

First Quarter Report, 2009



Our Purpose

To be the leading financial services provider, partnering with our customers for a more prosperous and secure future”

Our Mission

“We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us”

Our Values

The standards and principles which determine our behavior and how we interact with our customers and each other

*Credit Rating
Long - Term AA+(double A plus)
Short-Term A1+(A one plus)
By PACRA*



CORPORATE PROFILE

Board of Directors

Mian Mohammad Mansha
Chairman

S.M. Muneer
Vice Chairman

Tariq Rafi

Shahzad Saleem

Sarmad Amin

Dr. Muhammad Yaqub

Mian Raza Mansha

Mian Umer Mansha

Dato' Mohammed Hussein

Abdul Farid Bin Alias

Aftab Ahmad Khan

Muhammad Ali Zeb

Atif Bajwa

President & Chief Executive Officer

Audit Committee

Tariq Rafi - Chairman

Dr. Muhammad Yaqub - Member

Dato' Mohammed Hussein - Member

Aftab Ahmad Khan - Member

Muhammad Ali Zeb

Malik Abdul Waheed

Chief Financial Officer

Salman Zafar Siddiqi

Company Secretary

Abdus S. Sami

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Legal Advisors

Khalid Anwer & Co.

Advocates & Legal Consultants

Registered Office

MCB Building F-6/G-6,

Jinnah Avenue, Islamabad.

Principal Office

MCB 15 Main Gulberg, Lahore.

Registrar's And Share Registration Office

M/s THK Associates (Pvt) Ltd.

State Life Building No. 3,

Dr. Ziauddin Ahmed Road,

Karachi



DIRECTORS' REVIEW REPORT MARCH, 2009

Dear Members,

It gives me great pleasure to present, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the quarter ended March 31, 2009.

FINANCIAL HIGHLIGHTS

The profit before and after taxation, available for appropriation together with the appropriations during the quarter ended March 31, 2009 are as follows:

	Rs. in '000
Profit before taxation	6,237,969
Taxation	<u>2,102,998</u>
Profit after taxation	4,134,971
Un-appropriated profit brought forward	9,193,332
Transfer from surplus on revaluation of fixed assets (net of tax)	5,330
Profit available for appropriation	<u>13,333,633</u>
Appropriations:	
Transferred to Statutory Reserve	413,497
General Reserves	-
Final Cash dividend – Dec 31, 2008	1,570,692
Issue of Bonus Shares – Dec 31, 2008	628,277
Total appropriations	<u>2,612,466</u>
Un-appropriated profit carried forward	<u>10,721,167</u>
	Rupees
Earnings per share	<u>5.98</u>

PERFORMANCE REVIEW

The Bank has witnessed resilient operating performance in the first quarter of 2009 with healthy growth in balance sheet and key profitability indicators. Profit before tax showed increase of Rs. 479 million (8%) over the similar period last year and closed at Rs. 6.24 billion. Profit after tax registered a slight increase of 1% over March 2008 and closed at Rs. 4.13 billion. This translates into EPS of Rs. 5.98 as compared to Rs. 5.95 in March 2008.

Provision against loans and advances amounting to Rs. 1.79 billion has been charged to the profit and loss account which is higher by Rs. 1.18 billion when compared with the corresponding period last year.

Total assets have grown to Rs. 456 billion, an increase of 3% over Rs. 444 billion as at December 2008 and have grown by 15% over Rs. 397 billion in March 2008. Deposits showed an increase of Rs. 8 billion over December 2008 and closed at Rs. 338 billion i.e. a growth of 2% over Dec 08. Growth in deposits has been achieved in current and savings deposits which represent increase of 2% and 7% over December 2008 respectively. Gross advances are reported at Rs. 257 billion highlighting a decline of 6% over December 2008. This decrease is primarily because of the slowdown in credit to private sector.



RATINGS

Moody's assigned ratings for BSFRs and Global Local Currency Deposit are D and Baa3/P-3 respectively. PACRA has maintained long term and short term ratings of AA+ & A1+ of the Bank respectively which supports its stable outlook.

ECONOMY

The year 2009 has for Pakistan started with optimism, albeit modest, and improvement in the sense of crisis predicted for the country towards the end of 2008. After the settlement of the judicial crisis, there has been some relief on the political front although the country's global standing still remains compromised due to frequent terrorist attacks. Pakistan has benefitted from timely and disciplined implementation of macroeconomic stabilization policies. Moreover the tight monetary stance in particular has contributed towards trimming the inflation down to 19.1 percent in March 2009 as compared to 23.3 percent in December 2008. Nominal GDP for the current fiscal year is predicted at \$162.6 billion, a contraction of \$4.6 billion from the previous fiscal year. State Bank has now lowered the interest rate by 100bps to boost economy and drive growth. The country's foreign exchange reserves are building up, fuelled amongst others by a narrowing trade deficit and healthy remittances.

