



MCB Bank Limited
&
Subsidiary Companies

Consolidated Financial Statements
Three months Ended March 31, 2009

MCB Bank Limited & Subsidiary Companies

Consolidated Condensed Interim Balance Sheet

As at March 31, 2009

	<i>Note</i>	Unaudited March 31, 2009	Audited December 31, 2008
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		36,731,947	39,631,219
Balances with other banks		2,443,826	4,106,526
Lendings to financial institutions	7	11,287,883	4,100,079
Investments - net	8	126,889,805	97,790,391
Advances - net	9	244,147,130	262,508,830
Operating fixed assets		17,588,080	17,320,485
Deferred tax assets - net		-	-
Other assets - net		19,031,406	19,828,228
		458,120,077	445,285,758
Liabilities			
Bills payable		7,439,849	10,551,468
Borrowings	10	30,246,932	22,663,840
Deposits and other accounts	11	338,277,406	330,245,080
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	919,900	440,295
Other liabilities		17,272,764	21,252,942
		394,156,851	385,153,625
Net assets		63,963,226	60,132,133
Represented by:			
Share capital		6,911,045	6,282,768
Reserves		37,169,290	36,772,321
Un-appropriated profit		12,712,582	11,065,723
		56,792,917	54,120,812
Monority interest		72	69
		56,792,989	54,120,881
Surplus on revaluation of assets - net of tax		7,170,237	6,011,252
		63,963,226	60,132,133

Contingencies and commitments

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The annexed notes 1 to 20 form an integral part of these unconsolidated condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.

President and Chief Executive

Director

Director

Director

MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended March 31, 2009

	<i>Note</i>	Quarter ended March 31, 2009	Quarter ended March 31, 2008
----- (Rupees in '000) -----			
Mark-up / return / interest earned		13,003,883	8,189,576
Mark-up / return / interest expensed		<u>3,908,062</u>	1,992,374
Net mark-up / interest income		9,095,821	6,197,202
Provision / (reversal) for diminution in the value of investments		<u>(49,182)</u>	-
Provision against loans and advances - net		<u>1,791,347</u>	615,220
		<u>1,742,165</u>	615,220
Net mark-up / interest income after provisions		7,353,656	5,581,982
Non mark-up / interest income			
Fee, commission and brokerage income		<u>824,444</u>	753,251
Income earned as trustee to various funds		4,011	5,177
Dividend income		67,683	86,923
Income from dealing in foreign currencies		431,831	146,917
Gain on sale of securities - net		113,272	610,456
Unrealized gain on revaluation of investments classified as held for trading		6,086	15,268
Other income		<u>258,738</u>	292,304
Total non mark-up / interest income		<u>1,706,065</u>	1,910,296
		9,059,721	7,492,278
Non-mark-up / interest expenses			
Administrative expenses		<u>2,634,937</u>	1,696,905
Other provisions		3,069	-
Other charges		<u>190,998</u>	75,053
Total non mark-up/interest expenses		<u>2,829,004</u>	1,771,958
Share of profit of associated undertaking		<u>138,922</u>	26,597
		<u>6,369,639</u>	5,746,917
Extra ordinary / unusual item		-	-
Profit before taxation		<u>6,369,639</u>	5,746,917
Taxation - Current period		<u>2,156,742</u>	2,088,956
- Prior years		<u>(62,500)</u>	(230,000)
- Deferred		<u>10,407</u>	(121,646)
Share of tax of associated undertaking		<u>11,006</u>	3,032
		<u>2,115,655</u>	1,740,342
Profit after taxation		<u>4,253,984</u>	4,006,575
Share of profit attributable to minority interest		<u>(3)</u>	(3)
Profit attributable to ordinary shareholders		<u>4,253,981</u>	4,006,572
Earnings per share - basic and diluted - Rupees	<i>11</i>	<u>6.16</u>	<u>5.80</u>

The annexed notes 1 to 20 form an integral part of these unconsolidated condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.

