



Auditors' Report to Members

We have audited the annexed balance sheet of MCB Bank Limited ("the Bank") as at December 31, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof (hereinafter referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for sixty branches which have been audited by us and five branches audited by auditors abroad and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in case of loans and advances covered more than sixty per cent of the total domestic loans and advances of the Bank, we report that:

- a) in our opinion, proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984) and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962) and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;

- c) in our opinion and to the best of our information and according to the explanations given to us the balance sheet, profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2008 and its true balance of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

KPMG TASEER HADI & CO.
Chartered Accountants
Lahore

February 16, 2009

Riaz Ahmad

RIAZ AHMAD & CO.
Chartered Accountants
Lahore

Balance Sheet

As at December 31, 2008

	Note	2008 (Rupees in '000)	2007 (Rupees in '000)
Assets			
Cash and balances with treasury banks	6	39,631,172	39,683,883
Balances with other banks	7	4,043,100	3,807,519
Landings to financial institutions	8	4,100,079	1,051,372
Investments - net	9	96,256,874	113,089,261
Advances - net	10	262,510,470	218,960,598
Operating fixed assets	11	17,263,733	16,024,123
Deferred tax assets - net		-	-
Other assets - net	13	19,810,476	17,868,761
		443,615,904	410,485,517
Liabilities			
Bills payable	15	10,551,468	10,479,058
Borrowings	16	22,683,840	39,406,831
Deposits and other accounts	17	330,274,155	292,098,066
Sub-ordinated loan	18	-	479,232
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	437,137	1,180,162
Other liabilities	19	21,253,250	11,722,493
		385,179,850	355,365,842
Net assets			
		58,436,054	55,119,675
Represented by:			
Share capital	20	6,282,768	6,282,768
Reserves	21	36,768,765	34,000,638
Unappropriated profit		9,193,332	5,130,750
		52,244,865	45,414,156
Surplus on revaluation of assets - net of tax	22	6,191,189	9,705,519
		58,436,054	55,119,675
Contingencies and commitments			
	23		

The annexed notes 1 to 47 and Annexures I to V form an integral part of these financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.8.

Atif Bajwa
President and Chief Executive

Tariq Rafi
Director

Sarmad Amin
Director

Mian Raaza Mansha
Director

Profit and Loss Account

For the year ended December 31, 2008

	Note	2008 (Rupees in '000)	2007 (Rupees in '000)
Mark-up / return / interest earned	25	40,043,824	31,786,595
Mark-up / return / interest expensed	26	11,560,740	7,865,533
Net mark-up / interest income		28,483,084	23,921,062
Provision for diminution in the value of investments - net	9.3	2,683,994	105,269
Provision against loans and advances - net	10.4.2	1,335,127	2,959,583
Bad debts written off directly	10.5.1	-	199
		4,019,121	3,065,051
Net mark-up / Interest Income after provisions		24,463,963	20,856,011
Non-mark-up / Interest Income			
Fee, commission and brokerage income		2,666,729	2,634,610
Dividend income		617,554	632,300
Income from dealing in foreign currencies		727,564	693,408
Gain on sale of securities - net	27	740,429	1,500,865
Unrealized loss on revaluation of investments classified as held for trading	9.5	(103,198)	(13,105)
Other income - net	28	942,362	1,000,149
Total non-mark-up / interest income		5,791,440	6,448,227
		30,255,403	27,304,238
Non-mark-up / Interest expenses			
Administrative expenses	29	7,546,878	5,426,116
Other provision / (reversal) - net	13.2	10,120	(3,743)
Other charges	30	830,839	573,830
Total non-mark-up / interest expenses		8,387,837	5,996,203
Extra ordinary / unusual item		-	-
Profit before taxation		21,867,566	21,308,035
Taxation - Current year		7,341,257	6,442,356
- Prior years		(864,824)	(1,294,473)
- Deferred		16,533	894,590
	31	6,492,966	6,042,473
Profit after taxation		15,374,600	15,265,562
Unappropriated profit brought forward		5,130,750	5,530,973
Transfer from surplus on revaluation of fixed assets - net of tax		21,319	11,855
		5,152,069	5,542,828
Profit available for appropriation		20,526,669	20,808,390
Basic and diluted earnings per share - after tax	34	24.47	24.30

The annexed notes 1 to 47 and Annexures I to V form an integral part of these financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.8.

Atif Bajwa
President and Chief Executive

Tariq Rafi
Director

Sarmad Amin
Director

Mian Raaza Mansha
Director

Cash Flow Statement For the year ended December 31, 2008


	Note	2008 (Rupees in '000)	2007 (Rupees in '000)
Cash flows from operating activities			
Profit before taxation		21,867,566	21,308,035
Less: Dividend income		(817,554)	(832,300)
Adjustments for non-cash charges		21,250,012	20,675,735
Depreciation	11.2	815,205	599,196
Amortization	11.3	142,005	191,201
Provision against loans and advances - net	10.4.2	1,335,127	2,959,583
Provision for diminution in the value of investments - net	9.3	2,683,994	105,269
Provision / (reversal) for diminution in the value of other assets	13.2	10,120	(3,743)
Bad debts written off directly	10.5.1	-	199
Operating fixed assets written off	30	-	12,102
Gain on disposal of fixed assets - net	28	(36,777)	(13,032)
Deficit on revaluation of 'held for trading' securities	9.5	103,198	13,105
		5,052,872	3,863,880
(Increase) / decrease in operating assets		26,302,884	24,539,615
Lendings to financial institutions		(3,048,707)	20,030,428
Net investments in 'held for trading' securities		20,273	(230,752)
Advances - net		(44,894,999)	(23,681,225)
Other assets - net		(1,898,841)	(6,847,748)
		(49,812,274)	(10,729,297)
Increase / (decrease) in operating liabilities			
Bills payable		72,410	3,389,379
Borrowings		(16,742,991)	15,463,355
Deposits		38,176,089	34,636,228
Other liabilities		11,914,367	770,163
		33,419,875	54,259,125
		9,910,485	68,069,443
Income tax paid		(7,878,947)	(6,170,144)
Net cash flows from operating activities		2,081,538	61,899,299



Cash Flow Statement For the year ended December 31, 2008

	Note	2008 (Rupees in '000)	2007 (Rupees in '000)
Cash flows from investing activities			
Net investments in 'available for sale' securities		15,058,126	(52,951,926)
Net investments in 'held to maturity' securities		(5,550,843)	3,564,123
Dividends received		621,763	648,480
Investments in operating fixed assets		(2,153,151)	(2,947,438)
Investment in subsidiary company		-	(20,000)
Sale proceeds of property and equipment disposed off		258,177	92,919
Net cash flows from investing activities		8,234,072	(51,615,842)
Cash flows from financing activities			
Redemption of subordinated loan		(479,232)	(1,118,208)
Dividend paid		(9,834,175)	(4,728,496)
Net cash flows from financing activities		(10,313,407)	(5,846,704)
Exchange differences on translation of the net investment in foreign branches		230,667	11,656
Increase in cash and cash equivalents		182,870	4,448,409
Cash and cash equivalents at beginning of the year		45,407,542	39,347,647
Effects of exchange rate changes on cash and cash equivalents		(1,916,140)	(304,654)
		43,491,402	39,042,993
Cash and cash equivalents at end of the year	35	43,674,272	43,491,402

The annexed notes 1 to 47 and Annexures I to V form an integral part of these financial statements.


Atif Bajwa
President and Chief Executive


Tariq Rafi
Director


Samad Amin
Director


Mian Raza Mansha
Director

Statement of Changes in Equity
For the year ended December 31, 2008


	Capital Reserves				Revenue Reserves		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 December 31, 2006	5,463,276	9,702,528	-	(53,637)	5,213,535	9,800,000	5,530,973	35,656,675
Changes in equity for 2007								
Profit after taxation for the year ended December 31, 2007	-	-	-	-	-	-	15,265,562	15,265,562
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	11,855	11,855
Exchange differences on translation of net investment in foreign branches	-	-	-	11,656	-	-	-	11,656
Net income recognized directly in equity	-	-	-	11,656	-	-	11,855	23,511
Total recognized income and expense for the year ended December 31, 2007	-	-	-	11,656	-	-	15,277,417	15,289,073
Transferred to general reserve	-	-	-	-	-	7,800,000	(7,800,000)	-
Transferred to statutory reserve	-	-	-	-	1,526,556	-	(1,526,556)	-
Issue of bonus shares - December 2006	819,492	-	-	-	-	-	(819,492)	-
Final cash dividend - December 2006	-	-	-	-	-	-	(819,492)	(819,492)
Interim cash dividend - March 2007	-	-	-	-	-	-	(1,570,692)	(1,570,692)
Interim cash dividend - June 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)
Interim cash dividend - September 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)
Balance as at December 31, 2007	6,282,768	9,702,528	-	(41,981)	6,740,091	17,600,000	5,130,750	45,414,156

Statement of Changes in Equity
For the year ended December 31, 2008

	Capital Reserves				Revenue Reserves		Total	
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange Translation reserve	Statutory reserve	General reserve		Unappropriated profit
	(Rupees in '000)							
Changes in equity for 2008								
Profit after taxation for the year ended December 31, 2008	-	-	-	-	-	-	15,374,600	15,374,600
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	21,319	21,319
Exchange differences on translation of net investment in foreign branches	-	-	-	230,667	-	-	-	230,667
Net income recognized directly in equity	-	-	-	230,667	-	-	21,319	251,986
Total recognized income and expense for the year ended December 31, 2008	-	-	-	230,667	-	-	15,395,919	15,626,586
Transferred to statutory reserve	-	-	-	-	1,537,460	-	(1,537,460)	-
Transferred to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Final cash dividend - December 2007	-	-	-	-	-	-	(3,141,384)	(3,141,384)
Interim cash dividend - March 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)
Interim cash dividend - June 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)
Interim cash dividend - September 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

For details of dividend declaration and appropriations, refer note 46 to these financial statements.

The annexed notes 1 to 47 and Annexures I to V form an integral part of these financial statements.


Atif Bajwa
President and Chief Executive


Tariq Rafi
Director


Sarmad Amin
Director


Mian Reza Mansha
Director



Notes to the Financial Statements For the year ended December 31, 2008

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) representing two ordinary shares (2007: four ordinary 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 1040 branches including 11 Islamic banking branches (2007: 1020 branches including 8 Islamic banking branches) within Pakistan and 7 branches (2007: 6 branches) outside the country (including the Karachi Export Processing Zone branch). During the year, Malayan Banking Berhad (Maybank) of Malaysia acquired 125,855,369 shares representing 20% stake in the Bank through Mayban International Trust (Labuan) Berhad.

2. BASIS OF PRESENTATION

- 2.1 These financial statements represent separate financial statements of MCB Bank Limited. The consolidated financial statements of the Group are being issued separately.
- 2.2 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 financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.3 The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes, after eliminating material inter-branch transactions/balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure II to these financial statements.
- 2.4 For the purpose of translation to US Dollar, the rates of Rs. 79.0985 and Rs. 82.000 per US Dollar and Rs. 0.700 and Rs.0.5708 per SLR have been used for December 31, 2008 and December 31, 2007 respectively.

3. STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and Banking Companies Ordinance, 1982. In case requirements differ, the provisions of directives given in Companies Ordinance, 1984 and Banking Companies Ordinance, 1982 shall prevail.

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 August 26, 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

3.2 Standards, amendments and interpretations to published approved accounting standards effective in current year

During the year ended December 31, 2008, IFRIC 14 "IAS 19 – The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction" is effective from the Bank's annual periods beginning on or after January 01, 2008. IFRIC 14 provides guidance on assessing the limit in International Accounting Standard (IAS) 19 "Employee Benefits" on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Bank has considered the implication of interpretation on the surplus that can be recognized as an asset.

There are other new standards and interpretations to published approved accounting standards that are mandatory for accounting periods beginning on or after January 01, 2008 but are considered not to be relevant or do not have any significant impact on the Bank's financial statements.

Notes to the Financial Statements For the year ended December 31, 2008

3.3 Standards, amendments and interpretations to published approved accounting standards that are relevant but not yet effective

The following standards, amendments and interpretations to published approved accounting standards are mandatory for the Bank's accounting periods beginning on or after January 01, 2009:

IFRS 8 "Operating Segments" (effective for annual periods beginning on or after January 01, 2009) introduces the "management approach" to segment reporting. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Bank's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. Currently the bank presents segment information in respect of its business and geographical segments. This standard will have no effect on the Bank's reported total profit or loss or equity.

IAS 1 "Presentation of Financial Statements" effective for annual periods beginning on or after January 01, 2009 revises the existing IAS 1 and requires apart from changing the names of certain components of financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners in comprehensive Income Statement. Adoption of the above standard will only effect the presentation of financial statements.

IFRS 7 "Financial Instruments: Disclosures" (effective for annual periods beginning on or after April 28, 2008) supersedes IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and the disclosure requirements of IAS 32 "Financial Instruments: Presentation". The application of the standard is not expected to have significant impact on the Bank's financial statements other than increase in disclosures.

IFAS 2 "Ijarah" effective for annual periods beginning on or after January 01, 2009 will result in following changes:

Assets underlying Ijarah financing will be recorded as operating fixed assets separately from the assets in Bank's own use. These assets will be carried at cost less accumulated depreciation and impairment, if any.

Rentals receivable from Ijarah financing during the year will be taken to profit and loss account.

There are other amendments resulting from annual improvement project initiated by International Accounting Standards Board in May 2008, specifically in IAS 1 "Presentation of Financial Statements", IAS 19 "Employee Benefits", IAS 28 "Investment in Associates", IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets" that are considered relevant to the Bank's financial statements. The management is in the process of evaluating the impact of these changes on the Bank's financial statements.

3.4 Standards, amendments and interpretations to published approved accounting standards that are not relevant and not yet effective

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 2 "Share-based Payments"	January 01, 2009
IFRS 3 "Business Combinations"	July 01, 2009
IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"	July 01, 2009
IAS 16 "Property, Plant and Equipment"	January 01, 2009
IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance"	January 01, 2009
IAS 23 "Borrowing Costs"	January 01, 2009

Notes to the Financial Statements For the year ended December 31, 2008

IAS 27 "Consolidated and Separate Financial Statements"	January 01, 2009
IAS 29 "Financial Reporting in Hyperinflationary Economies"	January 01, 2009
IAS 31 "Interests in Joint Ventures"	January 01, 2009
IAS 32 "Financial Instruments: Presentation"	January 01, 2009
IAS 41 "Agriculture"	January 01, 2009
IFRIC 13 "Customer Loyalty Programmes"	July 01, 2008
IFRIC 15 "Agreements for the Construction of Real Estate"	January 01, 2009
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	October 01, 2008
IFRIC 17 "Distributions of Non-cash Assets to Owners"	July 01, 2009

4. BASIS OF MEASUREMENT

- 4.1 These financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and 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 The financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded to nearest thousand.
- 4.3 **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

a) Classification of investments

- In classifying investments as 'held for trading', the Bank has determined securities which are acquired with an intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.
- In classifying investments as 'held to maturity', the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investment to maturity.
- The investments which are not classified as 'held for trading' or 'held to maturity' are classified as 'available for sale'.

b) Provision against advances

The Bank reviews its loan portfolio to assess amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in notes 10.4.3 and 10.4.4.



Notes to the Financial Statements For the year ended December 31, 2008

c) Impairment of 'available for sale' equity investments

The Bank determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry and sector performance, changes in technology and operational/financial cash flows.

d) Taxation

In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

e) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates at the balance sheet date and the rates contracted.

f) Depreciation, amortization and revaluation of operating fixed assets

In making estimates of the depreciation / amortization method, the management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

g) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements (note 37) for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Investments

The Bank classifies its investments as follows:

a) Held for trading

These are securities, which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

b) Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity.

Notes to the Financial Statements

For the year ended December 31, 2008

c) Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the 'held for trading' or 'held to maturity' categories.

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investment.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

In accordance with the requirements of the State Bank of Pakistan, quoted securities, other than those classified as 'held to maturity', investments in subsidiaries and investments in associates are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available for sale', is taken to a separate account which is shown in the balance sheet below equity. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account currently.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments classified as 'held to maturity' are carried at amortized cost. Investments in subsidiaries and investments in associates are carried at cost less impairment, if any.

Provision for impairment in the values of securities (except debentures, participation term certificates and term finance certificates) is made currently. Provisions for impairment in value of debentures, participation term certificates and term finance certificates are made as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

5.2 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

5.3 Advances

Advances are stated net of specific and general provisions. Specific provision is determined on the basis of the Prudential Regulations and other directives issued by the State Bank of Pakistan (SBP) and charged to the profit and loss account. Provisions comprise of provisions against identified losses and provisions against unidentified losses. Provisions against unidentified losses include general provision against consumer loans made in accordance with the requirements of the Prudential Regulations issued by SBP and provision based on historical loss experience on advances. Advances are written off when there is no realistic prospect of recovery.