FUTURE OUTLOOK

MCB's commitment to maintaining financial strength is unwavering. Principal concerns for the Bank in these challenging times include strict cost control, risk management, customer centric growth and continued investment to support long terms strategies and ambitions. The Bank will strive to maintain its position as the best bank not only in Pakistan but frontiers beyond boundaries.

ACKNOWLEDGEMENT

In the end, the Board would like to thank all shareholders and customers for their unfaltering trust, our staff for their continuous hard work and dedication, and the Government of Pakistan and State Bank of Pakistan for their patronage and support.

on behalf of Directors

Mansha
Mian Mohammad Mansha
Chairman

April, 23, 2009



Unconsolidated Condensed Interim Balance Sheet
As at March 31, 2009

	Note	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.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Muhammad Ali Zeb
Director

Mian Umer Mansha
Director



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		9,094,107	6,172,454
Provision for diminution in the value of investments - net		(49,182)	-
Provision against loans and advances - net		1,791,347	615,220
		1,742,165	615,220
Net mark-up / interest income after provisions		7,351,942	5,557,234
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
		1,688,081	1,939,845
Total non mark-up / interest income		9,040,023	7,497,079
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		2,802,054	1,738,492
		6,237,969	5,758,587
Extra ordinary / unusual item		-	-
Profit before taxation		6,237,969	5,758,587
Taxation - Current period		2,154,151	2,077,240
- Prior years		(62,500)	(230,000)
- Deferred		11,347	(200,786)
		2,102,998	1,646,454
Profit after taxation		4,134,971	4,112,133
Earnings per share - basic and diluted - Rupees	11	5.98	5.95

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.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Muhammad Ali Zeb
Director

Mian Umer Mansha
Director



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>
	<u>8,188,780</u>	<u>6,431,051</u>
(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>
	<u>24,994,514</u>	<u>(27,552,318)</u>
Income tax paid	(261,930)	(1,115,563)
	<u>24,732,584</u>	<u>(28,667,881)</u>
Net cash flows from operating activities		
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)
	<u>(27,694,081)</u>	<u>26,756,686</u>
Net cash flows from investing activities		
Cash flows from financing activities		
Payment of sub-ordinated loan	-	(479,232)
Dividend paid	(1,577,939)	(1,667,190)
	<u>(1,577,939)</u>	<u>(2,146,422)</u>
Net cash flows from financing activities		
Exchange difference on translation of the net investment in foreign branches	(16,894)	16,410
	<u>(4,556,330)</u>	<u>(4,041,207)</u>
Increase in cash and cash equivalents		
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.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Muhammad Ali Zeb
Director

Mian Umer Mansha
Director



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	<u>6,282,768</u>	<u>9,702,528</u>	<u>-</u>	<u>(25,571)</u>	<u>7,151,304</u>	<u>17,600,000</u>	<u>5,709,448</u>	<u>46,420,477</u>
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	<u>6,282,768</u>	<u>9,702,528</u>	<u>-</u>	<u>188,686</u>	<u>8,277,551</u>	<u>18,600,000</u>	<u>9,193,332</u>	<u>52,244,865</u>
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	<u>6,911,045</u>	<u>9,702,528</u>	<u>-</u>	<u>171,792</u>	<u>8,691,048</u>	<u>18,600,000</u>	<u>10,721,167</u>	<u>54,797,580</u>

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

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Muhammad Ali Zeb
Director

Mian Umer Mansha
Director

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.

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

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.

