



MCB Bank Limited

Un-consolidated Condensed Financial Statements
Three months Ended March 31, 2009

MCB Bank Limited
Unconsolidated 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	39,631,172
Balances with other banks		2,385,995	4,043,100
Lendings to financial institutions	7	11,287,883	4,100,079
Investments - net	8	125,351,761	96,256,874
Advances - net	9	244,148,651	262,510,470
Operating fixed assets		17,531,761	17,263,733
Deferred tax assets - net		-	-
Other assets - net		18,992,344	19,810,476
		456,430,342	443,615,904
Liabilities			
Bills payable		7,439,849	10,551,468
Borrowings	10	30,246,932	22,663,840
Deposits and other accounts	11	338,310,851	330,274,155
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	917,681	437,137
Other liabilities		17,258,626	21,253,250
		394,173,939	385,179,850
Net assets		62,256,403	58,436,054
Represented by:			
Share capital		6,911,045	6,282,768
Reserves		37,165,368	36,768,765
Un-appropriated profit		10,721,167	9,193,332
		54,797,580	52,244,865
Surplus on revaluation of assets - net of tax		7,458,823	6,191,189
		62,256,403	58,436,054

Contingencies and commitments

13

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

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended March 31, 2009

	Note	Quarter ended March 31, 2009	Quarter ended March 31, 2008
----- (Rupees in '000) -----			
Mark-up / return / interest earned		13,002,372	8,164,828
Mark-up / return / interest expensed		3,908,265	1,992,374
Net mark-up / interest income		<u>9,094,107</u>	<u>6,172,454</u>
Provision for diminution in the value of investments -net		(49,182)	-
Provision against loans and advances - net		1,791,347	615,220
		<u>1,742,165</u>	<u>615,220</u>
Net mark-up / interest income after provisions		<u>7,351,942</u>	<u>5,557,234</u>
Non mark-up / interest income			
Fee, commission and brokerage income		823,349	753,251
Dividend income		97,463	166,589
Income from dealing in foreign currencies		431,831	146,917
Gain on sale of securities - net		112,489	633,813
Unrealized (loss)/gain on revaluation of investments classified as held for trading		(12,326)	10,913
Other income		235,275	228,362
Total non mark-up / interest income		<u>1,688,081</u>	<u>1,939,845</u>
		<u>9,040,023</u>	<u>7,497,079</u>
Non-mark-up / interest expenses			
Administrative expenses		2,624,253	1,651,319
Other provisions		3,069	-
Other charges		174,732	87,173
Total non mark-up / interest expenses		<u>2,802,054</u>	<u>1,738,492</u>
		<u>6,237,969</u>	<u>5,758,587</u>
Extra ordinary / unusual item		-	-
Profit before taxation		<u>6,237,969</u>	<u>5,758,587</u>
Taxation - Current period		2,154,151	2,077,240
- Prior years		(62,500)	(230,000)
- Deferred		11,347	(200,786)
		<u>2,102,998</u>	<u>1,646,454</u>
Profit after taxation		<u>4,134,971</u>	<u>4,112,133</u>
Earnings per share - basic and diluted - Rupees	11	<u>5.98</u>	<u>5.95</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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Unconsolidated 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	6,237,969	5,758,587
Less: Dividend income	(97,463)	(166,589)
	<u>6,140,506</u>	<u>5,591,998</u>
Adjustments for non-cash charges		
Depreciation	242,714	186,746
Amortisation	48,000	48,000
Provision against loans and advances -net	1,791,347	615,220
Provision for diminution in the value of investments -net	(49,182)	-
Other provisions	3,069	-
Unrealized loss/(gain) on revaluation of investments classified as held for trading	12,326	(10,913)
	<u>2,048,274</u>	<u>839,053</u>
	8,188,780	6,431,051
(Increase) / decrease in operating assets		
Lendings to financial institutions	(7,187,804)	(4,534,856)
Net investments in 'held for trading' securities	(133,076)	93,568
Advances - net	16,570,472	(11,490,598)
Other assets - net	807,870	(1,833,939)
	<u>10,057,462</u>	<u>(17,765,825)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(3,111,619)	(972,803)
Borrowings	7,583,092	(23,971,278)
Deposits and other accounts	8,036,696	9,572,632
Other liabilities	(5,759,897)	(846,095)
	<u>6,748,272</u>	<u>(16,217,544)</u>
	24,994,514	(27,552,318)
Income tax paid	(261,930)	(1,115,563)
Net cash flows from operating activities	<u>24,732,584</u>	<u>(28,667,881)</u>
Cash flows from investing activities		
Net investments in available-for-sale securities	(17,953,461)	27,010,046
Net investments in held-to-maturity securities	(9,229,331)	69,714
Dividend income received	47,453	98,337
Investment in operating fixed assets - net of disposals	(558,742)	(421,411)
Net cash flows from investing activities	<u>(27,694,081)</u>	<u>26,756,686</u>
Cash flows from financing activities		
Payment of sub-ordinated loan	-	(479,232)
Dividend paid	(1,577,939)	(1,667,190)
Net cash flows from financing activities	<u>(1,577,939)</u>	<u>(2,146,422)</u>
Exchange difference on translation of the net investment in foreign branches	(16,894)	16,410
Increase in cash and cash equivalents	<u>(4,556,330)</u>	<u>(4,041,207)</u>
Cash and cash equivalents at beginning of the period	43,674,272	43,491,402
Cash and cash equivalents at end of the period	<u>39,117,942</u>	<u>39,450,195</u>