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as financial leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

5.4 Operating fixed assets and depreciation

Property and equipment, other than land carrying value of which is not amortized, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Land is carried at revalued amount. Capital work-in-progress is stated at cost. Cost of property and equipment of foreign operations includes exchange differences arising on currency translation at year-end rates.



Notes to the Financial Statements

For the year ended December 31, 2008

Depreciation on all operating fixed assets is charged using the diminishing balance method except for vehicles, computers, carpets and buildings which are depreciated using the straight line method in accordance with the rates specified in note 11.2 to these financial statements and after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Surplus on revaluation of land and buildings is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

Gains / losses on sale of property and equipment are credited / charged to the profit and loss account currently, except that the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to unappropriated profit.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

5.5 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

5.6 Impairment

The carrying amount of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

5.7 Staff retirement benefits

The Bank operates the following staff retirement benefits for its employees:

a) For clerical / non-clerical staff who did not opt for the new scheme, the Bank operates the following:

- an approved contributory provident fund;
- an approved gratuity scheme; and
- a contributory benevolent scheme

b) For clerical / non-clerical staff who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1975, the Bank operates the following:

- an approved non-contributory provident fund introduced in lieu of the contributory provident fund;
- an approved pension fund; and
- contributory benevolent scheme



Notes to the Financial Statements

For the year ended December 31, 2008

c) For officers who joined the Bank after the introduction of the new scheme and for others who opted for the new scheme introduced in 1977, the Bank operates the following:

- an approved non-contributory provident fund introduced in lieu of the contributory provident fund; and
- an approved pension fund.

However, the management has replaced the pension benefits for employees in the officer category with a contributory provident fund for services rendered after December 31, 2003.

d) For executives and officers who joined the Bank on or after January 01, 2000 the Bank operates an approved contributory provident fund.

e) Post retirement medical benefits to entitled employees.

Annual contributions towards the defined benefit plans and schemes are made on the basis of actuarial advice using the projected unit credit method. The above benefits are payable to staff at the time of separation from the Bank's services subject to the completion of qualifying period of service. The net cumulative actuarial gains / losses at each balance sheet date are recognized equally over a period of three years or the expected remaining average working lives of employees, whichever is lower.

Past service cost resulting from changes to defined benefit plans to the extent the benefits are already vested is recognized immediately and the remaining unrecognized past service cost is recognized as an expense on a straight line basis over the average period until the benefits become vested.

5.8 Employees' compensated absences

Liability in respect of employees' compensated absences is accounted for in the year in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains or losses if any, are recognized immediately.

5.9 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Bank records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the balance sheet date expected to be applicable at the time of its reversal. Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities and deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'.

Deferred tax liability is not recognized in respect of taxable temporary differences associated with exchange translation reserves of foreign operations, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

For the year ended December 31, 2008

5.10 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

5.11 Foreign currencies

5.11.1 Foreign currency transactions

Transactions in foreign currencies (other than the results of foreign operations discussed in note 5.11.2) are translated to Rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the balance sheet date. Foreign bills purchased and forward foreign exchange contracts other than those relating to foreign currency deposits are valued at the rates applicable to their respective maturities.

5.11.2 Foreign operations

The assets and liabilities of foreign branches are translated to Rupees at exchange rates prevailing at the balance sheet date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

5.11.3 Translation gains and losses

Translation gains and losses are included in the profit and loss account, except those arising on the translation of the Bank's net investment in foreign branches, which are taken to the capital reserve (exchange translation reserve).

5.11.4 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange ruling on the balance sheet date.

5.12 Revenue recognition

- Mark-up / interest on advances and returns on investments are recognized on a time proportion basis using the effective interest method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan (SBP) or as permitted by the regulations of the overseas regulatory authorities of the countries where the branches operate.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income when these are realized.
- Unrealized lease income is held in suspense account, where necessary, in accordance with the requirements of SBP or overseas regulatory authorities of the country where the foreign branches of the Bank operate.
- Premium on foreign currency options and commission income is recognized on a time proportion basis.
- Dividend income is recognized when the Bank's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to profit and loss account currently.



Notes to the Financial Statements For the year ended December 31, 2008

5.13 Operating leases

Operating lease rentals are recorded in profit and loss account on a time proportion basis over the term of the lease arrangements.

5.14 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts.

5.15 Financial instruments

5.15.1 Financial assets and financial liabilities

Financial Instruments carried on the balance sheet include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments (excluding investment in associates and subsidiaries), advances, other assets, bills payable, borrowings, deposits and other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

5.15.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All derivative financial instruments are carried as assets when the fair value is positive and liability when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account currently.

5.15.3 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

5.16 Share issuance cost

Share issuance cost directly attributable to issuance of shares, is recognized as deduction from the share premium account.

5.17 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

5.17.1 Business Segment

Corporate Finance

Corporate Finance includes underwriting, securitization, investment banking, syndications, IPO related activities (excluding investments) and secondary private placements.

Trading and Sales

It includes fixed income, equity, foreign exchange commodities, lendings to financial institutions and brokerage debt.

Notes to the Financial Statements For the year ended December 31, 2008

Retail and Consumer Banking

It includes retail lending and deposits, banking services, private lending and deposits, banking services and retail offered to its retail customers and small and medium enterprises.

Commercial Banking

It includes project finance, export finance, trade finance, leasing, lending, guarantees and bills of exchange relating to its corporate customers.

5.17.2 Geographical segments

The Bank operates in three geographic regions being:

- Pakistan
- Asia Pacific (Including South Asia)
- Middle East

5.18 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

6. CASH AND BALANCES WITH TREASURY BANKS	Note	2008	2007
		(Rupees in '000)	
In hand - local currency	6.1	10,065,974	9,351,207
In hand - foreign currencies		142,188	962,498
In transit - local currency		1,173,383	1,148,109
With State Bank of Pakistan (SBP) in:	6.2		
Local currency current account		19,038,530	23,204,296
Foreign currency deposit account	6.3	2,862,881	1,068,318
With other central banks in foreign currency current account	6.2	214,910	244,441
With National Bank of Pakistan in local currency current account		6,133,306	3,705,014
		<u>39,631,172</u>	<u>39,683,883</u>

6.1 This includes national prize bonds amounting to Rs. 59,382 million (2007: Rs. 91,885 million).

6.2 Deposits with SBP are maintained to comply with their requirements issued from time to time. Deposits with other central banks are maintained to meet their minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.

6.3 These include balance of Rs. 1,950,742 million (2007: Rs. 534,159 million) which carry interest rate of 0.90 % per annum (2007: 4.24% per annum).

Notes to the Financial Statements
For the year ended December 31, 2008

	Note	2008 (Rupees in '000)	2007
7. BALANCES WITH OTHER BANKS			
Inside Pakistan - current account		-	1,263
Outside Pakistan			
- current account		3,347,089	3,234,443
- deposit account	7.1	698,011	571,813
		<u>4,043,100</u>	<u>3,807,519</u>

7.1 Balances with other banks outside Pakistan in deposit account carry interest at the rate of 1.20% per annum (2007: 4.24% to 6.87% per annum).

	Note	2008 (Rupees in '000)	2007
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.2	1,700,000	1,051,372
Repurchase agreement lendings	8.3	2,400,079	-
		<u>4,100,079</u>	<u>1,051,372</u>
8.1 Particulars of lendings			
In local currency		4,083,079	1,000,000
In foreign currencies		7,000	51,372
		<u>4,100,079</u>	<u>1,051,372</u>

8.2 These carry mark-up rates ranging from 15.75% to 21% per annum (2007: 9.65% to 12.19% per annum) and are due to mature latest by January 2009.

8.3 Securities held as collateral against lendings to financial institutions

	2008			2007		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	2,024,601	99,532	2,124,133	-	-	-
Pakistan Investment Bonds	275,946	-	275,946	-	-	-
	<u>2,300,547</u>	<u>99,532</u>	<u>2,400,079</u>	-	-	-

Market value of securities held as collateral against lendings to financial institutions as at December 31, 2008 amounted to Rs. 2,408.610 million (2007: Rs.Nil). These carry markup ranging from 9.50% to 14.90% per annum (2007: Nil) and are due to mature latest by January 2009.



Notes to the Financial Statements
For the year ended December 31, 2008

9. INVESTMENTS - NET	9.1 Investments by types	Note / Annexure	2008			2007		
			Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
			(Rupees in '000)					
	Held for trading securities							
	- Shares in listed companies	9.5 & Annexure I (note 2)	177,786	-	177,786	230,752	-	230,752
	- Market Treasury Bills	9.5	19,588	-	19,588	-	-	-
			<u>197,374</u>	<u>-</u>	<u>197,374</u>	<u>230,752</u>	<u>-</u>	<u>230,752</u>
	Available-for-sale securities							
	- Market Treasury Bills	9.6	64,205,902	6,287,636	70,493,538	58,268,118	26,996,870	85,264,988
	- Pakistan Investment Bonds	9.6	2,370,664	-	2,370,664	2,726,418	-	2,726,418
	- Shares in listed companies	9.4 & Annexure I (note 1)	8,189,828	-	8,189,828	7,388,550	-	7,388,550
	- Units in open ended mutual fund	9.4 & Annexure I (note 1)	661,909	-	661,909	1,662,063	-	1,662,063
	- Shares in unlisted companies	9.4 & Annexure I (note 3)	515,724	-	515,724	515,333	-	515,333
	- NIT units		5,253	-	5,253	5,253	-	5,253
	- Sukuk Bonds	9.4 & Annexure I (note 4)	400,000	-	400,000	400,000	-	400,000
	- Listed Term Finance Certificates (TFCs)	9.4 & Annexure I (note 4)	1,404,384	-	1,404,384	1,136,821	-	1,136,821
			<u>77,753,664</u>	<u>6,287,636</u>	<u>84,041,300</u>	<u>72,102,556</u>	<u>26,996,870</u>	<u>99,099,426</u>
	Held-to-maturity securities							
	- Market Treasury Bills	9.6	1,321,816	-	1,321,816	216,881	-	216,881
	- Pakistan Investment Bonds	9.6	2,370,664	-	2,370,664	2,377,654	-	2,377,654
	- Federal Government Securities	Annexure I (note 5)	392,216	-	392,216	704,928	-	704,928
	- Provincial Government Securities		118	-	118	118	-	118
	- Government Compensation Bonds	Annexure I (note 5)	870,771	-	870,771	870,771	-	870,771
	- Sukuk Bonds	Annexure I (note 5)	2,401,260	-	2,401,260	1,785,475	-	1,785,475
	- Euro Bonds	Annexure I (note 5)	4,969,516	-	4,969,516	3,299,630	-	3,299,630
	- Unlisted Term Finance Certificates (TFCs), Debentures, Bonds and Participation Term Certificates (PTCs)	Annexure I (note 4)	4,027,037	-	4,027,037	1,346,568	-	1,346,568
	- Certificates of Investment	Annexure I (note 6)	250,000	-	250,000	500,000	-	500,000
			<u>18,545,546</u>	<u>-</u>	<u>18,545,546</u>	<u>11,102,023</u>	<u>-</u>	<u>11,102,023</u>
	Subsidiaries	Annexure I (note 7)						
	MNET Services (Private) Limited		49,975	-	49,975	49,975	-	49,975
	MCB Trade Services Limited		77	-	77	77	-	77
	MCB Asset Management Company Limited		299,980	-	299,980	299,980	-	299,980
	Muslim Commercial Financial Services (Private) Limited		27,500	-	27,500	27,500	-	27,500
			<u>377,532</u>	<u>-</u>	<u>377,532</u>	<u>377,532</u>	<u>-</u>	<u>377,532</u>
	Associates	Annexure I (note 8)						
	Adamjee Insurance Company Limited	9.7	943,600	-	943,600	943,600	-	943,600
	First Women Bank Limited		63,300	-	63,300	63,300	-	63,300
			<u>1,006,900</u>	<u>-</u>	<u>1,006,900</u>	<u>1,006,900</u>	<u>-</u>	<u>1,006,900</u>
	Investments at cost		<u>95,881,016</u>	<u>6,287,636</u>	<u>102,168,652</u>	<u>84,819,763</u>	<u>26,996,870</u>	<u>111,816,633</u>
	Less: Provision for diminution in value of investments	9.3	(3,044,962)	-	(3,044,962)	(468,288)	-	(468,288)
	Investments (net of provisions)		<u>92,836,054</u>	<u>6,287,636</u>	<u>99,123,690</u>	<u>84,351,475</u>	<u>26,996,870</u>	<u>111,348,345</u>
	(Deficit) / Surplus on revaluation of available for sale securities - net	22.2	(2,761,998)	(1,620)	(2,763,618)	1,790,011	(35,990)	1,754,021
	Deficit on revaluation of 'held for trading' securities - net	9.5	(103,198)	-	(103,198)	(13,105)	-	(13,105)
	Investments at revalued amounts - net of provisions		<u>89,970,858</u>	<u>6,286,016</u>	<u>96,256,874</u>	<u>86,128,381</u>	<u>26,960,880</u>	<u>113,089,261</u>

Notes to the Financial Statements
For the year ended December 31, 2008

	Note / Annexure	2008 (Rupees in '000)	2007 (Rupees in '000)
9.2 Investments by segments			
Federal Government Securities:			
- Market Treasury Bills	9.6	70,513,126	85,264,988
- Pakistan Investment Bonds	9.6	4,683,476	5,104,072
- Federal Government Securities	Annexure I (note 5)	322,216	378,845
- Government Compensation Bonds	Annexure I (note 5)	870,771	870,771
- Euro Bonds	Annexure I (note 5)	4,969,516	3,299,630
- Sukuk Bonds	Annexure I (note 4 & 5)	1,838,533	1,585,475
- Unlisted Term Finance Certificate	Annexure I (note 4)	3,000,000	-
Overseas Government Securities			
- Government of Sri Lanka Treasury Bonds	Annexure I (note 5)	70,000	201,763
- Sri Lanka Development Bonds		-	124,320
- Market Treasury Bills		1,321,816	216,881
Provincial Government Securities		118	118
Subsidiaries and Associated Undertakings	9.7 & Annexure I (note 7 & 8)	1,384,432	1,384,432
Fully Paid-up Ordinary Shares / Certificates / Units			
- Listed companies / mutual funds / modarabas	Annexure I (note 1 & 2)	8,306,012	7,557,700
- Unlisted companies / funds	Annexure I (note 3)	415,724	415,333
Units of Open Ended Mutual Funds	Annexure I (note 1)	661,909	1,682,063
Fully Paid-up Preference Shares:			
- Listed Companies	Annexure I (note 1)	61,602	61,602
- Unlisted Companies	Annexure I (note 3)	100,000	100,000
Term Finance Certificates, Debentures, Bonds And Participation Term Certificates:			
- Listed Term Finance Certificates	Annexure I (note 4)	1,404,384	1,136,821
- Unlisted Term Finance Certificates	Annexure I (note 4)	897,448	1,223,068
- Debentures, Bonds and Participation Term Certificates (PTCs)	Annexure I (note 4)	129,589	123,498
- Certificates of Investment	Annexure I (note 6)	250,000	500,000
Other Investments:			
- Sukuk Bonds	Annexure I (note 5)	962,727	600,000
- NIT Units		5,253	5,253
Total investments at cost		102,168,852	111,816,633
Less: Provision for diminution in the value of investments	9.3	(3,044,962)	(488,288)
Investments (net of provisions)		99,123,890	111,348,345
(Deficit) / surplus on revaluation of available for sale securities - net	22.2	(2,763,618)	1,754,021
Deficit on revaluation of held for trading securities - net	9.5	(103,198)	(13,105)
Investments at revalued amounts - net of provisions		96,256,874	113,089,261