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
----- (Rupees in '000) -----				
		227,252	-	227,252
	8.2	83,923,995	17,855,272	101,779,267
		25,774,877	-	25,774,877
		<u>109,926,124</u>	<u>17,855,272</u>	<u>127,781,396</u>
	8.3	1,006,900	-	1,006,900
		377,532	-	377,532
		<u>1,384,432</u>	<u>-</u>	<u>1,384,432</u>
		<u>111,310,556</u>	<u>17,855,272</u>	<u>129,165,828</u>
		(2,780,286)	-	(2,780,286)
		<u>108,530,270</u>	<u>17,855,272</u>	<u>126,385,542</u>
		(1,022,489)	1,034	(1,021,455)
		(12,326)	-	(12,326)
		<u>107,495,455</u>	<u>17,856,306</u>	<u>125,351,761</u>

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

	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	77,753,664	6,287,636	84,041,300
Held-to-maturity securities	16,545,546	-	16,545,546
	94,496,584	6,287,636	100,784,220
Associates	1,006,900	-	1,006,900
Subsidiaries	377,532	-	377,532
	1,384,432	-	1,384,432
Investments at cost	95,503,484	6,287,636	102,168,652
Provision for diminution in the value of investments	(3,044,962)	-	(3,044,962)
Investments (net of provisions)	92,458,522	6,287,636	99,123,690
(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	(103,198)	-	(103,198)
Investments at revalued amounts - net of provisions	89,593,326	6,286,016	96,256,874

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	737,632
Decrease in earnings per share -after tax	1.07

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

	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	(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. 19,490.104 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		Total	Specific Provision Required	Specific Provision Held
	Domestic	Overseas			
	----- Rupees in '000 -----				
Other Assets Especially Mentioned (OAEM)	111,737	-	111,737	-	-
Substandard	4,115,957	6,946	4,122,903	917,807	917,807
Doubtful	3,831,553	55	3,831,608	1,491,479	1,491,479
Loss	7,626,307	3,797,549	11,423,856	9,196,076	9,196,076
	15,685,554	3,804,550	19,490,104	11,605,362	11,605,362

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

Category of Classification	December 31, 2008				
	Classified Advances			Specific	Specific
	Domestic	Overseas	Total	Provision Required	Provision Held
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM) 9.1.1	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 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	933,516	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>	<u>11,317,755</u>
Borrowings from other financial institutions		
Repurchase agreement borrowings	17,854,754	6,325,021
	<u>17,854,754</u>	<u>6,325,021</u>
	<u>29,313,415</u>	<u>17,642,776</u>
Unsecured		
Overdrawn nostro accounts	274,267	4,418,990
Call borrowings	659,250	602,074
	<u>933,517</u>	<u>5,021,064</u>
	<u>30,246,932</u>	<u>22,663,840</u>

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

	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:

	March 31, 2009	December 31, 2008
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

	March 31, 2009	December 31, 2008
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

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.



Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

	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>
	<i>Number of shares</i>	
Weighted average number of shares outstanding during the period	<u>691,104,527</u>	<u>691,104,527</u>
	<i>Rupees</i>	
Basic and diluted Earnings per share - after tax	<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.



Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

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	<u>2,889</u>	<u>1,596,643</u>	<u>2,444,097</u>	<u>2,194,340</u>	-	<u>4,134,971</u>
Segment assets - (Gross of NPLs Provisions)	-	127,284,144	143,578,853	197,172,707	-	468,035,704
Total assets	-	<u>127,284,144</u>	<u>143,578,853</u>	<u>197,172,707</u>	-	<u>468,035,704</u>
Segment non performing loans	-	-	7,408,079	12,082,025	-	19,490,104
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	-	<u>111,392,656</u>	<u>116,263,840</u>	<u>163,827,242</u>	-	<u>394,173,939</u>
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	<u>22,214</u>	<u>2,140,012</u>	<u>2,009,807</u>	<u>1,586,554</u>	-	<u>4,112,133</u>
Segment assets - (Gross of NPLs provision)	-	107,836,344	152,294,691	144,423,773	-	404,554,808
Total assets	-	<u>107,836,344</u>	<u>152,294,691</u>	<u>144,423,773</u>	-	<u>404,554,808</u>
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	-	-	-	-	-	962,178
Provision for taxation	-	-	-	-	-	2,076,990
Total liabilities - net	-	<u>91,159,987</u>	<u>125,105,373</u>	<u>121,352,426</u>	-	<u>340,656,954</u>
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%

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

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	-	-
(Rupees in '000)								
Receivable from Pension Fund							6,049,019	5,399,019
(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) Berhad								
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.

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

18 ISLAMIC BANKING BUSINESS

Assets

Cash and balances with treasury banks
Investments - net
Financing and receivables
- Murabaha
- Ijara
- Islamic export refinance
Other Assets

Liabilities

Bills payable
Deposits and other accounts
- Current Accounts
- Saving Accounts
- Term Deposits
- Others
Borrowing from SBP
Due to head office
Deferred tax liability
Other liabilities

Net assets

Represented by:

Islamic Banking Fund
Unappropriated profit

Surplus on revaluation of assets - net of tax

Remuneration to Shariah Advisor / Board

Charity Fund

Opening Balance
Additions during the period / year
Payments/ utilization during the period / year
Closing Balance

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.