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MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2009

	March 31, 2009	March 31, 2008
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	6,369,639	5,746,917
Less: Dividend income	(206,605)	(113,520)
	<u>6,163,034</u>	<u>5,633,397</u>
Adjustments for non-cash charges		
Depreciation	194,931	188,236
Amortisation	48,000	48,299
Provision against loans and advances	1,791,347	615,220
Provision / (reversal) for diminution in the value of investments	(49,182)	-
Other provisions	3,069	-
Un realized (gain) / loss on revaluation of 'held-for-trading' securities	(6,086)	(15,690)
	<u>1,982,079</u>	<u>836,065</u>
	8,145,113	6,469,462
(Increase) / decrease in operating assets		
Lendings to financial institutions	(7,187,804)	(4,534,856)
Net investments in 'held for trading' securities	(130,191)	114,024
Advances - net	16,570,353	(11,490,879)
Other assets - net	786,560	(1,858,145)
	<u>10,038,918</u>	<u>(17,769,856)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(3,111,619)	(972,803)
Borrowings	7,583,092	(23,971,278)
Deposits and other accounts	8,032,326	9,551,178
Other liabilities	(4,327,402)	(824,137)
	<u>8,176,397</u>	<u>(16,217,040)</u>
	26,360,428	(27,517,434)
Income tax paid	(1,682,568)	(1,118,662)
Net cash flows from operating activities	<u>24,677,860</u>	<u>(28,636,096)</u>
Cash flows from investing activities		
Net investments in available-for-sale securities	(17,938,461)	27,010,046
Net investments in held-to-maturity securities	(9,243,831)	69,714
Dividend income received	17,673	63,341
Investment in operating fixed assets - net of disposals	(510,526)	(422,892)
Net cash flows from investing activities	<u>(27,675,145)</u>	<u>26,720,209</u>
Cash flows from financing activities		
Payment of sub-ordinated loan	-	(479,232)
Dividend paid	(1,577,939)	(1,667,194)
Net cash flows from financing activities	<u>(1,577,939)</u>	<u>(2,146,426)</u>
Exchange difference on translation of net investment in foreign branches	(16,528)	16,646
Increase in cash and cash equivalents	<u>(4,591,752)</u>	<u>(4,045,667)</u>
Cash and cash equivalents at beginning of the period	<u>43,737,745</u>	<u>43,551,474</u>
Cash and cash equivalents at end of the period	<u><u>39,145,993</u></u>	<u><u>39,505,807</u></u>

The annexed notes 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

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MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the three months period ended March 31, 2009