Notes to the Financial Statements
For the year ended December 31, 2008

	Note	2008 (Rupees in '000)	2007 (Rupees in '000)
9.3 Particular of provision			
Opening balance		468,288	363,019
Charge during the year	9.8	2,685,215	138,046
Reversal made during the year		(1,221)	(32,777)
		2,683,994	105,269
Investment written off against provision		(107,320)	-
Closing balance		<u>3,044,962</u>	<u>468,288</u>
9.3.1 Particulars of provision in respect of Type and Segment			
Available-for-sale securities			
Listed shares / Certificates / Units	9.8	2,787,910	197,496
Unlisted shares		70,477	70,477
		<u>2,858,387</u>	<u>267,973</u>
Held-to-maturity securities			
Unlisted TFCs, Debentures, Bonds and Participation Term Certificates		186,575	200,315
		<u>3,044,962</u>	<u>468,288</u>
9.4 Quality of 'available for sale' securities			
		2008	2007
		Market Value/ Carrying value for unlisted investments (Rupees in '000)	Market Value/ Carrying value for unlisted investments (Rupees in '000)
		Credit Rating	Credit Rating
		Long Term	Long Term
		Short Term	Short Term
		Rated By	Rated By
Market Treasury Bills		70,402,111	85,071,912
		(Unrated- Government Securities)	(Unrated- Government Securities)
Pakistan Investment Bonds		1,902,599	2,711,499
		(Unrated- Government Securities)	(Unrated- Government Securities)
Listed Term Finance Certificates			
Askari Bank Limited		201,636	203,717
		AA- (Unrated)	AA- (Unrated)
PACRA			PACRA
Bank Al-Habib Limited		99,840	99,880
		AA- (Unrated)	AA- (Unrated)
PACRA			PACRA
Bank Alfalah Limited		248,293	248,390
		AA- (Unrated)	AA- (Unrated)
PACRA			PACRA
United Bank Limited		307,572	307,704
		AA (Unrated)	AA (Unrated)
JCRVIS			JCRVIS
Allied Bank Limited		322,420	-
		AA (Unrated)	-
JCRVIS			-
Jahangir Siddiqui & Company Limited		-	49,940
		-	AA+ (Unrated)
PACRA			PACRA
Pakistan Services Limited		-	4,520
		-	A (Unrated)
JCRVIS			JCRVIS
Soneri Bank Limited		149,790	149,850
		A+ (Unrated)	A+ (Unrated)
PACRA			PACRA
Pak Arab Fertilizers Limited		99,980	100,000
		AA (Unrated)	AA (Unrated)
JCRVIS			JCRVIS
		1,429,531	1,164,001
Shares in Listed Companies			
Abbott Laboratories Pakistan Limited		12,151	26,291
		Not available	Not available
Allied Bank Limited		80,985	94,137
		AA A1+	A A1-
PACRA			JCRVIS
Arif Habib Bank Limited		-	190
		-	A- A2
PACRA			PACRA
Arif Habib Limited		7,475	-
		A- A2	Not available
PACRA			Not available
Arif Habib Securities Limited		64,347	41,568
		Not available	Not available
Askari Bank Limited		62,455	323,753
		AA A1+	AA A1+
PACRA			PACRA
Atlas Bank Limited		20,386	30,107
		A- A2	A- A2
PACRA			PACRA
Balance carried forward		247,799	516,046

Notes to the Financial Statements
For the year ended December 31, 2008

9.4 Quality of 'available for sale' securities

	2008			2007		
	Market Value/ Carrying value for unlisted investments (Rupees in '000)	Credit Rating Long Term Short Term	Rated By	Market Value/ Carrying value for unlisted investments (Rupees in '000)	Credit Rating Long Term Short Term	Rated By
Balance brought forward	247,799			516,046		
Attock Petroleum Limited	15,607		Not available	-		
Azgard Nine Limited - preference shares	10,268	A+	A1	PACRA	9,572	A+ A1 PACRA
Azgard Nine Limited - ordinary shares	-		-	5,656	A+ A1 PACRA	
Bank Alfalah Limited	50,400	AA	A1+	PACRA	163,265	AA A1+ PACRA
Bank Al-Habib Limited	106,366	AA	A1+	PACRA	206,743	AA A1+ PACRA
Bank Islami Pakistan Limited	-		-	2,430	A- A2 PACRA	
Century Papers and Board Mills Limited	12,650	A-	A2	JCRVIS	33,389	Not available
Cherat Cement Company Limited	329		Not available		1,143	Not available
Samba Bank Limited	-		-	2,095	A A-	JCRVIS
(Formerly Crescent Commercial Bank Limited)						
EFU General Insurance Company Limited	1,601	AA	(Unrated)	JCRVIS	329,596	AA (Unrated) JCRVIS
EFU Life Assurance Company Limited	2,700	AA-	(Unrated)	JCRVIS	3,123	A+ (Unrated) JCRVIS
Engro Chemical Pakistan Limited	82,759	AA	A1+	PACRA	242,631	AA A1+ PACRA
Fauji Fertilizer Bin Qasim Company Limited	52,795		Not available		150,946	Not available
Fauji Fertilizer Company Limited	400,440		Not available		809,675	Not available
First AI - Noor Modaraba	20,658	BBB	A3	JCRVIS	24,157	BBB A3 JCRVIS
Glaxo Smithkline Pakistan Limited	36,806		Not available		83,631	Not available
Habib Bank Limited	92,010	AA+	A1+	JCRVIS	127,315	AA+ A1+ JCRVIS
Habib Metropolitan Bank Limited	14,545	AA+	A1+	PACRA	29,078	AA+ A1+ PACRA
Hub Power Company Limited	13,244		Not available		831,260	Not available
IGI Insurance Limited	50,775	AA	(Unrated)	PACRA	59,643	AA (Unrated) PACRA
Indus Motors Company Limited	5,164		Not available		20,748	Not available
International Industries Limited	17,595		Not available		35,694	Not available
JS Bank Limited	7,571	A-	A2	PACRA	24,035	Not available
Jahangir Saddle & Company Limited	60,460	AA+	A1+	PACRA	-	-
Kohinoor Energy Limited	1,059		Not available		1,749	Not available
Kot Addu Power Company Limited	28,890		Not available		211,261	Not available
Lucky Cement Limited	5,472		Not available		12,233	Not available
Maple Leaf Cement Company Limited	50,887	BBB+	A2	PACRA	-	-
Masood Textile Mills Limited - preference shares	50,000		Not available		50,000	Not available
Mehr Dastagir Textile Mills Limited	13,663		Not available		9,701	Not available
Millet Tractors Limited	12,216		Not available		84,283	Not available
National Bank of Pakistan	85,237	AAA	A-1+	JCRVIS	237,572	AAA A1+ JCRVIS
National Refinery Limited	2,855	AAA	A1+	PACRA	-	-
NIB Bank Limited	-		-	7,101	A+ A1	PACRA
Oil & Gas Development Company Limited	107,487	AAA	A1+	JCRVIS	268,782	AAA A1+ JCRVIS
Orx Leasing Pakistan Limited	3,847	AA+	A1+	PACRA	5,995	AA+ A1+ PACRA
Pace Pakistan Limited	372	A+	A1	PACRA	10,051	Not available
Packages Limited	1,779	AA	A1+	PACRA	9,383	AA A1+ PACRA
Pak Suzuki Motor Company Limited	3,949		Not available		8,109	Not available
Pakistan Cables Limited	5,210		Not available		13,709	Not available
Pakistan Cement Company Limited	147		Not available		1,140	Not available
Pakistan Oilfields Limited	81,553		Not available		101,992	Not available
Pakistan Petroleum Limited	71,952		Not available		280,602	Not available
Pakistan State Oil Company Limited	67,481	AAA	A1+	PACRA	29,275	AAA A1+ PACRA
Pakistan Telecommunication Company Limited	82,655		Not available		253,256	Not available
Pakistan Tobacco Company Limited	14,744		Not available		21,568	Not available
Balance carried forward	1,993,977			5,319,633		



Notes to the Financial Statements
For the year ended December 31, 2008

9.4 Quality of 'available for sale' securities

	2008			2007		
	Market Value/ Carrying value for unlisted investments (Rupees in '000)	Credit Rating Long Term Short Term	Rated By	Market Value/ Carrying value for unlisted investments (Rupees in '000)	Credit Rating Long Term Short Term	Rated By
Balance brought forward	1,993,977			5,319,633		
PICIC Commercial Bank Limited	-		-	11,825	A+	A1 JCRVIS
Rupali Polyester Limited	25,683		Not available	28,671		Not available
Shell Pakistan Limited	-		-	26,531		Not available
Sonari Bank Limited	30,829	AA-	A1+	PACRA	98,292	AA- A1+ PACRA
**Sui Northern Gas Pipelines Limited	1,024,261	AA	A1+	PACRA	3,128,624	AA A1+ PACRA
Taj Textile Mills Limited	1		Not available	1		Not available
Thal Limited	3,058		Not available	3,327		Not available
The Bank of Punjab	84,785	AA-	A1+	PACRA	-	-
*Trust Securities & Brokerage Limited	2,541		Not available	2,550		Not available
TRG Pakistan Limited	890	BBB+	A2	PACRA	-	-
Unilever Pakistan Limited	60,161		Not available	75,880		Not available
United Bank Limited	81,719	AA+	A-1+	JCRVIS	304,339	AA A1+ JCRVIS
Zulfikar Industries Limited	3,644		Not available	3,533		Not available
	3,311,549			8,999,206		
Open Ended Mutual Fund						
Atlas Islamic Fund	7,794		Not available	10,613		Not available
HLB Income Fund	-		-	30,000		Not available
IGI Income Fund	-		-	30,009		Not available
MCB Dynamic Allocation Fund	55,046		Not available	-		-
MCB Dynamic Cash Fund	288,355		Not available	1,272,334		Not available
MCB Dynamic Stock Fund	154,376		Not available	323,366		Not available
NAFA Cash Fund	-		-	10,009	MFR 5 STAR (Unrated)	JCRVIS
Unit Trust of Pakistan	-		-	92,054	5 Star (Unrated)	PACRA
	505,571			1,768,379		
Shares in Un-listed Companies						
*Khushhali Bank Limited	300,000	A-	A-1	JCRVIS	300,000	A- A-1 JCRVIS
*Equity Participation Fund	1,500		Not available	1,500		Not available
*National Investment Trust Limited	100		Not available	100		Not available
*SME Bank Limited	10,106	BBB	A3	JCRVIS	10,106	BBB A2 JCRVIS
First Capital Investment (Private) Limited	2,500	AM4+	(Unrated)	PACRA	2,500	AM4+ (Unrated) PACRA
Pak Asian Fund	11,500		Not available	11,500		Not available
*Arabian Sea Country Club	2,900		Not available	2,900		Not available
*Central Depository Company of Pakistan Limited	10,000		Not available	10,000		Not available
*National Institutional Facilitation Technologies (Private) Limited	1,527		Not available	1,527		Not available
Society for Worldwide Inter Fund Transfer (SWIFT)	2,993		Not available	2,993		Not available
Fazal Cloth Mills Limited - preference share	100,000		Not available	100,000		Not available
Lanka Clearing (Private) Limited	700		Not available	570		Not available
Lanka Financial Services Bureau Limited	1,400		Not available	1,142		Not available
Credit Information Bureau of Sri Lanka	21		Not available	17		Not available
	445,247			444,855		
Other Investment						
Sukuk Bonds	419,000	(Unrated - Government Securities)		419,000	(Unrated - Government Securities)	
N.I.T. Units	3,689	5 Star (Unrated)	PACRA	6,620	4 Star (Unrated)	PACRA
	78,419,297			100,585,472		

* These are the strategic investments of the Bank

** This includes 32.287 million shares valuing Rs. 692.679 million (2007: 32.287 million shares valuing Rs. 2,116.414 million) which are held as strategic investment by the Bank.

Notes to the Financial Statements
For the year ended December 31, 2008

9.5 Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'

	Unrealized gain / (loss) as on December 31		Cost as at December 31	
	2008	2007	2008	2007
	(Rupees in '000)			
Investee Company				
Allied Bank Limited	(12,085)	-	21,665	-
Arif Habib Securities Limited	-	(1,453)	-	32,421
Attock Refinery Limited	-	(3,421)	-	51,972
Attock Petroleum Limited	(16,696)	-	31,159	-
Bank Al-Habib Limited	-	(48)	-	1,978
Bank Alfalah Limited	(6,080)	-	10,551	-
Bosicar Pakistan Limited	-	(305)	-	6,710
Engro Chemical Pakistan Limited	-	(1,122)	-	24,482
Fauji Cement Company Limited	-	(145)	-	1,635
Glaxo Smithkline Pakistan Limited	-	(188)	-	2,631
ICI Pakistan Limited	(3,512)	-	6,425	-
J.O.V & Company Limited	-	(413)	-	8,583
Jahangir Siddique and Company Limited	(12,621)	-	20,709	-
KASB Bank Limited	-	(25)	-	1,035
Lucky Cement Limited	(27,448)	(142)	42,711	3,054
Maple Leaf Cement Company Limited	(501)	-	1,116	-
National Bank of Pakistan	-	(331)	-	6,065
National Refinery Limited	-	(525)	-	9,369
PACE Pakistan Limited	-	(223)	-	8,099
Packages Limited	(3,003)	-	4,506	-
Pakistan Cement Company Limited	-	(195)	-	1,335
Pakistan Oilfields Limited	(11,220)	(2,418)	19,829	30,842
Pakistan Petroleum Limited	(5,310)	(983)	10,844	18,362
Pakistan State Oil Company Limited	-	(216)	-	4,282
Thal Limited	(708)	(59)	1,851	1,624
TRG Pakistan Limited	-	(31)	-	1,424
United Bank Limited	(4,021)	(882)	6,420	13,849
Market Treasury Bills	5	-	19,588	-
	<u>(103,198)</u>	<u>(13,105)</u>	<u>197,374</u>	<u>230,752</u>

9.6 *Available for sale* Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the State Bank of Pakistan (SBP). The market value of Pakistan Investment Bonds and Market Treasury Bills classified as 'held to maturity' as at December 31, 2008 amounted to Rs. 1,859.166 million and Rs. 1,436.673 million (2007: Market Treasury Bills Rs. 237.70 and Pakistan Investment Bonds Rs. 1,990.67 million) respectively.

9.7 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 943.600 million (2007: Rs. 943.600 million) as at December 31, 2008 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at December 31, 2008 amounted to Rs. 3,032.786 million (2007: Rs. 10,671.631 million).



Notes to the Financial Statements
For the year ended December 31, 2008

9.8 The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008 and remained in place until December 15, 2008. Consequent to the introduction of "Floor Mechanism" by KSE, the market volume declined significantly during the period from August 27, 2008 to December 15, 2008. There were lower floors on a number of securities at December 31, 2008. The equity securities have been valued at prices quoted on the KSE on December 31, 2008 without any adjustment as allowed by the State Bank of Pakistan (SBP) BSD Circular Letter No. 2 dated January 27, 2009.

Furthermore, SBP 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, if any, recognized as on December 31, 2008 due to valuation of listed equity investments held as "Available for Sale" to quoted market prices may be shown under the equity. The amount taken to equity including any adjustment/effect for price movements shall be taken to Profit and Loss Account on quarterly basis during the year ending December 31, 2009. The amount taken to equity at December 31, 2008 shall be treated as a charge to Profit and Loss Account for the purposes of distribution as dividend.

The impairment loss based on market values as at December 31, 2008 has been determined at Rs. 4,893.731 million. In view of the "Floor Mechanism" as explained above and current economic conditions in the country, the management believes that these are "rare circumstances" and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Accordingly, the management on the basis of their estimates and prudence has made a provision of Rs. 2,591.635 million against the above amount. Therefore, full recognition of impairment for 'Available for Sale' equity securities through Profit and Loss account will not reflect the correct financial performance of the Bank.

The recognition of impairment loss based on the market values as at December 31, 2008 would have had the following effect on these financial statements:

	2008 (Rupees in '000)
Increase in 'Impairment Loss' in Profit and Loss Account	2,302,096
Decrease in tax charge for the year	805,734
Decrease in profit for the year - after tax	<u>1,496,362</u>
	Rupees
Decrease in earnings per share -after tax	2.38
	(Rupees in '000)
Decrease in deficit on revaluation of available for sale securities	2,302,096
Decrease in unappropriated profit	1,496,362

9.9 At December 31, 2008 market value of quoted Investments was Rs. 83,847.918 million (2007: Rs. 113,041.129 million) while the book value of unquoted investments was Rs. 13,959.421 million (2007: Rs. 9,391.098 million).

9.10 Investments include Pakistan Investment Bonds amounting to Rs. 232.60 million (2007: Rs. 232.60 million) earmarked by the SBP 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 (2007: Rs. 5 million) have been pledged with the Controller of Military Accounts on account of Regimental Fund account.