	March 31, 2009	December 31, 2008
(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
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
	923,335	872,271
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

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Muhammad Ali Zeb
Director

Mian Umer Mansha
Director

Consolidated Condensed Interim Balance Sheet
As at March 31, 2009

	Note	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
Minority 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			
	13		

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



(Consolidated Accounts of MCB Bank Limited and its Subsidiary Companies)


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Muhammad Ali Zeb
Director


Mian Umer Mansha
Director




Consolidated Condensed Interim Profit and Loss Account (Un-audited)
For the three months period ended March 31, 2009

	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	3,908,062	1,992,374
Net mark-up / interest income	9,095,821	6,197,202
Provision / (reversal) for diminution in the value of investments	(49,182)	-
Provision against loans and advances - net	1,791,347	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	824,444	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	258,738	292,304
Total non mark-up / interest income	1,706,065	1,910,296
Non-mark-up / interest expenses		
Administrative expenses	2,634,937	1,686,014
Other provisions	3,069	-
Other charges	190,998	85,944
Total non mark-up/interest expenses	2,829,004	1,771,958
Share of profit of associated undertaking	138,922	26,597
Extra ordinary / unusual item	-	-
Profit before taxation	6,369,639	5,746,917
Taxation - Current period	2,156,742	2,088,956
- Prior years	(62,500)	(230,000)
- Deferred	10,407	(121,646)
Share of tax of associated undertaking	11,006	3,032
	2,115,655	1,740,342
Profit after taxation	4,253,984	4,006,575
Share of profit attributable to minority interest	(3)	(3)
Profit attributable to ordinary shareholders	4,253,981	4,006,572
Earnings per share - basic and diluted - Rupees	11 6.16	5.80

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


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Muhammad Ali Zeb
Director


Mian Umer Mansha
Director




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)
	6,163,034	5,633,397
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)
	1,982,079	836,065
	8,145,113	6,469,462
(Increase) / decrease in operating assets		
Landings 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)
	10,038,918	(17,769,856)
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)
	8,176,397	(16,217,040)
	26,360,428	(27,517,434)
Income tax paid	(1,682,568)	(1,118,662)
Net cash flows from operating activities	24,677,860	(28,636,096)
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	(27,675,145)	26,720,209
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	(1,577,939)	(2,146,426)
Exchange difference on translation of net investment in foreign branches	(16,528)	16,646
Increase in cash and cash equivalents	(4,591,752)	(4,045,667)
Cash and cash equivalents at beginning of the period	43,737,745	43,551,474
Cash and cash equivalents at end of the period	39,145,993	39,505,807

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


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Muhammad Ali Zeb
Director


Mian Umer Mansha
Director



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	4,042,397
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	11,536,137
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	4,242,800
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)	-	-	-
	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.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Muhammad Ali Zeb
Director

Mian Umer Mansha
Director



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:

Holding Company
- MCB Bank Limited

Subsidiary Companies

- Muslim Commercial Financial Services (Private) Limited
- MNET Services (Private) Limited
- MCB Trade Services Limited
- MCB Asset Management Company Limited

"Percentage holding of
MCB Bank Limited"

99.99%
99.95%
100%
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

- 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.
- 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.
- The consolidated condensed financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and associates.
- 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.
- 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.



Notes to the Consolidated Condensed Interim Financial statements (Un-audited)
For the three months 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 OR 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>



Notes to the Consolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

		March 31, 2009		
		Held by bank	Given as collateral	Total
		----- Rs. in 000 -----		
8 INVESTMENTS - Net				
8.1 Investments by types				
		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	2,499,651	-	2,499,651
		63,300	-	63,300
		<u>2,562,951</u>	<u>-</u>	<u>2,562,951</u>
		<u>112,830,188</u>	<u>17,855,272</u>	<u>130,685,460</u>
		(2,780,286)	-	(2,780,286)
		<u>110,049,902</u>	<u>17,855,272</u>	<u>127,905,174</u>
		Investments (net of provisions)		
		Surplus / (deficit) on revaluation of available		
		for sale securities - net		
		(1,022,489)	1,034	(1,021,455)
		Surplus on revaluation of		
		held-for-trading securities - net		
		6,086	-	6,086
		<u>109,033,499</u>	<u>17,856,306</u>	<u>126,889,805</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>
		(3,044,962)	-	(3,044,962)
		<u>73,658,008</u>	<u>26,996,870</u>	<u>100,654,878</u>
		Investments (net of provisions)		
		Surplus / (deficit) on revaluation of available		
		for sale securities - net		
		(2,728,966)	(35,990)	(2,764,956)
		Deficit on revaluation of		
		held-for-trading securities - net		
		(99,531)	-	(99,531)
		<u>70,829,511</u>	<u>26,960,880</u>	<u>97,790,391</u>