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

President and Chief Executive

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

	Capital Reserves				Statutory reserve	Revenue reserves		Total
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve		General reserve	Unappropriated profit	
----- (Rupees in '000) -----								
Balance as at January 01, 2008	6,282,768	9,702,528	-	(41,981)	6,740,091	17,600,000	5,130,750	45,414,156
Change in equity for three month ended March 31, 2008								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	19,162	19,162
Exchange differences on translation of net investment in foreign branches	-	-	-	16,410	-	-	-	16,410
Net income recognised directly in equity	-	-	-	16,410	-	-	19,162	35,572
Profit after taxation for three months period ended March 31, 2008	-	-	-	-	-	-	4,112,133	4,112,133
Total recognized income and expense for the period ended March 31, 2008	-	-	-	16,410	-	-	4,131,295	4,147,705
Transferred to statutory reserve	-	-	-	-	411,213	-	(411,213)	-
Final cash dividend - December 31, 2007	-	-	-	-	-	-	(3,141,384)	(3,141,384)
Balance as at March 31, 2008	6,282,768	9,702,528	-	(25,571)	7,151,304	17,600,000	5,709,448	46,420,477
Change in equity for nine month ended December 31, 2008								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	2,157	2,157
Exchange differences on translation of net investment in foreign branches	-	-	-	214,257	-	-	-	214,257
Net income recognised directly in equity	-	-	-	214,257	-	-	2,157	216,414
Profit after taxation for nine months period ended December 31, 2008	-	-	-	-	-	-	11,262,467	11,262,467
Total recognized income and expense for the period ended December 31, 2008	-	-	-	214,257	-	-	11,264,624	11,478,881
Transferred to statutory reserve	-	-	-	-	1,126,247	-	(1,126,247)	-
Transferred to general reserve reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Interim cash dividend - March 31, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)
Interim cash dividend - June 30, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)
Interim cash dividend - September 30, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)
Balance as at December 31, 2008	6,282,768	9,702,528	-	188,686	8,277,551	18,600,000	9,193,332	52,244,865
Change in equity for three month ended March 31, 2009								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	5,330	5,330
Exchange differences on translation of net investment in foreign branches	-	-	-	(16,894)	-	-	-	(16,894)
Net income recognised directly in equity	-	-	-	(16,894)	-	-	5,330	(11,564)
Profit after taxation for three months period ended March 31, 2009	-	-	-	-	-	-	4,134,971	4,134,971
Total recognized income and expense for the period ended March 31, 2009	-	-	-	(16,894)	-	-	4,140,301	4,123,407
Transferred to statutory reserve	-	-	-	-	413,497	-	(413,497)	-
Issue of bonus shares - December 31, 2008	628,277	-	-	-	-	-	(628,277)	-
Final cash dividend - December 31, 2008	-	-	-	-	-	-	(1,570,692)	(1,570,692)
Balance as at March 31, 2009	6,911,045	9,702,528	-	171,792	8,691,048	18,600,000	10,721,167	54,797,580

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

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MCB Bank Limited

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

For the three months period ended March 31, 2009

1 STATUS AND NATURE OF BUSINESS

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

- 2.1 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 unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2 The financial results of the Islamic banking branches have been consolidated in these unconsolidated 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 unconsolidated condensed interim financial statements.