9.11 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

Notes to the Financial Statements
For the year ended December 31, 2008

10.	ADVANCES - NET	Note	2008	2007						
			(Rupees in '000)							
	Loans, cash credits, running finances, etc.									
	In Pakistan		252,387,594	206,587,014						
	Outside Pakistan		8,910,253	6,989,947						
			261,297,847	215,576,961						
	Net Investment in finance lease	10.2								
	In Pakistan		5,358,475	6,904,399						
	Outside Pakistan		90,733	87,710						
			5,449,208	6,972,109						
	Bills discounted and purchased (excluding treasury bills)									
	Payable in Pakistan		2,384,211	2,949,228						
	Payable outside Pakistan		4,111,059	4,234,574						
			6,475,270	7,183,802						
	Advances - gross		273,222,325	229,732,872						
	Provision against advances	10.4								
	Specific provision		(9,895,889)	(7,326,953)						
	General provision	10.4.3	(273,222)	(2,749,815)						
	General provision against consumer loans	10.4.4	(533,683)	(688,665)						
	General provision for potential lease losses (in Sri Lanka operations)		(9,051)	(6,841)						
			(10,711,855)	(10,772,274)						
	Advances - net of provision		262,510,470	218,960,598						
10.1	Particulars of advances (gross)									
10.1.1	In local currency		262,519,312	212,239,278						
	In foreign currencies		10,703,013	17,493,594						
			273,222,325	229,732,872						
10.1.2	Short-term		157,400,562	153,980,682						
	Long-term		115,821,763	75,752,190						
			273,222,325	229,732,872						
10.2	Net Investment in finance lease		2008	2007						
			Not later than one year	Later than one and less than five years						
			Over five years	Total						
			(Rupees in '000)							
	Lease rentals receivable		942,728	4,055,066	981	4,998,775	2,245,023	4,516,185	7,229	6,768,437
	Guaranteed residual value		94,512	1,230,873	2,937	1,328,322	300,233	1,160,175	648	1,461,056
	Minimum lease payments		1,037,240	5,285,939	3,918	6,327,097	2,545,256	5,676,360	7,877	8,229,493
	Finance charge for future periods		(225,636)	(652,250)	(9)	(877,889)	(521,489)	(735,127)	(768)	(1,257,384)
	Present value of minimum lease payments		811,604	4,633,689	3,915	5,449,208	2,023,767	4,941,233	7,109	6,972,109

Notes to the Financial Statements
For the year ended December 31, 2008

10.3 Advances include Rs. 18,268.877 million (2007: Rs. 10,725.308 million) which have been placed under the non-performing status as detailed below:

Category of Classification	Note	2008								
		Classified Advances			Specific Provision Required			Specific Provision Held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)										
Other Assets Especially Mentioned (OAEM)	10.3.1	100,447	-	100,447	-	-	-	-	-	-
Substandard		5,440,860	-	5,440,860	897,768	-	897,768	897,768	-	897,768
Doubtful		2,595,782	501	2,596,283	1,186,305	251	1,186,556	1,186,305	251	1,186,556
Loss		6,457,011	3,674,276	10,131,287	6,329,025	1,482,540	7,811,565	6,329,025	1,482,540	7,811,565
		14,594,100	3,674,777	18,268,877	8,413,098	1,482,791	9,895,889	8,413,098	1,482,791	9,895,889

Category of Classification	Note	2007								
		Classified Advances			Specific Provision Required			Specific Provision Held		
		Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)										
Other Assets Especially Mentioned (OAEM)	10.3.1	101,910	-	101,910	-	-	-	-	-	-
Substandard		842,804	11,438	854,242	202,432	2,859	205,291	202,432	2,859	205,291
Doubtful		1,691,207	8,373	1,699,580	832,623	4,186	836,809	832,623	4,186	836,809
Loss		5,374,166	2,695,410	8,069,576	5,319,633	965,220	6,284,853	5,319,633	965,220	6,284,853
		8,010,087	2,715,221	10,725,308	6,354,688	972,265	7,326,953	6,354,688	972,265	7,326,953

10.3.1 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.

10.4 Particulars of provision against advances

	Note	2008				
		Specific	General	2008		Total
				General provision against consumer loans	Leasing (general)	
(Rupees in '000)						
Opening balance		7,326,953	2,749,815	688,665	6,841	10,772,274
Exchange adjustments		204,103	-	-	-	204,103
Provision made during the year		3,564,819	-	-	2,210	3,412,057
Reversals		(2,076,930)	-	(154,972)	-	(2,076,930)
		1,487,889	-	(154,972)	2,210	1,335,127
Transfer		2,476,593	(2,476,593)	-	-	-
Amounts written off	10.5.1	(1,599,649)	-	-	-	(1,599,649)
Closing balance		9,895,889	273,222	533,693	9,051	10,711,855

Notes to the Financial Statements
For the year ended December 31, 2008

Note	2007				
	Specific	General	General provision against consumer loans (Rupees in '000)	Leasing (general)	Total
Opening balance	5,953,234	2,277,467	373,823	3,820	8,608,344
Exchange adjustments	(17,680)	-	-	(53)	(17,733)
Provision made during the year	3,612,580	472,348	314,842	3,074	4,402,844
Reversals	(1,443,261)	-	-	-	(1,443,261)
	2,169,319	472,348	314,842	3,074	2,959,583
Amounts written off	10.5.1 (777,920)	-	-	-	(777,920)
Closing balance	7,326,953	2,749,815	688,685	6,841	10,772,274

10.4.1 Particulars of provisions against advances

	2008			2007		
	Specific	General (total)	Total	Specific	General (total)	Total
	(Rupees in '000)					
In local currency	8,329,948	806,915	9,136,863	6,274,466	3,438,480	9,712,946
In foreign currencies	1,565,941	9,051	1,574,992	1,052,487	6,841	1,059,328
	9,895,889	815,966	10,711,855	7,326,953	3,445,321	10,772,274

10.4.2 The following amounts have been charged to the profit and loss account:

	Note	2008 (Rupees in '000)	2007 (Rupees in '000)
Specific provision		1,487,889	2,169,319
General provision	10.4.3	-	472,348
General provision against consumer loans	10.4.4	(154,972)	314,842
General provision for potential lease losses (in Sri Lanka operations)		2,210	3,074
		1,335,127	2,959,583

10.4.3 During the current year, the management has revised the estimate relating to general provision against unidentified losses and accordingly the general provision against loans and advances has been reduced from around 1% to around 0.1% of gross advances. The estimate of providing 1% provision was made when FSV benefit was in place and unidentified losses were not properly covered through provisions. Since over the period provisions have adequately been made after withdrawal of FSV benefit, management thinks it appropriate to reverse the significant portion of already created provision. The said change in accounting estimate has been recognized in the current year in accordance with the requirements of International Accounting Standard (IAS) 8 "Accounting Policies, Change in Accounting Estimates and Errors". Had there been no change in accounting estimate, the profit before taxation for the year would have been lower by Rs. 2,459,001 million and the general provision against advances would have been higher by the same amount.

State Bank of Pakistan vide BSD Circular No. 2 dated January 27, 2009 has allowed the banks to take benefit of FSV for loans classified after December 31, 2005. However, management has not taken the benefit offered by the said circular.

10.4.4 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP.

Notes to the Financial Statements
For the year ended December 31, 2008

10.5 Particulars of write offs:

10.5.1 Against provisions
Directly charged to the profit and loss account

Note	2008 (Rupees in '000)	2007 (Rupees in '000)
10.4	1,589,649	777,920
	-	199
	1,589,649	778,119
10.5.3	749,712	750,520
	849,937	27,599
	1,599,649	778,119

10.5.2 Write offs of Rs. 500,000 and above
Write offs of below Rs. 500,000

10.5.3 Details of loan write offs of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand Rupees or above allowed to a person(s) during the year ended December 31, 2008 is given at Annexure- III. However, this write off does not affect the Bank's right to recover the debts from these customers.

10.6 Particulars of advances to directors, executives, associated companies, etc.

Debts due by executives or officers of the Bank or any of them either severally or jointly with any other persons

Balance at beginning of the year
Loans granted during the year
Repayments
Balance at end of the year

Note	2008 (Rupees in '000)	2007 (Rupees in '000)
	3,228,484	3,149,550
	1,732,218	976,231
	(1,116,217)	(897,297)
	3,844,485	3,228,484

Debts due by subsidiary companies, controlled firms, managed moderabas and other related parties

Balance at beginning of the year
Loans granted during the year
Repayments
Balance at end of the year

Note	2008 (Rupees in '000)	2007 (Rupees in '000)
	1,663,985	2,242,511
	524,153	1,442,020
	(2,186,498)	(2,020,546)
	1,640	1,663,985
	3,846,125	4,892,469

11. OPERATING FIXED ASSETS

Capital work-in-progress
Property and equipment
Intangible asset

Note	2008 (Rupees in '000)	2007 (Rupees in '000)
11.1	510,226	233,390
11.2	16,562,309	15,607,660
11.3	191,198	183,073
	17,263,733	18,024,123

11.1 Capital work-in-progress

Civil works
Advances against purchase of property
Advances to suppliers and contractors
Others

Note	2008 (Rupees in '000)	2007 (Rupees in '000)
	210,051	92,308
	-	5,900
	101,709	71,094
	198,466	64,088
	510,226	233,390

Notes to the Financial Statements
For the year ended December 31, 2008

11.2 Property and equipment

Description	2008							
	Cost/ Revalued Amount			Accumulated depreciation			Net book value at December 31, 2008	Annual rate of depreciation / estimated useful life
	At January 01, 2008	Additions/ (disposals) Adjustment	At December 31, 2008	At December 01, 2008	Charge for the year/ (depreciation on disposals)	At December 31, 2008		
	(Rupees in '000)							
Land - Freehold	9,408,417	213,440 96,198	9,718,045	-	-	-	9,718,045	-
Land - Leasehold	57,430	-	57,430	-	-	-	57,430	-
Buildings on freehold land	3,823,373	118,674 168,861	4,210,828	-	68,504	68,504	4,121,424	50 years
Buildings on leasehold land	65,567	-	65,567	20,082	4,980	25,062	40,505	10 to 50 years
Furniture and fixtures	630,510	70,914 (28,487)	672,327	288,231	34,350 (10,327)	312,254	360,073	10% to 33%
Electrical, Computers and office Equipments	3,717,177	1,192,885 (227,028)	4,683,034	2,348,935	806,653 (218,461)	2,736,827	1,946,207	20% to 33%
Vehicles	721,188	130,872 (320,012)	632,028	261,032	78,718 (127,348)	213,401	318,625	20%
	18,623,640	1,726,186 (575,537) 285,089	19,839,367	2,915,980	618,206 (354,137)	3,377,048	16,582,309	

11.2 Property and equipment

Description	2007													
	Cost/ Revalued amount					Accumulated depreciation					Net book value at December 31, 2007	Annual rate of depreciation / estimated useful life		
	At January 01, 2007	Additions/ (disposals)	Write-off/ Reversal due to revaluation	Revaluation surplus	Adjustment/ transfer out	At December 31, 2007	At January 01, 2007	Charge for the year / (depreciation on disposals)	Write-off / Reversal due to revaluation	Revaluation surplus			transfer in/ (transfer out)	
	(Rupees in '000)													
Land - Freehold	3,898,428	1,428,750	-	4,085,198	-	9,408,417	-	-	-	-	-	9,408,417	-	
Land - Leasehold	57,430	-	-	-	-	57,430	-	-	-	-	-	57,430	-	
Buildings on freehold land	2,280,750	1,054,952 (31,400)	(224,068)	819,718	43,423	3,823,373	136,813	88,051 (796)	(224,068)	-	-	3,823,373	50 years	
Buildings on leasehold land	57,536	8,081	-	-	-	65,567	17,985	2,087	-	-	-	20,082	45,485	10 to 50 years
Furniture and fixtures	548,585	106,520 (13,136)	(12,738)	-	-	630,510	270,559	32,046 (11,202)	(3,772)	-	-	288,231	342,278	10% to 33%
Electrical, Computers and office Equipments	3,023,438	838,723 (118,233)	(13,329)	-	(12,423)	3,717,177	2,038,603	414,705 (88,378)	(10,194)	-	-	2,346,635	1,370,542	20% to 33%
Vehicles	686,378	218,967 (84,187)	-	-	-	721,188	267,021	61,707 (68,672)	-	(9,024)	-	261,032	480,134	20%
	10,491,624	3,664,273 (246,936)	(260,138)	4,904,916	-	18,623,640	2,730,691	699,198 (167,049)	(238,034)	-	(9,024)	2,915,980	16,607,680	



Notes to the Financial Statements
For the year ended December 31, 2008

11.2.1

The land and buildings of the Bank were last revalued in December 2007 by independent valuers (Pee Dee Associates & Arch-e-Decon), valuation and engineering consultants, on the basis of market value. This valuation was incorporated at December 31, 2007. The information relating to location of revalued assets is given in Annexure V. The details of revalued amounts are as follows:

(Rupees in '000)

Total revalued amount of land	9,562,035
Total revalued amount of buildings	4,137,739

Had the land and buildings not been revalued, the total carrying amounts as at December 31, 2008 would have been as follows:

(Rupees in '000)

Land	2,228,488
Buildings	2,605,911

11.2.2 The gross carrying amount of fully depreciated assets that are still in use are as follows:

Furniture and fixture	9,075
Electrical, computers and office equipment	1,374,754
Vehicles	57,016

11.2.3 Details of disposal of operating fixed assets

The information relating to disposal of operating fixed assets required to be disclosed as part of the financial statements by the State Bank of Pakistan is given in Annexure IV and is an integral part of these financial statements.

11.3 Intangible asset

Description	2008							Net book value at December 31, 2008	Annual rate of amortization
	Cost		Accumulated amortization			At December 31, 2008			
	At January 01, 2008	Additions	At December 31, 2008	At January 01, 2008	Amortization for the year				
	(Rupees in '000)								%
Computer software	555,672	150,130	705,802	372,599	142,005	514,604	191,198	33.33	
	555,672	150,130	705,802	372,599	142,005	514,604	191,198		

Description	2007							Net book value at December 31, 2007	Annual rate of amortization
	Cost		Accumulated amortization			At December 31, 2007			
	At January 01, 2007	Additions	At December 31, 2007	At January 01, 2007	Amortization for the year				
	(Rupees in '000)								%
Computer software	553,396	2,276	555,672	181,398	191,201	372,599	183,073	33.33	
	553,396	2,276	555,672	181,398	191,201	372,599	183,073		

Notes to the Financial Statements
For the year ended December 31, 2008

Note	2008 (Rupees in '000)	2007 (Rupees in '000)
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	22.1 516,543	468,916
Accelerated tax depreciation	678,001	561,852
Net investment in finance lease receivable	436,823	599,174
Surplus on revaluation of securities	22.2 -	156,700
Others	2,444	1,524
	<u>1,633,811</u>	<u>1,788,166</u>
Deductible temporary differences on:		
Deficit on revaluation of securities	22.2 (661,966)	-
Provision for contributory benevolent scheme	(79,121)	(98,706)
Provision for post retirement medical benefits	(455,587)	(509,298)
	<u>(1,196,674)</u>	<u>(608,004)</u>
	<u>437,137</u>	<u>1,180,162</u>
13. OTHER ASSETS - NET		
Income / mark-up accrued on advances and investments - local currency	7,901,740	4,749,314
Income / mark-up accrued on advances and investments - foreign currencies	184,677	233,133
Advances, deposits, advance rent and other prepayments	2,608,642	1,000,134
Advance taxation (payments less provisions)	57,203	-
Compensation for delayed Income tax refunds	44,802	44,802
Branch Adjustment Account	-	208,737
Unrealised gain on derivative financial instruments	13.3 1,507,969	453,802
Non-banking assets acquired in satisfaction of claims	13.1 1,155,832	486,471
Stationary and stamps on hand	83,077	48,676
Prepaid exchange risk fee	-	139
Receivable from the pension fund	37.3 5,399,019	10,651,047
Others	1,309,500	498,492
	<u>20,252,461</u>	<u>18,374,747</u>
Less: Provision held against other assets	13.2 441,985	505,986
	<u>19,810,476</u>	<u>17,868,761</u>

13.1 The market value of non-banking assets with carrying value of Rs. 1,033,222 million (2007: Rs. 363,862 million) net of provision as per the valuation report dated December 31, 2008 amounted to Rs. 996,245 million (2007: Based on valuation as of 31 December 2007 Rs. 442,271 million).

Notes to the Financial Statements
For the year ended December 31, 2008

	2008 (Rupees in '000)	2007 (Rupees in '000)
13.2 Provision held against other assets		
Opening balance	505,986	515,690
Charge for the year	10,120	17,257
Reversal during the year	-	(21,000)
	10,120	(3,743)
Write off during the year	(59,364)	(5,961)
Transfer	(14,757)	-
Closing balance	<u>441,985</u>	<u>505,986</u>
13.3 Derivative financial instruments		
Unrealised gain on:		
Interest rate swaps	166,667	250,000
Cross currency swaps	173,127	-
Forward exchange contracts	35,252,291	67,789,886
	<u>35,592,085</u>	<u>68,039,886</u>

Contract / notional amount	2008	2007	Unrealised gain	2008	2007
	(Rupees in '000)				
Interest rate swaps	166,667	250,000	6,222	11,297	
Cross currency swaps	173,127	-	1,625	-	
Forward exchange contracts	35,252,291	67,789,886	1,500,122	442,505	
	<u>35,592,085</u>	<u>68,039,886</u>	<u>1,507,969</u>	<u>453,802</u>	

14. CONTINGENT ASSETS

There were no contingent assets of the Bank as at December 31, 2008 and December 31, 2007.

