	EPS
East West Insurance	31-Dec-09	-	-	-	(23.50)
Bank Of Khyber	31-Dec-09	-	-	-	(1.27)

DATE	COMPANY
12-Mar-10	Pakistan Tobacco Co. Ltd.
14-Mar-10	Bank Alfalah Ltd.
15-Mar-10	Pakistan Gum & Chemicals Ltd.
15-Mar-10	Abbott (Lab) Pakistan Ltd.
16-Mar-10	Pakistan Int. Airlines Corp.
27-Mar-10	United Growth & Income Fund