	Capital Reserves			Other Reserves			Sub Total	Minority Interest	Total	
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve	Statutory reserve	General reserve				Unappropriated profit
(Rupees in '000)										
Balance as at January 01, 2008	6,282,768	9,702,528	-	(41,692)	6,740,091	17,600,000	7,054,472	47,338,167	63	47,338,230
Change in equity for three month ended March 31, 2008										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	19,176	19,176	-	19,176
Exchange differences on translation of net investment in foreign branches	-	-	-	16,646	-	-	-	16,646	-	16,646
Net income recognised directly in equity	-	-	-	16,646	-	-	19,176	35,822	-	35,822
Profit after taxation for three months period ended March 31, 2008	-	-	-	-	-	-	4,006,575	4,006,575	-	4,006,575
Share of profit attributable to minority interest	-	-	-	-	-	-	(3)	(3)	3	-
Total recognized income and expense for the period ended March 31, 2008	-	-	-	16,646	-	-	4,025,748	4,042,394	3	4042397
Transferred to statutory reserve	-	-	-	-	411,213	-	(411,213)	-	-	-
Interim cash dividend	-	-	-	-	-	-	-	-	(2)	(2)
Final cash dividend - December 31, 2007	-	-	-	-	-	-	(3,141,384)	(3,141,384)	(2)	(3,141,386)
Balance as at March 31, 2008	6,282,768	9,702,528	-	(25,046)	7,151,304	17,600,000	7,527,623	48,239,177	62	48,239,239
Change in equity for nine month ended December 31, 2008										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	2,197	2,197	-	2,197
Exchange differences on translation of net investment in foreign branches	-	-	-	217,288	-	-	-	217,288	-	217,288
Net income recognised directly in equity	-	-	-	217,288	-	-	2,197	219,485	-	219,485
Profit after taxation for nine months period ended December 31, 2008	-	-	-	-	-	-	11,316,652	11,316,652	-	11,316,652
Share of profit attributable to minority interest	-	-	-	-	-	-	(9)	(9)	9	-
Total recognized income and expense for the period ended December 31, 2008	-	-	-	217,288	-	-	11,318,840	11,536,128	9	11536137
Transferred to statutory reserve	-	-	-	-	1,126,247	-	(1,126,247)	-	-	-
Transferred to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Interim cash dividend	-	-	-	-	-	-	-	-	(2)	(2)
Interim cash dividend - March 31, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)	-	(1,884,831)
Interim cash dividend - June 30, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)	-	(1,884,831)
Interim cash dividend - September 31, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)	-	(1,884,831)
Balance as at December 31, 2008	6,282,768	9,702,528	-	192,242	8,277,551	18,600,000	11,065,723	54,120,812	69	54,120,881
Change in equity for three month ended March 31, 2009										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	5,344	5,344	-	5,344
Exchange differences on translation of net investment in foreign branches	-	-	-	(16,528)	-	-	-	(16,528)	-	(16,528)
Net income recognised directly in equity	-	-	-	(16,528)	-	-	5,344	(11,184)	-	(11,184)
Profit after taxation for three months period ended March 31, 2009	-	-	-	-	-	-	4,253,984	4,253,984	-	4,253,984
Share of profit attributable to minority interest	-	-	-	-	-	-	(3)	(3)	3	-
Total recognized income and expense for the period ended March 31, 2009	-	-	-	(16,528)	-	-	4,259,325	4,242,797	3	4242800
Transferred to statutory reserve	-	-	-	-	413,497	-	(413,497)	-	-	-
Final cash dividend - December 31, 2008	-	-	-	-	-	-	(1,570,692)	(1,570,692)	-	(1,570,692)
Issue of bonus shares - December 31, 2008	628,277	-	-	-	-	-	(628,277)	-	-	-
Balance as at March 31, 2009	6,911,045	9,702,528	-	175,714	8,691,048	18,600,000	12,712,582	56,792,917	72	56,792,989

The annexed notes 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

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MCB Bank Limited & Subsidiary Companies

Notes to the Consolidated Condensed Interim Financial statements (Un-audited)

For the three months period ended March 31, 2009

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

	"Percentage holding of MCB Bank Limited"
Holding Company	
- MCB Bank Limited	
Subsidiary Companies	
- Muslim Commercial Financial Services (Private) Limited	99.99%
- MNET Services (Private) Limited	99.95%
- MCB Trade Services Limited	100%
- MCB Asset Management Company Limited	99.99%

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (each representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's registered office and principal office are situated at MCB Building, Jinnah Avenue, Islamabad and MCB - 15 Main, Gulberg Lahore respectively. The Bank operates 1,043 branches including 11 Islamic banking branches (December 31, 2008: 1,040 branches including 11 Islamic banking branches) within Pakistan and 7 (December 31, 2008: 7) branches outside the country (including the Karachi Export Processing Zone branch).

2 BASIS OF PRESENTATION

- a) In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- b) The financial results of the Islamic banking branches have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 18 to these consolidated condensed interim financial statements.
- c) The consolidated condensed financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and associates.
- d) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the unaudited financial statements for the period ended March 31, 2009 and the carrying value of investments held by the bank is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have been eliminated.
- e) Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associate. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associate has been accounted for based on the financial statements for the period ended March 31, 2009.
- f) Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

3 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Approved accounting standards comprise of such International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the SECP and the SBP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

The disclosures made in these consolidated condensed interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the financial statements of the Group for the year ended December 31, 2008.