3 STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated 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.
- 3.2 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 unconsolidated 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.
- 3.3 The disclosures made in these unconsolidated 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 statements required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2008.

4 BASIS OF MEASUREMENT

- 4.1 These unconsolidated 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.
- 4.2 These unconsolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded to nearest thousand.

5 SIGNIFICANT ACCOUNTING POLICIES

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

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

	March 31, 2009	December 31, 2008
	----- (Rupees in '000) -----	
7. LENDINGS TO FINANCIAL INSTITUTIONS		
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>

		March 31, 2009		
		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
8 INVESTMENTS - NET				
8.1 Investments by types				
Held-for-trading securities		227,252	-	227,252
Available-for-sale securities	8.2	83,923,995	17,855,272	101,779,267
Held-to-maturity securities		25,774,877	-	25,774,877
		<u>109,926,124</u>	<u>17,855,272</u>	<u>127,781,396</u>
Associates	8.3	1,006,900	-	1,006,900
Subsidiaries		377,532	-	377,532
		<u>1,384,432</u>	<u>-</u>	<u>1,384,432</u>
Investments at cost		<u>111,310,556</u>	<u>17,855,272</u>	<u>129,165,828</u>
Less: Provision for diminution in the value on investments		<u>(2,780,286)</u>	<u>-</u>	<u>(2,780,286)</u>
Investments (net of provisions)		<u>108,530,270</u>	<u>17,855,272</u>	<u>126,385,542</u>
(Deficit) / Surplus on revaluation of available for sale securities - net		(1,022,489)	1,034	(1,021,455)
Deficit on revaluation of 'held for trading' securities - net		<u>(12,326)</u>	<u>-</u>	<u>(12,326)</u>
Investments at revalued amounts - net of provisions		<u>107,495,455</u>	<u>17,856,306</u>	<u>125,351,761</u>

		December 31, 2008		
		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		197,374	-	197,374
Available-for-sale securities	8.2	77,753,664	6,287,636	84,041,300
Held-to-maturity securities		16,545,546	-	16,545,546
		<u>94,496,584</u>	<u>6,287,636</u>	<u>100,784,220</u>
Associates	8.3	1,006,900	-	1,006,900
Subsidiaries		377,532	-	377,532
		<u>1,384,432</u>	<u>-</u>	<u>1,384,432</u>
Investments at cost		<u>95,503,484</u>	<u>6,287,636</u>	<u>102,168,652</u>
Provision for diminution in the value of investments		<u>(3,044,962)</u>	<u>-</u>	<u>(3,044,962)</u>
Investments (net of provisions)		<u>92,458,522</u>	<u>6,287,636</u>	<u>99,123,690</u>
(Deficit) / Surplus on revaluation of for sale securities - net		(2,761,998)	(1,620)	(2,763,618)
Deficit on revaluation of held-for-trading securities - net		<u>(103,198)</u>	<u>-</u>	<u>(103,198)</u>
Investments at revalued amounts - net of provisions		<u>89,593,326</u>	<u>6,286,016</u>	<u>96,256,874</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 in Adamjee Insurance Company Limited has been carried at cost amounting to Rs. 943.600 million (December 31, 2008: Rs. 943.600 million). 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).
- 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 Account on quarterly basis during the year ending December 31, 2009.

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>
	Rupees
Decrease in earnings per share -after tax	<u>1.07</u>

March 31, 2009	December 31, 2008
----- (Rupees in '000) -----	

9 ADVANCES - NET

Loans, cash credits, running finances, etc		
- In Pakistan	237,521,235	252,387,594
- Outside Pakistan	8,174,851	8,910,253
	245,696,086	261,297,847
Net Investment in finance lease		
- In Pakistan	4,970,484	5,358,475
- Outside Pakistan	84,310	90,733
	5,054,794	5,449,208
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
	5,914,552	6,475,270
Advances - gross	256,665,432	273,222,325
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)
	(12,516,781)	(10,711,855)
Advances - net of provision	244,148,651	262,510,470

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:

March 31, 2009					
Category of Classification	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
Doubtful		3,831,552	55	3,831,607	1,491,479
Loss		7,626,860	3,797,549	11,424,409	9,196,076
		<u>15,686,105</u>	<u>3,804,550</u>	<u>19,490,655</u>	<u>11,605,362</u>
December 31, 2008					
Category of Classification	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	9.1.1	100,447	-	100,447	-
Substandard		5,440,860	-	5,440,860	897,768
Doubtful		2,595,782	501	2,596,283	1,186,556
Loss		6,457,011	3,674,276	10,131,287	7,811,565
		<u>14,594,100</u>	<u>3,674,777</u>	<u>18,268,877</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 State Bank of Pakistan.