Notes to the Consolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

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
	----- (Rupees in '000) -----	
Opening Balance	2,511,489	3,277,157
Share of profits	138,922	30,843
Dividend from Associate	(29,780)	(89,340)
Share of tax	(11,006)	(25,164)
	98,136	(83,661)
Share of unrealised deficit on investments - net of tax	(109,974)	(682,007)
Closing balance	<u>2,499,651</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 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>

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.

Notes to the Consolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

	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
	<u>245,696,086</u>	261,297,847
Net Investment in Finance Lease		
- In Pakistan	4,968,963	5,356,835
- Outside Pakistan	84,310	90,733
	<u>5,053,273</u>	5,447,568
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>	6,475,270
Advances - gross	<u>256,663,911</u>	273,220,685
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>	(10,711,855)
Advances - net of provision	<u>244,147,130</u>	<u>262,508,830</u>

9.1 Advances include Rs. 19,490.104 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	4,115,957	6,946	4,122,903	917,807	917,807
Doubtful	3,831,553	55	3,831,608	1,491,479	1,491,479
Loss	7,626,307	3,797,549	11,423,856	9,196,076	9,196,076
	<u>15,685,554</u>	<u>3,804,550</u>	<u>19,490,104</u>	<u>11,605,362</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	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>



Notes to the Consolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

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	933,516	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	9,432,098	9,217,004
	Export refinance scheme	2,026,563	2,100,751
	Long term financing - export oriented products scheme	11,458,661	11,317,755
	Borrowings from other financial institutions	-	-
	Repurchase agreement borrowings	17,854,754	6,325,021
		<u>17,854,754</u>	<u>6,325,021</u>
	Unsecured	29,313,415	17,642,776
	Overdrawn nostro accounts	274,267	4,418,990
	Call borrowings	659,250	602,074
		<u>933,517</u>	<u>5,021,064</u>
		<u>30,246,932</u>	<u>22,663,840</u>
11	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	Fixed deposits	56,761,935	61,680,332
	Savings deposits	160,529,937	150,925,503
	Current accounts - non remunerative	110,519,047	105,376,753
	Margin accounts	2,923,252	3,137,434
	Others	502	563
	Financial institutions	330,734,673	321,120,585
	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>338,277,406</u>	<u>330,245,080</u>
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	513,672	517,120
	On net investment in finance lease	693,503	436,823
	Accelerated tax depreciation	413,136	685,838
	Others	5,052	-
	Deductible temporary differences on:	1,625,363	1,639,781
	Provision for contributory benevolent scheme	(69,898)	(79,121)
	Deficit on revaluation of securities	(192,768)	(661,966)
	Provision for gratuity	(2,260)	(2,260)
	Provision for employees medical benefits	(440,537)	(455,587)
	Others	-	(552)
		<u>(705,463)</u>	<u>(1,199,486)</u>
		<u>919,900</u>	<u>440,295</u>



Notes to the Consolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

13	CONTINGENCIES AND COMMITMENTS	March 31, 2009	December 31, 2008
----- (Rupees in '000) -----			
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.		
13.5	Commitments in respect of forward foreign exchange contracts		
	Purchase	36,063,023	69,708,932
	Sale	33,034,281	67,476,228
		<u>69,097,304</u>	<u>137,185,160</u>
	Three months ended		
	March 31, 2009		March 31, 2008
		---- (Rupees in '000) ----	
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
14	BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX		
	Profit after taxation	4,253,984	4,006,575
	Number of shares		
	Weighted average number of shares outstanding during the period	691,104,527	691,104,527
	Rupees		
	Basic and diluted Earnings per share - after tax	6.16	5.80
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.		

Notes to the Consolidated Condensed Interim Financial statements (Un-audited)
For the three months period ended March 31, 2009

18 ISLAMIC BANKING BUSINESS

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


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Muhammad Ali Zeb
Director


Mian Umer Mansha
Director