15. BILLS PAYABLE

	2008 (Rupees in '000)	2007 (Rupees in '000)
In Pakistan	10,522,565	10,447,928
Outside Pakistan	28,903	31,130
	<u>10,551,468</u>	<u>10,479,058</u>

16. BORROWINGS

	2008 (Rupees in '000)	2007 (Rupees in '000)
In Pakistan	17,742,776	35,497,881
Outside Pakistan	4,921,064	3,908,950
	<u>22,663,840</u>	<u>39,406,831</u>

16.1 Particulars of borrowings with respect to currencies

	2008 (Rupees in '000)	2007 (Rupees in '000)
In local currency	17,742,776	35,497,881
In foreign currencies	4,921,064	3,908,950
	<u>22,663,840</u>	<u>39,406,831</u>

Notes to the Financial Statements For the year ended December 31, 2008

16.2	Details of borrowings (secured / unsecured)	Note	2008 (Rupees in '000)	2007
	Secured			
	Borrowings from State Bank of Pakistan			
	Export refinance scheme	16.3 & 16.5	9,217,004	5,593,462
	Long term financing - export oriented projects scheme	16.4 & 16.5	2,100,751	2,473,077
			11,317,755	8,066,539
	Borrowings from other financial institution	16.6	-	2,932,600
	Repurchase agreement borrowings	16.7	8,325,021	26,831,342
			17,642,776	37,830,481
	Unsecured			
	Call borrowings	16.8	4,418,990	500,000
	Overdrawn nostro accounts		602,074	976,350
			5,021,064	1,476,350
			22,663,840	39,406,831

16.3 The Bank has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP.

16.4 The amount is due to SBP and have been obtained for providing long term finance to customers for export oriented projects. As per the agreements with SBP, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP.

16.5 Borrowings from SBP under the export refinance and long term financing for export oriented projects schemes are secured against the Bank's cash and security balances held by the SBP.

16.6 These carry mark-up at the rate Nil (2007: 5.88% to 5.95% per annum).

16.7 These carry mark-up rates ranging between 7.50% to 14.90% per annum (2007: 9.2 % to 10 % per annum) and are secured against Government securities of carrying value of Rs. 6,287.836 million (2007: Rs. 26,986.870 million). These are repayable latest by January, 2009.

16.8 These carry mark-up at the rate of 15.50% (2007: 9.75%). These are repayable by February, 2009.

17. DEPOSITS AND OTHER ACCOUNTS

	2008 (Rupees in '000)	2007
Customers		
Fixed deposits	61,680,332	32,202,230
Saving deposits	150,927,938	151,555,718
Current accounts - non remunerative	105,403,383	95,966,877
Margin accounts	3,137,434	2,589,309
Others	583	4,288
	321,149,680	282,318,422
Financial Institutions		
Remunerative deposits	5,197,969	9,233,602
Non-remunerative deposits	3,926,526	546,042
	9,124,495	9,779,644
	330,274,155	292,098,066

Notes to the Financial Statements For the year ended December 31, 2008

17.1	Particulars of deposits	2008 (Rupees in '000)	2007
	In local currency	312,921,764	278,068,722
	In foreign currencies	17,352,391	14,029,344
		330,274,155	292,098,066

17.2 Deposits include deposits from related parties amounting to Rs. 7,818.233 million (2007: Rs. 513.241 million).

18. SUB-ORDINATED LOAN -UNSECURED (NON-PARTICIPATORY)

	Mark-up payable	Mark-up payment	2008 (Rupees in '000)	2007
Listed Term Finance Certificates	Semi-annually	2003-2008	-	479,232

19. OTHER LIABILITIES

	Note	2008 (Rupees in '000)	2007
Mark-up / return / Interest payable In local currency		4,230,030	1,550,832
Mark-up / return / Interest payable In foreign currencies		114,034	76,656
Accrued expenses		1,804,195	784,759
Unclaimed dividend		275,073	1,313,371
Staff welfare fund		65,531	76,876
Unrealised loss on derivative financial instruments	19.1	8,470,041	541,982
Provision for employees' compensated absences	37.3	752,947	974,464
Provision for post retirement medical benefits	37.3	1,400,413	1,455,135
Provision for employees' contributory benevolent scheme	37.3	274,446	282,019
Security deposits received in respect of finance lease		1,320,327	1,468,077
Taxation (provision less payments)		-	1,345,312
Retention money		22,403	40,999
Insurance payable against consumer assets		398,369	391,729
Branch adjustment account		151,990	-
Others		1,973,451	1,420,302
		21,253,250	11,722,493

	Contract / Notional amount		Unrealised loss	
	2008	2007	2008	2007
	------(Rupees in '000)-----			
19.1 Derivative Financial Instruments				
Unrealised loss on:				
Interest rate swaps	2,244,130	2,471,698	17,591	14,635
Cross currency swaps	173,127	-	1,625	-
Forward exchange contracts	101,932,869	63,649,869	8,450,825	527,327
	104,350,126	66,121,567	8,470,041	541,982

Notes to the Financial Statements
For the year ended December 31, 2008

20. SHARE CAPITAL

20.1 Authorised Capital

2008		2007		2008		2007	
(Number of shares)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs 10 each		10,000,000	10,000,000		

20.2 Issued, subscribed and paid-up capital

2008			2007			2008			2007		
Issued for cash	Issue as bonus shares	Total	Issued for cash	Issue as bonus shares	Total	(Rupees in '000)			(Rupees in '000)		
Number of Shares											
197,253,795	431,023,048	628,276,843	197,253,795	349,073,895	546,327,690	Opening balance	6,282,768	5,463,276			
-	-	-	-	81,949,153	81,949,153	Shares issued during the year	-	819,492			
197,253,795	431,023,048	628,276,843	197,253,795	431,023,048	628,276,843	Closing balance	6,282,768	6,282,768			

20.3 During the year 2008, the Bank was admitted to the Official List of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs) issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S. The Bank had issued 8,622,100 GDRs each representing four ordinary equity shares at an offer price of US\$ 17.3970 per GDR (total receipt being US\$ 149.999 million). Accordingly, based on an exchange rate of Rs. 60.70 = US\$ 1.00 (which was the exchange rate on the date of the final offering circular relating to the GDR issue made by the Bank), 34,488,400 ordinary equity shares of nominal value of Rs. 10 each of the Bank were issued at a premium of Rs. 254 per ordinary equity share (total premium amount being Rs. 8,760.054 million).

Holders of GDRs are entitled, subject to the provisions of the Deposit Agreement, to receive dividend, if any and rank pari passu with other equity shareholders in respect of dividend. However, the holder of GDR have no voting rights or other direct rights of shareholders with respect to the equity shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated October 11, 2006, the deposited equity shares in respect of which the GDRs were issued may be withdrawn from the depository facility. Upon withdrawal, the holders will rank pari passu with other equity shareholders in respect of dividend, voting and other direct rights of shareholders. The GDRs are now fully fungible. The bank has obtained all required regulatory approvals for "Two Way Fungibility". Two way convertibility of GDRs would be limited to number of GDRs issued at the time of issuance i.e. 8.622 million, subject to availability of headroom and adjusted for subsequent corporate actions i.e. bonus shares, right issue and stock splits.

Notes to the Financial Statements
For the year ended December 31, 2008

20.4 Number of shares held by the related parties as at December 31, are as follows:

	2008	2007
	(Number of shares)	
Siddiqsons Denim Mills Limited	28,685,082	28,675,082
Din Leather (Private) Limited	3,915,381	3,915,381
Adamjee Insurance Company Limited	19,225,933	17,011,379
MCB Bank Limited Pension Fund	9,646,370	50,588,856
MCB Bank Limited Provident Fund (Pakistan staff)	19,413,198	26,602,295
Mayban International Trust (Labuan) Berhad	125,655,369	-
	206,541,333	126,792,993

21. RESERVES

	2008	2007
	(Rupees in '000)	
Share premium	9,702,528	9,702,528
Exchange translation reserve	188,686	(41,981)
Statutory reserve	8,277,551	6,740,091
General reserve	18,600,000	17,600,000
	36,768,765	34,000,638

21.1 Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962.

22. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	2008	2007
	(Rupees in '000)	
Surplus / (deficit) arising on revaluation (net of tax) of:		
- fixed assets	8,292,841	8,108,198
- available-for-sale securities	(2,101,652)	1,597,321
	6,191,189	9,705,519

22.1 Surplus on revaluation of fixed assets-net of tax

	2008	2007
	(Rupees in '000)	
Surplus on revaluation of fixed assets as at January 01	8,577,114	3,690,437
Adjustment / surplus during the year	265,069	4,904,915
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(21,319)	(11,855)
Related deferred tax liability	(11,480)	(6,383)
	(32,799)	(18,238)
Surplus on revaluation of fixed assets as at December 31	8,809,384	8,577,114
Less: Related deferred tax liability on:		
Revaluation as at January 01	468,916	188,398
Adjustment / surplus during the year	59,107	286,901
Incremental depreciation charged during the year transferred to profit and loss account	(11,480)	(6,383)
	516,543	468,916
	8,292,841	8,108,198

Notes to the Financial Statements
For the year ended December 31, 2008

	Note	2008 (Rupees in '000)	2007 (Rupees in '000)
22.2	Surplus / (deficit) on revaluation of available-for-sale securities - net of tax		
	Federal Government Securities		
	- Market Treasury Bills	(91,427)	(193,077)
	- Pakistan Investment Bonds	(468,065)	(14,919)
	Listed Securities		
	- Shares / Certificates / Units	(2,286,629)	1,809,520
	- Open Ended Mutual Funds	38,356	106,317
	- Term Finance Certificates	25,147	27,180
		(2,223,126)	1,943,017
	Sukuk Bonds	19,000	19,000
		(2,763,618)	1,754,021
	Add: Related deferred tax asset / (liability)	661,966	(156,700)
		<u>(2,101,652)</u>	<u>1,597,321</u>
23.	CONTINGENCIES AND COMMITMENTS		
23.1	Transaction-related contingent liabilities		
	Guarantees in favour of:		
	Government	5,743,838	5,283,799
	Banks and financial institutions	36,030	376,773
	Others	15,148,692	7,247,043
	Suppliers' credit / payee guarantee	2,255,011	1,809,117
		23,183,571	14,716,732
23.2	Trade-related contingent liabilities	54,869,480	61,677,285
23.3	Other contingencies		
	Claims against the Bank not acknowledged as debts	226,246	134,079
23.4	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.		
23.5	Commitments in respect of forward foreign exchange contracts		
		2008 (Rupees in '000)	2007 (Rupees in '000)
	Purchase	69,708,932	62,077,338
	Sale	67,476,228	69,362,417

Notes to the Financial Statements
For the year ended December 31, 2008

	Note	2008 (Rupees in '000)	2007 (Rupees in '000)
23.6	Commitments for the acquisition of fixed assets	557,810	78,670
23.7	Other commitments		
	Cross currency swaps (notional amount)	24.1 & 24.2	346,254
	Fx Options (notional amount)	24.1	1,845,484
	- Purchase	-	351,702
	- Sale	-	351,702
	Interest rate swaps - (notional amount)	24.1 & 24.2	2,410,797
	Forward outright sale of Government Securities		20,827,530
	Outright purchase of Government Securities from SBP		26,644,450
23.8	Taxation		
	The income tax assessments of the Bank have been finalised upto and including the Tax Year 2008. For the Tax Years 2003 to 2007, the department has amended the assessments on certain issues against which the Bank has filed appeal before the Commissioner of Income Tax (Appeals). In respect of the Tax Year 2003 to 2006, the Commissioner of Income Tax (Appeals) vide his orders has decided the matter in favour of the Bank against which the department has filed appeal before the Income Tax Appellate Tribunal (ITAT). The management and Bank's legal counsel are of the view that the issues will be decided in the Bank's favour as and when these are taken up by the appellate authorities. For Tax Year 2007, the department has amended the assessment on similar issues resulting in additional tax liability of Rs. 716.713 million against which the legal/appellate course from the Bank has reached ITAT level.		
	Total disallowances for the assessment years 1994-95 to 1997-98 on account of interest in suspense amounted to Rs. 722.682 million out of which an amount of Rs. 317.289 million has been allowed in the assessment years 1998-1999 to 2000-2001. It is expected that the pending appeals in this regard in the Honourable Sindh High Court shall be decided in favour of the Bank as allowed in assessment years 1992-1993 and 1993-1994. Subsequent to the favourable order of the Honourable Sindh High Court, the management considers that provision is not necessary for the remaining tax liability for interest in suspense of Rs. 244.781 million as the Bank has been subjected to tax far exceeding its normal tax liability and is hopeful of favourable decisions in appeals. Accordingly, no provision has been made in these financial statements for the above amount.		
24.	DERIVATIVE INSTRUMENTS		
	Most corporates (counter parties) have either interest rate exposures arising from debt financing or excess liquidity or currency exposures arising out of commercial and business transactions. In the event of a shift in interest or foreign exchange (FX) rates, these corporates may incur higher borrowing costs or higher cash outflows that will adversely affect profitability.		
	The Bank is providing solutions to this conundrum through derivatives. Through this, counterparties will be hedging exposure to adverse price movements in a security, typically when the counterparty has a concentrated position in the security and is acutely exposed to movements in the underlying risk factors. The Bank is in a better position to hedge that risk, and is thus able to provide cost efficient hedging solutions to the counterparties enabling them to concentrate on their business risk.		
	Other Objectives include:		
	- contribution to the development of Pakistani financial markets.		
	- provision of financial solutions to the counterparties.		

Notes to the Financial Statements
For the year ended December 31, 2008

In light of the above the Bank is actively marketing interest rate risk and FX risk management tools, including:

- Interest Rate Swaps
- Third Currency FX options
- Currency Swaps.

Risk management is performed at:

- a) Strategic level: By senior management Assets and Liabilities Management Committee (ALCO), Risk Management Committee (RMC) and the Board of Directors to institute a risk management framework and to ensure provision of all resources and support required for effective risk management on Bank-wide basis.
- b) Macro Level: By Financial Institution Public Sector (FIPS) & Market Risk Management (MRM) Division, responsible for policy formulation, procedure development & implementation, monitoring and reporting.
- c) Micro Level: Treasury Derivatives & Structured Product Desk and Treasury Operations, where risks are actually created.

FIPS & MRM Division is responsible for coordinating for risk management of derivatives.

The risk management system generates marked to market risk numbers (i.e. VaR PVBP, duration, etc.) of Interest rate derivative portfolio. These numbers are reported to senior management on a daily basis.

As per the State Bank of Pakistan's (SBP) regulations, currency options are hedged back to back and thus the risk associated with such transactions are minimal. However, the risk management system is capable of generating risk numbers for options (i.e. Delta, Gamma, Vega, Theta and Rho).

Risk Limits

Before initiating any new derivative transaction, Treasury Division requests the FIPS & MRM Division for risk limits. Limit requests are approved by the appropriate level of authority. Presently the Bank has notional limits (both for the portfolio and the counterparty).

24.1 Product analysis

Counter parties

	2008					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal* (Rupees in '000)
With Banks for						
Hedging	2	173,127	2	2,144,130	-	-
Market Making	-	-	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	2	173,127	2	266,667	-	-
Total						
Hedging	2	173,127	2	2,144,130	-	-
Market Making	2	173,127	2	266,667	-	-
	2007					
	Cross Currency Swaps		Interest Rate Swaps		FX Options	
	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal (Rupees in '000)	No. of Contracts	Notional Principal* (Rupees in '000)
With Banks for						
Hedging	6	922,742	2	1,800,000	13	351,702
Market Making	-	-	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	6	922,742	5	921,698	13	351,702
Total						
Hedging	6	922,742	2	1,800,000	13	351,702
Market Making	6	922,742	5	921,698	13	351,702

* At the exchange rate prevailing at the end of the reporting period.