	March 31, 2009	December 31, 2008
	----- (Rupees in '000) -----	
10 BORROWINGS		
In Pakistan	29,313,416	17,742,776
Outside Pakistan	<u>933,516</u>	4,921,064
	<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	9,432,098	9,217,004
Long term financing - export oriented products scheme	2,026,563	2,100,751
	<u>11,458,661</u>	11,317,755
Borrowings from other financial institutions	-	-
Repurchase agreement borrowings	17,854,754	6,325,021
	<u>17,854,754</u>	6,325,021
	<u>29,313,415</u>	17,642,776
Unsecured		
Overdrawn nostro accounts	274,267	4,418,990
Call borrowings	659,250	602,074
	<u>933,517</u>	5,021,064
	<u>30,246,932</u>	<u>22,663,840</u>

	March 31, 2009	December 31, 2008
	----- (Rupees in '000) -----	
11 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	56,761,935	61,680,332
Savings deposits	160,537,796	150,927,938
Current accounts - non remunerative	110,544,633	105,403,393
Margin accounts	2,923,252	3,137,434
Others	502	563
	<u>330,768,118</u>	<u>321,149,660</u>
Financial institutions		
Remunerative deposits	5,868,695	5,197,969
Non-remunerative deposits	1,674,038	3,926,526
	<u>7,542,733</u>	<u>9,124,495</u>
	<u>338,310,851</u>	<u>330,274,155</u>

12 DEFERRED TAX LIABILITY / (ASSET) - 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	513,672	516,543
Accelerated tax depreciation	693,503	436,823
Net investment in finance lease	406,264	678,001
Others	7,445	2,444
	<u>1,620,884</u>	<u>1,633,811</u>

Deductible temporary differences on:

Deficit on revaluation of securities	(192,768)	(661,966)
Provision for contributory benevolent scheme	(69,898)	(79,121)
Provision for post retirement medical benefits	(440,537)	(455,587)
	<u>(703,203)</u>	<u>(1,196,674)</u>
	<u>917,681</u>	<u>437,137</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Transaction-related contingent liabilities / commitments

Guarantees in favour of:

- Government	5,080,984	5,743,838
- Banks and financial institutions	12,958	36,030
- Others	17,699,288	15,148,692
Suppliers credit / payee guarantee	2,137,652	2,255,011
	<u>24,930,882</u>	<u>23,183,571</u>

13.2 Trade-related contingent liabilities 49,023,602 54,869,480

13.3 Other contingencies

Claims against the Bank not acknowledged as debts 224,019 226,246

13.4 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	March 31, 2009	December 31, 2008
	----- (Rupees in '000) -----	
13.5 Commitments in respect of forward foreign exchange contracts		
Purchase	<u>36,063,023</u>	<u>69,708,932</u>
Sale	<u>33,034,281</u>	<u>67,476,228</u>
13.6 Commitments for the acquisition of fixed assets	-	557,810
13.7 Other commitments		
Cross currency swaps (notional amount)	336,254	346,254
Interest rate swaps (notional amount)	333,334	2,410,797
Forward outright sale of Government Securities	-	20,827,530
Outright purchase of Government Securities from SBP	-	26,644,450
	Three months ended	
	March 31,	March 31,
	2009	2008
	---- (Rupees in '000) ----	
14 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX		
Profit after taxation	<u>4,134,971</u>	<u>4,112,133</u>
Weighted average number of shares outstanding during the period	<i>Number of shares</i>	
	<u>691,104,527</u>	<u>691,104,527</u>
Basic and diluted Earnings per share - after tax	<i>Rupees</i>	
	<u>5.98</u>	<u>5.95</u>

15 CREDIT RATING

PACRA has assigned long-term credit rating of AA+ (double A plus) and short-term credit rating of A1+ (A one plus) to the bank.