4 BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts, certain investments, commitments in respect of certain forward exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2008.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2008.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2009	December 31, 2008
	----- (Rupees in '000) -----	
Call money lendings	6,900,000	1,700,000
Repurchase agreement lendings	4,387,883	2,400,079
	<u>11,287,883</u>	<u>4,100,079</u>

8 INVESTMENTS - Net

8.1 Investments by types

		March 31, 2009		
		Held by bank	Given as collateral	Total
		----- Rs. in 000 -----		
		553,865	-	553,865
	8.2	83,923,995	17,855,272	101,779,267
		25,789,377	-	25,789,377
		<u>110,267,237</u>	<u>17,855,272</u>	<u>128,122,509</u>
		Associates		
	8.3	2,529,431	-	2,529,431
		63,300	-	63,300
		<u>2,592,731</u>	<u>-</u>	<u>2,592,731</u>
		<u>112,859,968</u>	<u>17,855,272</u>	<u>130,715,240</u>
		<u>(2,780,286)</u>	<u>-</u>	<u>(2,780,286)</u>
		<u>110,079,682</u>	<u>17,855,272</u>	<u>127,934,954</u>
		<u>(1,022,489)</u>	<u>1,034</u>	<u>(1,021,455)</u>
		<u>6,086</u>	<u>-</u>	<u>6,086</u>
		<u>109,063,279</u>	<u>17,856,306</u>	<u>126,919,585</u>

		December 31, 2008		
		Held by bank	Given as collateral	Total
		----- Rs. in 000 -----		
		523,205	-	523,205
	8.2	57,059,430	26,996,870	84,056,300
		16,545,546	-	16,545,546
		<u>74,128,181</u>	<u>26,996,870</u>	<u>101,125,051</u>
		Associates		
	8.3	2,511,489	-	2,511,489
		63,300	-	63,300
		<u>2,574,789</u>	<u>-</u>	<u>2,574,789</u>
		<u>76,702,970</u>	<u>26,996,870</u>	<u>103,699,840</u>
		<u>(3,044,962)</u>	<u>-</u>	<u>(3,044,962)</u>
		<u>73,658,008</u>	<u>26,996,870</u>	<u>100,654,878</u>
		<u>(2,728,966)</u>	<u>(35,990)</u>	<u>(2,764,956)</u>
		<u>(99,531)</u>	<u>-</u>	<u>(99,531)</u>
		<u>70,829,511</u>	<u>26,960,880</u>	<u>97,790,391</u>

- 8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2008: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2008: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account.

- 8.3 Investment of the group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment as at March 31, 2009 amounted to Rs. 2,187.573 million (December 31, 2008: Rs. 3,032.786 million).

	March 31, 2009	December 31, 2008
	Rs. in '000	
Opening Balance	2,511,489	3,277,157
Share of profits	138,922	30,843
Dividend from Associate	-	(89,340)
Share of tax	(11,006)	(25,164)
	127,916	(83,661)
Share of unrealised deficit on investments - net of tax	(109,974)	(682,007)
Closing balance	<u>2,529,431</u>	<u>2,511,489</u>

- 8.4 State Bank of Pakistan through BSD Circular No. 4 dated February 13, 2009 has allowed to follow Securities and Exchange Commission of Pakistan (SECP) notification vide SRO 150 (1)/2009 dated February 13, 2009 allowing that the impairment loss based on market value, if any, shall be taken to Profit and Loss

The recognition of impairment loss based on the market values as at March 31, 2009 would have had the following effect on these unconsolidated condensed interim financial statements:

	March 31, 2009
	(Rupees in '000)
Increase in 'Impairment Loss' in Profit and Loss Account	1,134,819
Decrease in tax charge for the year	397,187
Decrease in profit for the year - after tax	<u>737,632</u>
Decrease in earnings per share -after tax	<u>Rupees 1.07</u>

- 8.5 The Group's investment in First Women Bank Limited is being carried at cost and have not been accounted for under equity method as the Group does not have significant influence over the entity.