Notes to the Financial Statements
For the year ended December 31, 2008

24.2 Maturity analysis

Remaining maturity

Interest rate swaps

- 1 to 3 month
- 1 to 2 Year

Remaining maturity

Interest rate swaps

- Upto 1 month
- 3 to 6 month
- 6 month to 1 year
- 1 to 2 Year
- 2 to 3 Years
- 3 to 5 Years

Remaining maturity

Gross currency swaps

- 2 to 3 Years

Remaining maturity

Gross currency swaps

- 1 to 2 Years
- 2 to 3 Years
- 3 to 5 Years

Remaining maturity

FX-options

- Upto 1 month
- 1 to 3 month
- 3 to 6 month

	2008				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
----- (Rupees in '000) -----					
1 to 3 month	2	2,077,463	(13,380)	-	(13,380)
1 to 2 Year	2	333,334	(4,210)	6,222	2,012
	2007				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
----- (Rupees in '000) -----					
Upto 1 month	1	18,182	-	-	-
3 to 6 month	1	53,516	(286)	-	(286)
6 month to 1 year	1	300,000	(2,129)	-	(2,129)
1 to 2 Year	2	1,850,000	(5,206)	-	(5,206)
2 to 3 Years	2	500,000	(7,014)	11,297	4,283
3 to 5 Years	-	-	-	-	-
	2008				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
----- (Rupees in '000) -----					
2 to 3 Years	4	346,254	(1,625)	1,625	-
	2007				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
----- (Rupees in '000) -----					
1 to 2 Years	2	588,660	-	-	-
2 to 3 Years	2	240,000	-	-	-
3 to 5 Years	8	1,016,824	-	-	-
	2007				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
----- (Rupees in '000) -----					
Upto 1 month	2	206,007	-	-	-
1 to 3 month	22	456,321	-	-	-
3 to 6 month	2	41,076	-	-	-

25. MARK-UP / RETURN / INTEREST EARNED	2008 (Rupees In '000)	2007 (Rupees In '000)
On loans and advances to:		
Customers	29,921,263	21,852,387
Financial Institutions	1,805	141,613
	<u>29,923,068</u>	<u>22,094,000</u>
On investments in:		
Held for trading securities	11,929	-
Available for sale securities	7,718,124	7,519,820
Held to maturity securities	960,418	856,023
	<u>8,690,471</u>	<u>8,375,843</u>
On deposits with financial Institutions	109,525	133,972
On securities purchased under resale agreements	582,280	548,202
On money at call	401,819	291,940
Others	336,661	342,638
	<u>40,043,824</u>	<u>31,786,595</u>
26. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	9,426,724	5,910,072
Securities sold under repurchase agreements	944,891	641,080
Other short-term borrowings	519,775	812,410
Sub-ordinated loan	5,785	98,135
Discount, commission and brokerage	442,564	319,427
Others	221,001	84,409
	<u>11,560,740</u>	<u>7,865,533</u>
27. GAIN ON SALE OF SECURITIES - NET		
Federal Government Securities		
-Market Treasury Bills	2,703	1,228
-Pakistan Investment Bonds	(16,610)	2,709
Overseas Government Securities	20,108	-
Listed Shares / Units	734,228	1,496,928
	<u>740,429</u>	<u>1,500,865</u>
28. OTHER INCOME - NET		
Rent on property / lockers	71,718	51,999
Net profit on sale of property and equipment	36,777	13,032
Exchange income on import / export bills purchased / negotiated	86,665	64,161
Bad debts recovered	26,477	28,135
Others	720,725	842,822
	<u>942,362</u>	<u>1,000,149</u>

29. ADMINISTRATIVE EXPENSES	Note	2008 (Rupees In '000)	2007 (Rupees In '000)
Salaries and allowances		6,696,212	5,747,483
Charge / (reversal) for defined benefit plans and other benefits:			
- Approved pension fund	37.8	(5,399,319)	(5,769,564)
- Post retirement medical benefits	37.8	98,739	145,388
- Employees' contributory benevolent scheme	37.8	48,384	60,094
- Employees' compensated absences	37.8	(75,692)	100,729
		<u>(5,327,888)</u>	<u>(5,463,353)</u>
Contributions to defined contribution plan - provident fund		135,164	109,778
Non-executive directors' fees		4,044	720
Rent, taxes, insurance, electricity		1,040,185	842,471
Legal and professional charges		202,177	305,790
Communications		844,325	656,326
Repairs and maintenance		505,550	376,937
Stationery and printing		327,129	265,442
Advertisement and publicity		196,563	363,090
Cash transportation charges		399,317	361,875
Instrument clearing charges		112,677	101,716
Donations		-	8,102
Auditors' remuneration	29.1	16,484	11,786
Depreciation	11.2	815,205	599,196
Amortization of intangible assets	11.3	142,005	191,201
Travelling, conveyance and fuel		618,532	320,957
Subscription		24,078	16,485
Entertainment		99,931	50,206
Training Expenses		96,458	65,495
Petty Capital items		103,116	208,705
Credit Card Related Expenses		64,385	67,755
Others		431,269	217,953
		<u>7,548,878</u>	<u>5,426,118</u>

29.1 Auditors' remuneration

	2008			2007		
	KPMG Taseer Hadi & Co.	Riaz Ahmad & Co.	Total	KPMG Taseer Hadi & Co.	Riaz Ahmad & Co.	Total
	(Rupees In '000)					
Annual Audit fee	1,906	1,906	3,812	1,733	1,733	3,466
Fee for the audit of branches	1,551	1,551	3,102	1,410	1,410	2,820
Fee for audit of overseas branches	-	-	1,650	-	-	1,500
Fee for half year review	890	890	1,780	809	809	1,618
Special certifications, etc.	2,235	2,235	4,470	441	441	882
Out-of-pocket expenses	825	825	1,650	750	750	1,500
	<u>7,407</u>	<u>7,407</u>	<u>14,814</u>	<u>5,143</u>	<u>5,143</u>	<u>11,786</u>

Notes to the Financial Statements
For the year ended December 31, 2008

	Note	2008 (Rupees in '000)	2007
30. OTHER CHARGES			
Provision / (reversal) against fraud and forgeries		13,015	(440)
Fixed assets written off		-	12,102
Penalties of State Bank of Pakistan		300,000	413,004
Damages to premises		-	115,928
Workers welfare fund		437,351	-
VAT Sri Lanka		80,473	33,236
		<u>830,839</u>	<u>573,830</u>
31. TAXATION			
For the year			
Current		7,341,257	6,442,356
Deferred		16,533	894,590
		<u>7,357,790</u>	<u>7,336,946</u>
Prior years			
Current		(864,824)	(1,294,473)
Deferred		-	-
		<u>(864,824)</u>	<u>(1,294,473)</u>
		<u>6,492,966</u>	<u>6,042,473</u>
31.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		<u>21,867,566</u>	<u>21,308,035</u>
Tax rate		<u>35%</u>	<u>35%</u>
Tax on income		7,653,648	7,457,812
Tax effect on separate block of income (taxable at reduced rate)		(234,934)	(154,445)
Tax effect of permanent differences		(49,444)	39,962
Tax effect of prior years provisions / reversals		(864,824)	(1,294,473)
Reversal of deferred tax liability on incremental depreciation		(11,480)	(6,383)
Tax charge for the year		<u>6,492,966</u>	<u>6,042,473</u>

32. CREDIT RATING

PACRA through its notification in June 2008, has assigned long term credit rating of AA+ [double A plus] and short-term credit rating of A1+ [A one plus] to the Bank (2007: AA+ [Double A plus] for long term and A1+ [A one plus] for short term rating).



Notes to the Financial Statements
For the year ended December 31, 2008

		2008 (Rupees in '000)	2007
33. BASIC AND DILUTED EARNINGS PER SHARE PRE TAX			
Profit before taxation		<u>21,867,566</u>	<u>21,308,035</u>
		(Number of shares)	
Weighted average number of shares outstanding during the year		<u>628,276,843</u>	<u>628,276,843</u>
		(Rupees)	
Basic and diluted earnings per share - pre tax		<u>34.81</u>	<u>33.92</u>
		(Rupees in '000)	
34. BASIC AND DILUTED EARNINGS PER SHARE AFTER TAX			
Profit after taxation		<u>15,374,600</u>	<u>15,265,562</u>
		(Number of shares)	
Weighted average number of shares outstanding during the year		<u>628,276,843</u>	<u>628,276,843</u>
		(Rupees)	
Basic and diluted earnings per share - after tax		<u>24.47</u>	<u>24.30</u>
		(Rupees in '000)	
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	39,631,172	39,683,883
Balances with other banks	7	4,043,100	3,807,519
		<u>43,674,272</u>	<u>43,491,402</u>
		(Number)	
36. STAFF STRENGTH			
Permanent		10,160	9,721
Temporary/on contractual basis		47	39
Bank's own staff strength at the end of the year		<u>10,207</u>	<u>9,760</u>
Outsourced		3,747	3,827
Total staff strength		<u>13,954</u>	<u>13,587</u>
37. DEFINED BENEFIT PLANS AND OTHER BENEFITS			
37.1 General description			
The Bank operates the following retirement benefits for its employees:			
- Pension fund (final salary plan) - funded			
- Benevolent scheme - unfunded			
- Post retirement medical benefits - unfunded			
- Employees compensated absence - unfunded			

Notes to the Financial Statements For the year ended December 31, 2008

37.2 Principal actuarial assumptions

The latest actuarial valuations of the approved pension fund, employees' contributory benevolent scheme, post retirement medical benefits and employee's compensated absence were carried out at December 31, 2008. The principal actuarial assumptions used are as follows:

	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absence	
	2008 (%)	2007 (%)	2008 (%)	2007 (%)	2008 (%)	2007 (%)	2008 (%)	2007 (%)
Valuation discount rate	13	10	13	10	13	10	13	-
Expected rate of return on plan assets	13	10	-	-	-	-	-	-
Salary increase rate	10	7	10	7	10	7	10	-
Indexation in pension	-	-	-	-	8	6	-	-
Medical cost inflation rate	-	-	-	-	8	8	-	-
Exposure inflation rate	-	-	-	-	8	8	-	-

The expected return on plan assets is based on the market expectations and depends on the asset portfolio of the Bank, at the beginning of the period, for returns over the entire life of the related obligation.

37.3 (Receivable from) / payable to defined benefit plans and other benefits

Notes	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absence		
	2008	2007	2008	2007	2008	2007	2008	2007	
Present value of defined benefit obligations	37.5	4,295,986	4,747,389	300,182	355,340	1,269,822	1,422,918	752,947	974,464
Fair value of plan assets	37.6	(15,853,712)	(25,065,113)	-	-	-	-	-	-
Net actuarial gains / (losses) not recognised		6,268,707	9,696,877	(25,716)	(73,321)	71,952	(61,763)	-	-
Unrecognised negative past service cost		-	-	-	-	67,415	101,123	-	-
Unrecognised transitional liability		-	-	-	-	-	-	-	-
Unrecognised past service cost		-	-	-	-	(8,678)	(17,153)	-	-
Net (receivable) / payable recognised as at the year-end		(5,399,019)	(10,651,047)	274,446	282,019	1,400,413	1,455,135	752,947	974,464

The effect of increase of one percent and the effect of a decrease of one percent in the medical trend rates on the present value of medical obligation at December 31, 2008 would be Rs. 61,965 million (2007: Rs. 67,890 million) and Rs. 51,799 million (2007: Rs. 58,567 million) respectively.

37.4 Movement in balance (receivable) / payable

	2008	2007	2008	2007	2008	2007	2008	2007
Opening balance of (receivable) / payable	(10,651,047)	(4,861,463)	282,019	284,542	1,455,135	1,443,460	974,464	1,023,683
Expense recognised	37.8	(5,399,319)	(6,769,884)	48,384	60,094	98,739	145,988	(75,692)
Refunds / (contributions) during the year		10,651,347	-	-	-	-	-	-
- Employees' contribution		-	-	-	-	-	-	-
- Bank's contribution / benefits paid		-	-	(55,957)	(42,817)	(153,461)	(133,703)	(149,948)
Closing balance of (receivable) / payable		(5,399,019)	(10,651,047)	274,446	282,019	1,400,413	1,455,135	752,947

37.5 Reconciliation of the present value of the defined benefit obligations

	2008	2007	2008	2007	2008	2007	2008	2007
Present value of obligation as at January 01	4,747,389	4,762,893	355,340	332,877	1,422,918	1,345,357	974,464	1,023,683
Current service cost	34,639	45,286	13,789	9,698	17,656	20,680	-	-
Interest cost	371,093	348,810	35,533	29,941	142,292	121,082	-	-
Benefits paid	(689,440)	(725,229)	(69,735)	(77,944)	(163,461)	(133,703)	(145,825)	(149,948)
Past service cost - vested	-	-	-	-	-	11,556	-	-
Past service cost - non-vested	-	-	-	-	-	17,153	-	-
Retrenchment loss	-	-	-	-	-	-	-	-
Curialment gain	-	-	-	-	-	-	-	-
Actuarial (gains) / losses	(187,895)	325,849	(34,745)	80,866	(159,882)	40,893	(75,692)	100,729
Present value of obligation as at December 31	4,295,986	4,747,389	300,182	355,340	1,269,822	1,422,918	752,947	974,464

Notes to the Financial Statements For the year ended December 31, 2008

37.6 Changes in fair values of plan assets

	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absence	
	2008	2007	2008	2007	2008	2007	2008	2007
Net assets as at January 01	25,085,113	14,810,557	-	-	-	-	-	-
Expected return on plan assets	2,675,699	1,508,469	-	-	-	-	-	-
Interest on borrowing from MCB Bank Limited - Main Branch	-	(193,167)	-	-	-	-	-	-
Contributions - Bank	(10,651,347)	-	55,957	42,617	-	-	-	-
Contributions - Employee	-	-	-	13,778	-	-	-	-
Benefits paid	(689,440)	(725,229)	(69,735)	(77,944)	-	-	-	-
Actuarial gain / (loss)	(476,313)	9,894,483	-	(1,529)	-	-	-	-
Net assets as at December 31	16,963,712	25,085,113	-	-	-	-	-	-

37.7 Fair value of the Bank's shares held by the Pension Fund as at December 31, 2008 amounted to Rs. 1,213.810 million (2007: Rs. 20,293.013 million).

37.8 Charge for defined benefit plans and other benefits

The following amounts have been charged to the profit and loss account in respect of defined benefit plans and other benefits:

	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absence	
	2008	2007	2008	2007	2008	2007	2008	2007
Current service cost	34,639	45,286	13,789	9,698	17,656	20,680	-	-
Interest cost	371,093	348,810	35,533	29,941	142,292	121,082	-	-
Expected return on plan assets	(2,675,697)	(1,508,469)	-	(1,859)	-	-	-	-
Interest on borrowing from MCB Bank Limited - Main Branch	-	183,167	-	-	-	-	-	-
Net actuarial (gain) / loss recognised	(3,129,354)	(4,848,398)	12,859	38,691	(35,977)	25,877	(75,692)	100,729
Contributions employee	-	-	(13,777)	(14,347)	-	-	-	-
Retrenchment loss recognised	-	-	-	-	-	-	-	-
Amortisation of transitional liability	-	-	-	-	-	-	-	-
Recognised past service cost	-	-	-	-	8,677	11,556	-	-
Recognised negative past service cost	-	-	-	-	(83,708)	(33,707)	-	-
Recognised transitional liability	-	-	-	-	-	-	-	-
Curialment gain	-	-	-	-	-	-	-	-
	(5,399,319)	(6,769,884)	48,384	60,094	98,739	145,988	(75,692)	100,729

The effect of increase of one percent and the effect of a decrease of one percent in the medical trend rates on the aggregate of the current service cost and interest cost components of net period post-employment medical costs would be Rs. 7,316 million (2007: Rs. 7,578 million) and Rs. 6,056 million (2007: Rs. 6,276 million) respectively.

37.9 Actual return on plan assets

	Approved pension fund		Employees' contributory benevolent scheme		Post retirement medical benefits		Employees' compensated absence	
	2008	2007	2008	2007	2008	2007	2008	2007
Actual return on plan assets	2,199,386	11,202,952	-	330	-	-	-	-

37.10 Composition of fair value of plan assets

	Approved Pension Fund			
	2008		2007	
	Fair value (Rupees in '000)	Percentage (%)	Fair value (Rupees in '000)	Percentage (%)
Defence saving certificates	4,580,984	28.71	4,810,576	17.98
Term deposit receipts	8,306,121	62.06	-	-
Listed equity shares	1,877,187	11.77	21,778,377	81.39
Open ended mutual funds units	89,072	0.58	118,872	0.45
Cash and bank balances	1,100,388	8.90	48,157	0.18
Fair value of plan total assets	16,963,712	100	26,766,982	100
Borrowing	-	-	(1,881,869)	-
Fair value of plan net assets	16,963,712	-	25,085,113	-

Notes to the Financial Statements

For the year ended December 31, 2008

37.11 Other relevant details of above funds are as follows:

37.11.1 Pension Fund

	2008	2007	2006	2005	2004
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	4,295,898	4,747,389	4,752,893	5,503,819	6,542,824
Fair value of plan assets	(15,953,712)	(25,095,113)	(14,810,557)	(10,654,024)	(7,034,175)
(Surplus) / deficit	(11,657,726)	(20,347,724)	(10,057,664)	(5,050,205)	(491,551)
Actuarial gain / (loss) on obligation					
Experience adjustment	167,695	(325,849)	64,320	(304,748)	(141,338)
Assumptions gain / (loss)	-	-	-	172,866	-
	167,695	(325,849)	64,320	(131,882)	(141,338)
Actuarial gain / (loss) on assets					
Experience adjustment	(476,313)	9,694,483	4,634,045	5,268,939	(254,840)
Assumptions gain / (loss)	-	-	-	(138,502)	-
	(476,313)	9,694,483	4,634,045	5,130,437	(254,840)

37.11.2 Employees' Contributory Benevolent Scheme

Present value of defined benefit obligation	300,162	355,340	332,677	407,569	362,104
Fair value of plan assets	-	-	(20,650)	(18,876)	(18,126)
	300,162	355,340	312,027	388,693	343,978
Actuarial gain / (loss) on obligation					
Experience adjustment	34,745	(60,968)	10,182	(226,823)	(22,609)
Assumptions gain / (loss)	-	-	-	107,003	-
	34,745	(60,968)	10,182	(119,820)	(22,609)
Actuarial gain / (loss) on assets					
Experience adjustment	-	(1,529)	(34)	(1)	2
Assumptions gain / (loss)	-	-	-	(418)	-
	-	(1,529)	(34)	(419)	2

37.11.3 Post Retirement Medical Benefits

Present value of defined benefit obligation	1,269,822	1,422,918	1,345,357	1,456,392	1,121,548
Fair value of plan assets	-	-	-	-	-
	1,269,822	1,422,918	1,345,357	1,456,392	1,121,548
Actuarial gain / (loss) on obligation					
Experience adjustment	159,682	(40,893)	36,153	8,743	-
Assumptions gain / (loss)	-	-	-	(21,846)	-
	159,682	(40,893)	36,153	(13,103)	-

37.11.4 Compensated absences

Present value of defined benefit obligation	752,947	974,464	1,023,683	856,213	603,624
Fair value of plan assets	-	-	-	-	-
	752,947	974,464	1,023,683	856,213	603,624
Actuarial gain / (loss) on obligation	75,892	(100,728)	-	-	-

37.12 No contribution to the pension fund is expected in the next future year.



Notes to the Financial Statements

For the year ended December 31, 2008

38. DEFINED CONTRIBUTION PLAN

The Bank operates an approved contributory provident fund for 8,956 (2007: 6,201) employees where contributions are made by the Bank and employees at 8.33% per annum (2007: 8.33% per annum) of the basic salary. During the year, the Bank contributed Rs. 135.164 million (2007: Rs. 109.778 million) in respect of this fund.