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 & Sales	Retail & Consumer Banking	Commercial Banking	Eliminations	
	------(Rupees in '000)-----					
Total income	7,344	2,122,039	9,418,821	3,174,270	(32,021)	14,690,453
Total expenses	(4,455)	(525,396)	(6,974,724)	(979,930)	32,021	(8,452,484)
Income tax expense	-	-	-	-	-	(2,102,998)
Net income	2,889	1,596,643	2,444,097	2,194,340	-	4,134,971
Segment assets - (Gross of NPLs Provisions)	-	127,284,144	143,578,853	197,172,707	-	468,035,704
Total assets	-	127,284,144	143,578,853	197,172,707	-	468,035,704
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	-	111,392,656	116,263,840	163,827,242	-	391,483,738
Deferred tax liabilities - net	-	-	-	-	-	917,681
Provision for taxation	-	-	-	-	-	1,772,520
Total liabilities - net	-	111,392,656	116,263,840	163,827,242	-	394,173,939
Segment return on assets (ROA) (%)	-	5.02%	7.25%	4.80%	-	5.61%
Segment cost of fund (%)	-	6.01%	4.15%	5.71%	-	4.31%
	Three months period ended March 31, 2008					
Total income	26,902	2,313,740	5,861,411	1,959,476	(56,856)	10,104,673
Total expenses	(4,688)	(173,728)	(3,851,604)	(372,922)	56,856	(4,346,086)
Income tax expense	-	-	-	-	-	(1,646,454)
Net income	22,214	2,140,012	2,009,807	1,586,554	-	4,112,133
Segment assets - (Gross of NPLs provision)	-	107,836,344	152,294,691	144,423,773	-	404,554,808
Total assets	-	107,836,344	152,294,691	144,423,773	-	404,554,808
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	-	91,159,987	125,105,373	121,352,426	-	337,617,786
Deferred tax assets	-	-	-	-	-	175,810
Provision for taxation	-	-	-	-	-	1,842,338
Total liabilities - net	-	91,159,987	125,105,373	121,352,426	-	339,635,934
Segment return on assets (ROA) (%)	-	7.94%	5.41%	4.52%	-	5.69%
Segment cost of fund (%)	-	9.62%	2.06%	3.06%	-	2.16%

17 RELATED PARTY TRANSACTIONS

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

Transactions between the bank and its related parties are carried out at an arm's length basis under the comparable uncontrolled price method. However, the transactions between the bank and one of its subsidiary MNET Services (Private) Limited are carried out on 'cost plus' 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		Subsidiary 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	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	29,774	9,719	7,060,632	209,716
Deposits received during the period / year	6,373,093	10,910,613	16,760,427	302,979,123	97,115	687,935	9,617,541	50,640,762
Deposits repaid during the period / year	(6,425,033)	(10,502,695)	(16,080,414)	(302,953,020)	(93,443)	(667,880)	(9,276,324)	(43,789,846)
Deposits at the end of the period / year	373,958	425,898	981,942	301,929	33,446	29,774	7,401,849	7,060,632
Advances (secured)								
Balance at beginning of the period / year	-	-	-	-	1,640	2,116	-	1,661,869
Loan granted during the period / year	-	-	-	-	-	-	-	524,153
Repayment during the period / year	-	-	-	-	(119)	(476)	-	(2,186,022)
Balance at end of the period / year	-	-	-	-	1,521	1,640	-	-
							March 31,	December 31,
							2009	2008
----- (Rupees in '000) -----								
Receivable from Pension Fund							6,049,019	5,399,019
	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
----- (Rupees in '000) -----								
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) Berhed								
Dividend paid	-	-	314,138	-	-	-	-	-
Bonus shares issued	-	-	125,655	-	-	-	-	-
MNET Services (Private) Limited								
Dividend received	-	-	-	-	-	4,997	-	-
Outsourcing service expenses	-	-	-	-	18,745	31,368	-	-
Networking service expenses	-	-	-	-	-	445	-	-
MCB Asset Management Company Limited								
- Dividend received	-	-	-	-	-	29,998	-	-
- Markup paid	-	-	-	-	347	-	-	-
- Markup payable	-	-	-	-	51	209	-	-
- Others	-	-	-	-	5	-	-	-
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
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 unconsolidated 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 unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on April 23, 2009 .

President and Chief Executive

Director

Director

Director