9 ADVANCES - net

	March 31, 2009	December 31, 2008
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	237,521,235	252,387,594
- Outside Pakistan	8,174,851	8,910,253
	<u>245,696,086</u>	<u>261,297,847</u>
Net Investment in Finance Lease		
- In Pakistan	4,968,963	5,356,835
- Outside Pakistan	84,310	90,733
	<u>5,053,273</u>	<u>5,447,568</u>
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	2,581,585	2,364,211
- Payable outside Pakistan	3,332,967	4,111,059
	<u>5,914,552</u>	<u>6,475,270</u>
Advances - gross	<u>256,663,911</u>	<u>273,220,685</u>
Less: Provision against loans and advances		
- Specific provision	9.1 (11,605,362)	(9,895,889)
- General provision	(270,376)	(273,222)
- General provision against consumer loans	(615,775)	(533,693)
- General Provision for potential lease losses (in Srilanka Operations)	(25,268)	(9,051)
	<u>(12,516,781)</u>	<u>(10,711,855)</u>
Advances - net of provision	<u>244,147,130</u>	<u>262,508,830</u>

- 9.1 Advances include Rs. 19,490.655 million (December 31, 2008: Rs. 18,268.877 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2009				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	9.1.1 111,737	-	111,737	-	-
Substandard	4,115,956	6,946	4,122,902	917,807	917,807
Doubtful	3,831,552	55	3,831,607	1,491,479	1,491,479
Loss	7,626,860	3,797,549	11,424,409	9,196,076	9,196,076
	<u>15,686,105</u>	<u>3,804,550</u>	<u>19,490,655</u>	<u>11,605,362</u>	<u>11,605,362</u>

Category of Classification	December 31, 2008				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	100,447	-	100,447	-	-
Substandard	5,440,860	-	5,440,860	897,768	897,768
Doubtful	2,595,782	501	2,596,283	1,186,556	1,186,556
Loss	6,457,011	3,674,276	10,131,287	7,811,565	7,811,565
	<u>14,594,100</u>	<u>3,674,777</u>	<u>18,268,877</u>	<u>9,895,889</u>	<u>9,895,889</u>

9.1.1 This represents non-performing portfolio of agricultural financing classified as OAEM as per the requirements of the Prudential Regulation for Agricultural Financing issued by the SBP.

10 BORROWINGS FROM FINANCIAL INSTITUTIONS

	March 31, 2009	December 31, 2008
----- (Rupees in '000) -----		
In Pakistan	29,313,416	17,742,776
Outside Pakistan	<u>933,516</u>	<u>4,921,064</u>
	<u>30,246,932</u>	<u>22,663,840</u>

10.1 Details of borrowings (secured / unsecured)

Secured

Borrowings from State Bank of Pakistan

Export refinance scheme

Long term financing - export oriented products scheme

9,432,098	9,217,004
2,026,563	2,100,751
<u>11,458,661</u>	<u>11,317,755</u>

Borrowings from other financial institutions

Repurchase agreement borrowings

-	-
<u>17,854,754</u>	<u>6,325,021</u>
<u>17,854,754</u>	<u>6,325,021</u>

29,313,415

17,642,776

Unsecured

Overdrawn nostro accounts

Call borrowings

274,267	4,418,990
<u>659,250</u>	<u>602,074</u>
<u>933,517</u>	<u>5,021,064</u>

30,246,932

22,663,840

11 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits

Savings deposits

Current accounts - non remunerative

Margin accounts

Others

56,761,935	61,680,332
160,529,937	150,925,503
110,519,047	105,376,753
2,923,252	3,137,434
<u>502</u>	<u>563</u>
<u>330,734,673</u>	<u>321,120,585</u>

Financial institutions

Remunerative deposits

Non-remunerative deposits

5,868,695	5,197,969
<u>1,674,038</u>	<u>3,926,526</u>
<u>7,542,733</u>	<u>9,124,495</u>

338,277,406

330,245,080

12 DEFERRED TAX ASSETS / (LIABILITY) - net

The details of the tax effect of taxable and deductible temporary differences are as follows:

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets

On net investment in finance lease

Accelerated tax depreciation

Others

513,672	517,120
693,503	436,823
413,136	685,838
<u>5,052</u>	<u>-</u>
<u>1,625,363</u>	<u>1,639,781</u>

Deductible temporary differences on:

Provision for contributory benevolent scheme

Deficit on revaluation of securities

Provision for gratuity

Provision for employees medical benefits

Others

(69,898)	(79,121)
(192,768)	(661,966)
(2,260)	(2,260)
(440,537)	(455,587)
<u>-</u>	<u>(552)</u>
<u>(705,463)</u>	<u>(1,199,486)</u>

919,900

440,295

16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Three months period ended March 31, 2009						Total
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Eliminations	
	----- (Rupees in '000) -----						
Total income	11,482	2,150,450	9,472,388	3,226,267	41,910	(53,627)	14,848,870
Total expenses	(8,839)	(525,018)	(6,990,184)	(984,514)	(24,303)	53,627	(8,479,231)
Income tax expense	-	-	-	-	-	-	(2,115,655)
Net income	2,643	1,625,432	2,482,204	2,241,753	17,607	-	4,253,984
Segment assets - (Gross of NPLs Provisions)	23,976	127,746,758	139,728,311	190,662,243	432,308	(473,519)	458,120,077
Total assets	23,976	127,746,758	139,728,311	190,662,243	432,308	(473,519)	458,120,077
Segment non performing loans	-	-	7,408,630	12,082,025	-	-	19,490,655
Segment specific provision required	-	-	4,411,337	7,194,025	-	-	11,605,362
Segment liabilities	-	111,516,763	116,418,483	164,028,187	30,509	(473,519)	391,520,423
Deferred tax liabilities - net	-	-	-	-	-	-	919,900
Provision for taxation	-	-	-	-	-	-	1,716,528
Total liabilities - net	-	111,516,763	116,418,483	164,028,187	30,509	(473,519)	394,156,851
Segment return on assets (ROA) (%)	-	7.84%	5.33%	4.45%	16.29%	-	5.65%
Segment cost of fund (%)	-	9.62%	2.06%	3.06%	-	-	2.16%
	Three months period ended March 31, 2008						
Total income	31,939	2,300,700	5,864,423	1,952,054	66,094	(88,741)	10,126,469
Total expenses	(8,848)	(173,806)	(3,874,517)	(380,602)	(30,520)	88,741	(4,379,552)
Income tax expense	-	-	-	-	-	-	(1,740,342)
Net income	23,091	2,126,894	1,989,906	1,571,452	35,574	-	4,006,575
Segment assets - (Gross of NPLs provision)	22,792	108,520,850	153,265,796	145,305,740	379,739	(462,336)	407,032,581
Total assets	22,792	108,520,850	153,265,796	145,305,740	379,739	(462,336)	407,032,581
Segment non performing loans	-	-	5,656,911	5,998,869	-	-	11,655,780
Segment specific provision required	-	-	3,818,937	4,049,789	-	-	7,868,726
Segment liabilities	-	91,263,935	125,260,654	121,494,700	28,450	(462,336)	337,585,403
Deferred tax assets	-	-	-	-	-	-	1,102,254
Provision for taxation	-	-	-	-	-	-	2,103,260
Total liabilities - net	-	91,263,935	125,260,654	121,494,700	28,450	(462,336)	340,790,917
Segment return on assets (ROA) (%)	-	5.03%	6.04%	6.25%	37.47%	-	4.14%
Segment cost of fund (%)	-	1.09%	1.82%	2.34%	-	-	1.91%

17 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associated undertakings, employee benefit plans and its key management personnel (including their associates) and companies with common directors.

Transactions between the Group and its related parties are carried out at an arm's length basis under the comparable uncontrolled price method. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. There are no transactions with key management personnel other than under their terms of employment. Remuneration to the executives and key management personnel are determined in accordance with the terms of their employment.