The Bank also operates an approved non-contributory provident fund for 2,284 (2007: 2,875) employees who have opted for the new scheme, where contributions are made by the employees at 12% per annum (2007: 12% per annum) of the basic salary.

39. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for compensation, including all benefits, to the Chief Executive, Directors and Executives of the Bank was as follows:

	President / Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
	------(Rupees in '000)-----					
Fees	-	-	3,630	720	-	-
Managerial remuneration	27,016	15,117	1,524	1,524	582,638	392,219
Bonus and others	12,800	63,212	-	-	257,099	323,811
Retirement benefits	2,161	1,259	-	-	110,194	32,672
Rent and house maintenance	11,669	6,803	-	-	209,844	176,499
Utilities	2,593	1,512	-	-	46,180	40,286
Medical	82	260	-	-	16,675	19,544
Conveyance	-	413	-	-	178,893	64,545
	<u>56,321</u>	<u>88,576</u>	<u>5,154</u>	<u>2,244</u>	<u>1,401,523</u>	<u>1,049,576</u>
Number of persons	<u>1</u>	<u>2</u>	<u>10</u>	<u>10</u>	<u>509</u>	<u>489</u>

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

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value traded investment is based on quoted market prices, except for tradable securities classified by the Bank as 'held to maturity'. Fair value of unquoted equity investment is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instrument. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.3 to these financial statements.

The maturity and repricing profile and effective rates are stated in notes 44.3, 44.4.1 and 44.4.2 respectively.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently re-priced.

Notes to the Financial Statements For the year ended December 31, 2008

41. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Eliminations	Total
(Rupees in '000)						
2008						
Total Income	72,653	10,515,428	19,801,033	15,909,930	(263,780)	45,835,264
Total expenses	(12,365)	(3,661,517)	(19,241,254)	(1,318,342)	263,780	(23,987,898)
Income tax expense	-	-	-	-	-	(6,492,956)
Net Income	<u>60,288</u>	<u>6,853,911</u>	<u>359,779</u>	<u>14,593,588</u>	<u>-</u>	<u>15,374,800</u>
Segment assets - (Gross of NPL's provision)	-	114,183,559	151,896,383	187,374,668	-	453,454,590
Provision for taxation	-	-	-	-	-	57,203
Total assets	<u>-</u>	<u>114,183,559</u>	<u>151,896,383</u>	<u>187,374,668</u>	<u>-</u>	<u>453,511,793</u>
Segment non performing loans	-	-	7,529,468	10,739,409	-	18,268,877
Segment specific provision required	-	-	4,078,584	5,817,325	-	9,895,889
Segment liabilities	-	107,251,078	117,748,485	158,743,170	-	384,742,713
Deferred tax liability	-	-	-	-	-	437,137
Total liabilities - net	<u>-</u>	<u>107,251,078</u>	<u>117,748,485</u>	<u>158,743,170</u>	<u>-</u>	<u>385,179,850</u>
Segment return on net assets (ROA) (%)	-	6.00%	0.24%	8.04%	-	3.47%
Segment cost of fund (%)	-	4.18%	2.97%	3.72%	-	3.01%
2007						
Total Income	204,985	11,414,516	16,801,974	9,838,320	175,027	38,234,822
Total expenses	(9,355)	(1,544,111)	(14,199,309)	(998,985)	(175,027)	(16,926,767)
Income tax expense	-	-	-	-	-	(6,042,473)
Net Income	<u>195,630</u>	<u>9,870,405</u>	<u>2,402,665</u>	<u>8,839,335</u>	<u>-</u>	<u>15,265,562</u>
Segment assets - (Gross of NPL's provision)	-	124,228,781	159,928,244	133,855,445	-	417,812,470
Total assets	<u>-</u>	<u>124,228,781</u>	<u>159,928,244</u>	<u>133,855,445</u>	<u>-</u>	<u>417,812,470</u>
Segment non performing loans	-	-	5,567,247	5,158,081	-	10,725,308
Segment specific provision required	-	-	3,803,244	3,523,709	-	7,326,953
Segment liabilities	-	109,512,112	127,089,838	116,238,820	-	352,840,368
Provision for taxation	-	-	-	-	-	1,345,312
Deferred tax liability	-	-	-	-	-	1,180,162
Total liabilities - net	<u>-</u>	<u>109,512,112</u>	<u>127,089,838</u>	<u>116,238,820</u>	<u>-</u>	<u>355,365,842</u>
Segment return on net assets (ROA) (%)	-	7.95%	1.54%	6.79%	-	3.72%
Segment cost of fund (%)	-	5.38%	2.11%	2.77%	-	2.24%

42. RELATED PARTY TRANSACTIONS AND BALANCES

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. The detail of investment in subsidiary companies and associated undertakings are stated in Annexure I (note 7 & 8) to these financial statements.

Transactions between the bank and its related parties are carried at arm's length basis under the comparable uncontrolled price method. However, the transactions between the bank and one of its subsidiary MNET Services (Pvt) Limited are carried out on "cost plus" method. Details of loans and advances to the companies or firms in which the directors of the Bank are interested as directors, partners or in case of private companies as members, are given in note 10.8 to these financial statements. There are no transactions with key management personnel other than under their terms of employment. 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 as disclosed in notes 37 and 38. Remuneration to the executives and disposals of vehicles are disclosed in note 39 and Annexure IV to these financial statements respectively.

Notes to the Financial Statements For the year ended December 31, 2008

	Directors		Associated companies		Subsidiary companies		Other related parties	
	2008	2007	2008	2007	2008	2007	2008	2007
(Rupees in '000)								
A. Balances								
Deposits								
Deposits at beginning of the year	17,980	19,099	275,826	522,841	9,719	279,728	209,716	314,045
Deposits received during the year	10,910,813	447,772	302,979,123	124,767,792	887,935	699,420	50,840,782	14,776,888
Deposits repaid during the year	(10,602,695)	(448,891)	(302,983,020)	(125,004,807)	(867,880)	(689,430)	(43,788,846)	(14,881,195)
Deposits at end of the year	<u>425,898</u>	<u>17,980</u>	<u>301,925</u>	<u>275,826</u>	<u>29,774</u>	<u>9,719</u>	<u>7,060,832</u>	<u>209,716</u>
Mark-up expense on deposits	4,908	1	81,271	42,703	728	10,091	442,175	-
Mark-up rates on deposits range from 6.0% to 12% (2007: 0.1% to 6.75%) per annum.								
Advances (secured)								
Balance at beginning of the year	-	-	-	-	2,116	2,473	1,881,889	2,240,038
Loans granted during the year	-	-	-	-	-	-	524,163	1,442,020
Repayments received during the year	-	-	-	-	(478)	(357)	(2,188,022)	(2,020,189)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,640</u>	<u>2,116</u>	<u>-</u>	<u>1,661,869</u>
Income on advances	193,167							
B. Other transactions (including profit and loss related transactions)								
	Directors		Associated companies		Subsidiary companies		Other related parties	
	2008	2007	2008	2007	2008	2007	2008	2007
(Rupees in '000)								
Associates								
Adarjee Insurance Company Limited								
- Insurance premium paid - net of refund	-	-	85,524	87,898	-	-	-	-
- Insurance claim settled	-	-	84,813	85,280	-	-	-	-
- Rent income received	-	-	7,424	2,147	-	-	-	-
- Dividend received	-	-	89,340	98,274	-	-	-	-
Subsidiary Companies								
MNET Services (Private) Limited								
- Dividend received	-	-	-	-	4,988	-	-	-
- Outsourcing service charges	-	-	-	-	101,213	74,785	-	-
- Networking service charges	-	-	-	-	2,536	5,977	-	-
Muslim Commercial Financial Services (Private) Limited								
- Capital injection	-	-	-	-	-	20,000	-	-
- Custodian charges received	-	-	-	-	-	3	-	-
- Accrued expenses	-	-	-	-	-	1,254	-	-
- Rent receivable	-	-	-	-	-	1,254	-	-
- Purchase of fixed asset	-	-	-	-	849	-	-	-

Notes to the Financial Statements
For the year ended December 31, 2008

	Directors		Associated companies		Subsidiary companies		Other related parties	
	2008	2007	2008	2007	2008	2007	2008	2007
	(Rupees in '000)							
MCE Asset Management Company Limited								
- Dividend received	-	-	-	-	59,996	-	-	-
- Markup paid	-	-	-	-	1,478	15,889	-	-
- Proceeds from sale of premises	-	-	-	-	-	31,215	-	-
- Gain on sale of premises	-	-	-	-	-	612	-	-
- Sale of car	-	-	-	-	-	1,544	-	-
- Gain on sale of car	-	-	-	-	-	58	-	-
- Markup payable	-	-	-	-	382	458	-	-
- Others	-	-	-	-	896	740	-	-
MCE Trade Services Limited								
- Dividend received	-	-	-	-	11,908	-	-	-
- Markup paid	-	-	-	-	-	54	-	-
Other related parties								
MCE Employee Security System and Services (Private) Limited								
- Security guard expenses	-	-	-	-	-	-	126,237	115,718
MCE Employee Foundation								
- Stationary expenses	-	-	-	-	-	-	118,212	140,009
- Service expenses	-	-	-	-	-	-	17,461	19,941
- Cash sorting expenses	-	-	-	-	-	-	17,189	18,903
- Cash in transit expenses	-	-	-	-	-	-	4,475	3,474
- Proceeds from sale of car	-	-	-	-	-	-	-	611
- Gain on sale of car	-	-	-	-	-	-	-	4
Others								
Dividend Income	-	-	-	-	-	-	196,105	182,664
Proceeds from sale of vehicles to key management personnel	-	-	-	-	-	-	11,537	5,397
Gain on sale of vehicles to key management personnel	-	-	-	-	-	-	267	583
Remuneration of key management personnel (other than directors)	-	-	-	-	-	-	162,482	136,278
Contribution / (expense) to provident fund	-	-	-	-	-	-	135,164	109,778
Other miscellaneous expenses	-	-	-	-	-	-	78,725	88,283

The details of director's compensations are given in note 39 to these financial statements.



Notes to the Financial Statements
For the year ended December 31, 2008

43. CAPITAL ADEQUACY

43.1 Capital Management

Objectives and goals of managing capital

The objectives and goals of managing capital of the Bank are as follows:

- to be an appropriately capitalized institution, as defined by regulatory authorities and comparable to the peers;
- maintain strong ratings and to protect the Bank against unexpected events;
- availability of adequate capital (including the quantum) at a reasonable cost so as to enable the Bank to expand; and
- achieve low overall cost of capital with appropriate mix of capital elements.

Statutory minimum capital requirement and management of capital

The State Bank of Pakistan through its BSD Circular No.19 dated September 05, 2008 requires the minimum paid up capital (net of losses) for all locally incorporated banks to be raised to Rs. 23 billion by the year ending on December 31, 2013. The raise is to be achieved in a phased manner requiring Rs. 5 billion paid up capital (net of losses) by the end of the financial year 2008. The paid up capital of the Bank for the year ended December 31, 2008 stands at Rs. 6.2 billion and is in compliance with the SBP requirement for the said year. In addition the banks are also required to maintain a minimum capital adequacy ratio (CAR) of 9 % of the risk weighted exposure. The Bank's CAR as at December 31, 2008 was 16.41 % of its risk weighted exposure.

Bank's regulatory capital is analysed into two tiers.

- Tier 1 capital, which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves as per the financial statements and net unappropriated profits, etc after deductions for deficit on revaluation of available for sale investments and 50% deduction for investments in the equity of subsidiary companies and significant minority investments in entities engaged in banking and financial activities.
- Tier 2 capital, which includes general provisions for loan losses (up to a maximum of 1.25 % of risk weighted assets), reserves on revaluation of fixed assets and equity investments up to a maximum of 45 % the balance, foreign exchange translation reserves, etc after 50% deduction for investments in the equity of subsidiary companies and significant minority investments in entities engaged in banking and financial activities.

Tier 3 capital has also been prescribed by the State Bank of Pakistan. However the Bank is not eligible for the Tier 3 capital.

The Capital of the Bank is managed keeping in view the minimum "Capital Adequacy Ratio" required by SBP through BSD Circular No. 30 dated November 25, 2008. The adequacy of the capital is tested with reference to the risk-weighted assets of the Bank.

The required capital adequacy ratio (9% of the risk-weighted assets) is achieved by the Bank through improvement in the asset quality at the existing volume level, ensuring better recovery management and striking compromise proposal and settlement and composition of asset mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise the credit risk, market risk and operational risk.

The calculation of capital adequacy enables the Bank to assess the long-term soundness. As the bank carry on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across entire organisation and aggregate the risks so as to take an integrated approach/view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Bank to particular operations or activities.

The Bank has complied with all externally imposed capital requirements through out the year. Further, there has been no material change in the Bank's management of capital during the year.

Notes to the Financial Statements
For the year ended December 31, 2008

43.2 Capital Adequacy Ratio

Capital adequacy ratio (including corresponding figures) calculated in accordance with the BSD Circular No. 08 of 2006 dated June 27, 2006 by SBP is as follows:

	2008 (Rupees in '000)	2007 (Rupees in '000)
CAP 1		
Tier 1 Capital		
Fully Paid-up capital	6,282,768	6,282,768
Balance in Share Premium Account	9,702,528	9,702,528
Reserve for Issue of Bonus Shares	-	-
General Reserves as disclosed on the Balance Sheet	26,877,551	24,340,091
Unappropriated profits	9,193,332	5,130,750
Sub-Total	52,056,179	45,456,137
Deductions:		
Book value of Goodwill and Intangibles	191,198	183,073
Shortfall in provisions required against classified assets irrespective of any relaxation allowed.	-	-
Deficit on account of revaluation of investments held in AFS category	-	-
Any Increase in equity capital resulting from a securitization transaction	-	-
Investments in TFCs of other banks exceeding the prescribed limit	-	-
Other deductions (50% of the amount as calculated on CAP 2)	754,746	848,486
Sub-Total	945,944	1,031,559
Total eligible Tier 1 capital	51,110,235	44,424,578
Tier 2 Capital		
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Risk Weighted Assets	815,966	3,445,321
Revaluation Reserves up to 45%	2,720,595	4,649,011
Foreign Exchange Translation Reserves	188,686	(41,981)
Undisclosed reserves	-	-
Subordinated debt -upto maximum of 50% of Total eligible Tier 1 capital	-	-
Sub-Total	3,725,247	8,052,351
Deductions:		
Other deductions (50% of the amount as calculated on CAP 2)	754,746	848,486
Total eligible Tier 2 Capital	2,970,501	7,203,865
Tier 3 Capital (eligible for market risk only)		
Eligible Tier 3 Capital	-	-
Total Supplementary Capital eligible for capital adequacy ratio	2,970,501	7,203,865
Total Eligible Capital	54,080,736	51,628,443
Risk Weighted Amounts		
Total Credit Risk Weighted Amount	253,834,184	236,388,633
Total Market Risk Weighted Amount	21,227,084	25,625,831
Total Operational Risk Weighted Amount	54,675,545	46,155,468
Total Risk Weighted Amount	329,536,813	308,169,932
Capital Adequacy Ratios		
Credit Risk Capital Adequacy Ratio	21.32%	21.84%
Tier 1 Capital to Total Risk Weighted Amount	15.51%	14.42%
Total Capital Adequacy Ratio	16.41%	16.75%

Notes to the Financial Statements
For the year ended December 31, 2008

CAP 2

Other Deductions from Tier 1 and Tier 2 Capital

Investments in equity and other regulatory capital of majority owned securities or other financial subsidiaries not consolidated in the balance sheet
Significant minority investments in banking, securities and other financial entities
Significant minority (majority or significant minority) in an insurance subsidiary
Significant minority and majority investments in commercial entities exceeding 15% of bank's capital
Securitization exposure subject to deduction
Others

Total Deductible Items to be deducted 50% from Tier 1 capital and 50% from Tier 2 capital

2008 (Rupees in '000)	2007 (Rupees in '000)
327,557	327,557
1,181,935	1,369,415
-	-
-	-
-	-
-	-
1,509,492	1,696,972

44. RISK MANAGEMENT

Identifying and managing exposure to risk is an integral part of our strategic and operational activities. Our risk management policy is aimed at setting the best course of action under uncertainty by identifying, measuring, prioritizing, monitoring and managing risks. With the goal of enhancing shareholders' value, major objectives of our robust risk management structure are as follows:

- In line with the corporate goal, mission and strategy, bank's risk exposure is maintained within the risk appetite of the stakeholders as defined by the Board of Directors;
- Business decisions optimize the risk-return trade-off;
- Sufficient capital is always available as a buffer to absorb risk and our risk management approach remains aligned with the regulatory requirements, international best practices and our policy / framework.