Details of transactions with related parties and balances with them as at the period-end were as follows:

Type of related party	Directors		Associated companies		Other Related Parties	
	Quarter ended March 31, 2009	Year ended Dec 31, 2008	Quarter ended March 31, 2009	Year ended Dec 31, 2008	Quarter ended March 31, 2009	Year ended Dec 31, 2008
----- (Rupees in '000) -----						
Deposits						
Deposits at beginning of the period / year	425,898	17,980	301,929	275,826	7,060,632	209,716
Deposits received during the period / year	6,373,093	10,910,613	16,760,427	302,979,123	9,617,541	50,640,762
Deposits repaid during the period / year	(6,425,033)	(10,502,695)	(16,080,414)	(302,953,020)	(9,276,324)	(43,789,846)
Deposits at the end of the period / year	373,958	425,898	981,942	301,929	7,401,849	7,060,632
Advances (secured)						
Balance at beginning of the period / year	-	-	-	-	-	1,661,869
Loan granted during the period / year	-	-	-	-	-	524,153
Repayment during the period / year	-	-	-	-	-	(2,186,022)
Balance at end of the period / year	-	-	-	-	-	-
					March 31, 2009	December 31, 2008
----- (Rupees in '000) -----						
Receivable from Pension Fund					6,049,019	5,399,019
Adamjee Insurance Company Limited						
Insurance claim settled	-	-	18,613	21,367	-	-
Dividend received	-	-	-	44,670	-	-
Dividend receivable	-	-	29,780	-	-	-
Rent income received	-	-	-	292	-	-
Mayban International Trust (Labuan) Berhad						
Dividend paid	-	-	314,138	-	-	-
Bonus shares issued	-	-	125,655	-	-	-
MCB Employees Foundation						
- Service expenses	-	-	-	-	4,278	4,462
- Cash sorting expenses	-	-	-	-	4,890	4,141
- Cash in transit expenses	-	-	-	-	673	1,028
Others						
- Remuneration of key management personnel	11,419	10,425	-	-	26,299	106,905
- Miscellaneous expenses	-	-	-	-	11,686	16,259
- Contribution to provident fund	-	-	-	-	35,540	30,533

The Chief Executive and certain executives are provided with free use of the Bank's maintained cars and household equipment in accordance with the terms of their employment.

18 ISLAMIC BANKING BUSINESS

March 31, **December 31,**
2009 **2008**

Assets

----- (Rupees in '000) -----

Cash and balances with treasury banks	171,971	185,177
Investments - net	1,762,727	1,781,727
Financing and receivables		
- Murabaha	2,334,006	2,573,116
- Ijara	1,044,516	1,197,762
- Islamic export refinance	952,337	978,303
Other Assets	1,500,139	2,561,843
	7,765,696	9,277,928

Liabilities

Bills payable	61,075	73,540
Deposits and other accounts		
- Current Accounts	208,648	175,350
- Saving Accounts	659,336	1,110,499
- Term Deposits	175,709	75,740
- Others	10,350	2,681
Borrowing from SBP	779,460	966,500
Due to head office	4,550,000	5,750,000
Deferred tax liability	-	6,650
Other liabilities	397,783	244,697
	6,842,361	8,405,657
Net assets	923,335	872,271

Represented by:

Islamic Banking Fund	850,000	650,000
Unappropriated profit	73,335	209,921
	923,335	859,921
Surplus on revaluation of assets - net of tax	-	12,350
	923,335	872,271

Remuneration to Shariah Advisor / Board

310	1,200
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Charity Fund

Opening Balance	2,093	4,227
Additions during the period / year	370	1,566
Payments/ utilization during the period / year	(1,500)	(3,700)
Closing Balance	963	2,093

19 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on April 23, 2009 has announced cash dividend in respect of the three months period year ended March 31, 2009 of Rs. 2.5 per share (March 31, 2008: Rs 3 per share). In addition, the board of directors has also approved appropriations to general reserve amounting to Rs. Nil (March 31, 2008: Rs.1,000.00 million). These consolidated condensed interim financial statements for the three months period ended March 31, 2009 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

20 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 23, 2009 by the Board of Directors of the Bank.

President and Chief Executive

Director

Director

Director