Keeping in view the dynamics of internal and external environment, we regularly review and update our policy / framework and procedures in accordance with domestic regulatory environment and international standards.

Our risk management structure is established in line with international best practices. The risk management framework is based on prudent risk identification, measurement, monitoring and management processes which are closely aligned with all activities of the bank so as to ensure that risks are kept within an acceptable level. Independent of the business groups, the Chief Risk Officer (CRO) has direct functional reporting line to the Risk Management and Portfolio Review Committee (RM&PRC) of the Board of Directors, with administrative reporting to the President / CEO. The Risk Management and Portfolio Review Committee is convened regularly to evaluate bank's risk exposure in relation to the risk appetite / benchmarks, portfolio concentrations, etc.

The Risk Management Group is structured as follows, with the respective Heads of these departments having direct reporting lines to the CRO.

- Credit Review
 - o Commercial
 - o Corporate
- Credit Risk Management
- Market Risk Management
- Operational Risk Management
- Basel-II Project
- Credit Risk Control (Credit Administration)
 - o North
 - o South

Notes to the Financial Statements For the year ended December 31, 2008

44.1 Credit Risk

Credit risk makes up the largest part of the Bank's exposure. The purpose of credit risk function is to identify, measure, manage, monitor and mitigate credit risk. Organizational structure for this function ensures pre and post-fact management of credit risk. While Credit Review function provides pre-fact evaluation at counterparty level; Credit Risk Control (Credit Administration) function performs the role of custodian of collateral and provides expertise for completion of legal documentation, etc.

The Bank has adopted the Standardized approach to Credit Risk for regulatory capital calculation in compliance with Basel-II requirements. As a medium-term goal, we intend to graduate to the Foundation Internal Ratings Based approach and have made significant progress in this direction.

The basic guiding principles for management of credit risk at MCB are as follows:

- Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks;
- All approvals of credit facilities to counterparties are subject to pre-fact independent review;
- All enhancements and material changes in credit facilities are subject to independent pre-fact review;
- Approval and review process is independently reviewed by the Risk Management and Portfolio Review Committee (RM&PRC) of the Board of Directors and Internal Audit;
- Management periodically reviews the powers of credit approving and credit reviewing authorities;
- Credit approval and review decisions of authorized personnel are independently reviewed by one level higher authority on sample basis as part of a process of hindsight review.

New initiatives

- Portfolio management function has been strengthened in order to identify portfolio concentrations and eventual application of credit portfolio model.
- Probability of Default estimation exercise has been initiated which will take the bank towards adopting Foundation Internal Ratings Based approach as defined under Basel-II.
- A regular portfolio review process of corporate clients has also been initiated to evaluate the performance of major industry sectors in the wake of latest macroeconomic changes.

Concentration of credit and deposits

Out of the total financial assets of Rs. 414,213.200 million (2007: Rs. 380,637 million) the financial assets which are subject to credit risk amounting to Rs. 402,831.855 million (2007: Rs. 369,175 million). To manage credit risk the bank applies credit limits to its customers and obtains adequate collaterals. Investments amounting to Rs. 86,198 million (2007: Rs. 97,047 million) are guaranteed by the Government of Pakistan. In addition, an amount of Rs. 22,116.321 million (2007: Rs. 24,517 million) are held by the Bank with the State Bank of Pakistan and central banks of other countries.



Notes to the Financial Statements For the year ended December 31, 2008

44.1.1 Segmental information

Segmental Information is presented in respect of the class of business and geographical distribution of advances (gross), deposits, contingencies and commitments.

44.1.1.1 Segments by class of business	2008					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees In '000)	Percent (%)	(Rupees In '000)	Percent (%)	(Rupees In '000)	Percent (%)
Agriculture, forestry, hunting and fishing	10,414,918	3.81	34,461,318	10.43	679,404	0.26
Mining and quarrying	1,670,510	0.61	254,075	0.08	-	-
Textile	35,240,763	12.90	1,381,008	0.42	8,899,509	3.34
Chemical and pharmaceuticals	13,931,176	5.10	1,160,792	0.35	7,126,392	2.68
Cement	4,886,099	1.82	17,454	0.01	5,203,875	1.95
Sugar	6,490,201	2.38	663,341	0.20	2,500,375	0.94
Footwear and leather garments	2,023,653	0.74	142,938	0.04	491,410	0.18
Automobile and transportation equipment	2,422,517	0.89	292,281	0.09	2,407,819	0.90
Electronics and electrical appliances	2,788,742	1.01	319,654	0.10	-	-
Construction	-	-	-	-	2,494,184	0.94
Power (electricity), gas, water, sanitary	48,480,574	17.74	532,842	0.16	3,132,122	1.18
Wholesale and Retail Trade	24,867,705	9.10	47,715,623	14.45	8,842,007	2.57
Exports / Imports	-	-	-	-	-	-
Transport, storage and communication	83,182,312	12.14	358,139	0.11	6,816,583	3.31
Financial	10,480,556	3.84	6,531,092	1.98	167,324,013	62.84
Insurance	200,000	0.07	2,593,403	0.78	-	-
Services	4,121,252	1.51	49,397,748	14.96	2,147,720	0.81
Individuals	32,721,115	11.89	153,817,203	46.57	-	-
Others	39,210,232	14.35	30,635,244	9.27	48,184,105	18.10
	<u>273,222,325</u>	<u>100</u>	<u>330,274,155</u>	<u>100</u>	<u>288,251,296</u>	<u>100</u>

	2007					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees In '000)	Percent (%)	(Rupees In '000)	Percent (%)	(Rupees In '000)	Percent (%)
Agriculture, forestry, hunting and fishing	2,023,407	0.88	33,955,983	11.62	1,785,793	0.84
Mining and quarrying	256,233	0.11	232,217	0.08	66,491	0.03
Textile	35,741,728	15.58	1,331,384	0.46	7,260,420	3.40
Chemical and pharmaceuticals	8,061,429	3.51	787,584	0.27	3,448,872	1.62
Cement	5,310,127	2.31	162,889	0.05	1,090,783	0.51
Sugar	5,938,493	2.58	439,663	0.15	23,717	0.01
Footwear and leather garments	2,063,300	0.90	324,337	0.11	974,005	0.46
Automobile and transportation equipment	480,156	0.21	130,494	0.04	583,265	0.27
Electronics and electrical appliances	1,681,402	0.73	76,700	0.03	-	-
Construction	-	-	-	-	1,219,191	0.57
Power (electricity), gas, water, sanitary	14,837,745	6.46	1,992,295	0.68	1,672,359	0.78
Wholesale and Retail Trade	22,838,333	9.94	37,318,878	12.78	7,015,754	3.29
Exports / Imports	183,913	0.08	-	-	-	-
Transport, storage and communication	11,370,208	4.95	2,420,960	0.83	1,158,025	0.54
Financial	15,369,157	6.69	8,691,403	2.98	154,820,283	72.48
Insurance	200,000	0.09	1,847,650	0.63	-	-
Services	3,798,219	1.65	4,138,923	1.42	-	-
Individuals	31,855,010	13.87	138,928,992	48.88	-	-
Others	67,728,012	29.48	61,327,705	21.00	32,408,049	15.19
	<u>228,732,872</u>	<u>100</u>	<u>282,098,066</u>	<u>100</u>	<u>213,317,107</u>	<u>100</u>

Notes to the Financial Statements
For the year ended December 31, 2008

		2008					
		Advances		Deposits		Contingencies and commitments	
		(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
44.1.1.2	Segment by sector						
	Public / Government	60,292,476	22.07	16,144,540	4.89	61,587,837	23.13
	Private	212,929,849	77.93	314,129,815	95.11	204,683,361	76.87
		<u>273,222,325</u>	<u>100</u>	<u>330,274,156</u>	<u>100</u>	<u>266,251,298</u>	<u>100</u>
		2007					
		Advances		Deposits		Contingencies and commitments	
		(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
	Public / Government	27,213,253	11.85	14,793,604	5.06	35,552,562	18.67
	Private	202,519,619	88.15	277,304,462	94.94	177,764,525	88.33
		<u>229,732,872</u>	<u>100</u>	<u>292,098,066</u>	<u>100</u>	<u>213,317,107</u>	<u>100</u>

44.1.1.3 Details of non-performing advances and specific provisions by class of business segment

	2008		2007	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	------(Rupees in '000)-----			
Agriculture, forestry, hunting and fishing	912,008	446,712	267,998	58,282
Mining and quarrying	40,584	25,889	17,741	15,988
Textile	2,921,409	2,311,466	1,279,026	970,589
Chemical and pharmaceuticals	117,807	59,967	21,800	21,676
Cement	304	304	750	750
Sugar	387,854	135,490	20,572	20,572
Footwear and leather garments	107,162	81,361	71,301	61,381
Automobile and transportation equipment	116,026	42,522	3,461	1,881
Electronics and electrical appliances	557,891	518,597	132,910	132,910
Construction	79,761	55,999	85,057	74,338
Power (electricity), gas, water, sanitary	4,324	3,727	1,884	1,884
Wholesale and retail trade	3,147,146	2,165,778	4,823,241	2,712,213
Exports / Imports	318,339	288,582	354,637	341,318
Transport, storage and communication	72,875	59,512	34,867	21,662
Financial	2,094,479	118,729	53,159	53,159
Services	295,928	180,836	288,365	214,851
Individuals	1,444,105	732,184	783,526	479,321
Others	5,850,875	2,658,434	2,484,915	2,144,178
	<u>18,268,877</u>	<u>9,895,889</u>	<u>10,725,308</u>	<u>7,326,953</u>

44.1.1.4 Details of non-performing advances and specific provisions by sector

	2008	2007
Public/ Government	-	-
Private	<u>18,268,877</u>	<u>10,725,308</u>
	<u>18,268,877</u>	<u>10,725,308</u>

Notes to the Financial Statements
For the year ended December 31, 2008

44.1.1.5 Geographical segment analysis

	2008			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	------(Rupees in '000)-----			
Pakistan	21,467,913	428,631,397	58,039,067	259,953,518
Asia Pacific (including South Asia)	249,355	4,988,327	246,259	3,066,685
Middle East	150,298	9,996,180	150,728	3,231,095
	<u>21,867,566</u>	<u>443,615,904</u>	<u>58,436,054</u>	<u>266,251,298</u>
	2007			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	------(Rupees in '000)-----			
Pakistan	21,138,395	399,926,878	54,949,917	209,721,347
Asia Pacific (including South Asia)	113,260	3,414,763	112,855	2,045,760
Middle East	56,380	7,143,878	56,903	1,550,000
	<u>21,308,035</u>	<u>410,485,517</u>	<u>55,119,675</u>	<u>213,317,107</u>

Total assets employed include intra group items of Rs. NIL (2007: Rs. NIL).

44.2 Market Risk Management

The Bank is exposed to interest rate risk, foreign exchange risk and equity price risk. The Bank is using in-house and vendor based solutions for calculating mark to market value of its positions and generating VaR (value at risk) and sensitivity numbers. Besides conventional methods, the Bank is using VaR for market risk assessment of assets booked by treasury and capital market groups. The Bank is using variance co-variance approach of VaR measure for conventional products and Monte Carlo simulation approach for derivative and structured products.

Further stress testing of both banking and trading books are performed in line with SBP guidelines.

The Bank is exposed to interest rate risk both in trading and banking books. Presently the market risk reporting system is generating risk numbers of government securities held by the Bank's treasury. The risk management system generates daily reports based upon the marked to market of these assets. These reports provide risk numbers i.e. duration, PVBP, and VaR on individual security basis. The system also generates summarized reports on portfolio basis. These reports are presented to the senior management for review on a daily basis.

44.2.1 Foreign Exchange Risk Management

The core objective of foreign exchange risk management is to ensure the foreign exchange exposure of the Bank remain within defined risk appetite (15% of paid up capital). Further, gap limits have been introduced for USD exposures. We are in the process of introducing gap limits for other major currencies depending on the significance of exposures in the respective currencies. Daily reports are generated to evaluate the exposure in different currencies. Further risk management system generates VaR and PVBP numbers for foreign exchange portfolio to estimate the potential loss under normal conditions. Stress testing of foreign exchange portfolio is also performed and reported to senior management. All these activities are performed on a daily basis.

	2008			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	------(Rupees in '000)-----			
Pakistan Rupee	426,582,849	372,036,559	3,852,581	58,398,871
United States Dollar	15,326,446	9,314,526	(6,146,330)	(134,410)
Pound Sterling	396,816	1,260,620	876,928	13,122
Japanese Yen	118,906	282	(83,472)	35,152
Euro	1,079,049	2,566,438	1,500,295	12,906
Other currencies	111,838	1,425	-	110,413
	<u>443,615,904</u>	<u>385,179,850</u>	<u>-</u>	<u>58,436,054</u>

Notes to the Financial Statements
For the year ended December 31, 2008

	2007			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees In '000)			
Pakistan Rupee	391,981,415	344,616,818	7,291,655	54,856,252
United States Dollar	16,508,535	8,051,231	(8,154,730)	302,574
Pound Sterling	228,698	1,073,197	901,837	57,338
Japanese Yen	129,669	173	(130,985)	(1,489)
Euro	1,540,000	1,624,423	100,924	16,501
Other currencies	97,200	-	(8,701)	88,499
	<u>410,485,517</u>	<u>355,365,842</u>	<u>-</u>	<u>55,119,675</u>

44.2.2 Equity Price Risk

Equity price risk is managed by applying trading limit, scrip-wise and portfolio wise nominal limits. VaR numbers generation and stress testing of the equity portfolio are also performed and reported to senior management on daily basis.

44.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Yield / Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date

	Effective Yield/ Interest rate	Total	2008 Exposed to Yield/ Interest risk										Not exposed to Yield/ Interest Risk	
			Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years			
			(Rupees In '000)											
On-balance sheet financial instruments														
Assets														
Cash and balances with treasury banks	0.90%	39,631,172	1,950,742	-	-	-	-	-	-	-	-	-	-	37,680,430
Balances with other banks	1.20%	4,043,100	695,011	-	-	-	-	-	-	-	-	-	-	3,347,089
Lending to financial institutions	15.75% to 21%	4,100,079	4,100,079	-	-	-	-	-	-	-	-	-	-	-
Investments - net	6% to 17.56%	94,872,442	35,024,737	45,451,121	4,980,812	708,536	286,557	674,063	2,459,769	980,996	95,823	-	-	4,180,368
Advances - net	18.00%	282,510,470	157,306,292	52,502,094	89,376,570	13,125,534	-	-	-	-	-	-	-	9,055,937
Other assets - net		9,055,937	-	-	-	-	-	-	-	-	-	-	-	-
		<u>414,213,200</u>	<u>199,277,851</u>	<u>97,983,215</u>	<u>44,367,182</u>	<u>13,833,920</u>	<u>286,557</u>	<u>674,063</u>	<u>2,459,769</u>	<u>980,996</u>	<u>95,823</u>	<u>-</u>	<u>-</u>	<u>54,263,624</u>
Liabilities														
Bills payable		10,551,468	-	-	-	-	-	-	-	-	-	-	-	10,551,468
Borrowings	15.50%	22,883,940	9,086,591	7,918,373	5,858,276	-	-	-	-	-	-	-	-	-
Deposits and other accounts	5 % to 9.5 %	830,274,155	160,627,489	17,007,818	11,656,112	21,055,371	1,225,892	2,063,437	4,050,130	-	-	-	-	112,467,816
Other liabilities		8,683,086	-	-	-	-	-	-	-	-	-	-	-	8,683,086
		<u>872,372,549</u>	<u>169,714,080</u>	<u>24,926,191</u>	<u>17,314,996</u>	<u>21,055,371</u>	<u>1,225,892</u>	<u>2,063,437</u>	<u>4,050,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,932,470</u>
On-balance sheet gap		<u>41,640,661</u>	<u>29,563,771</u>	<u>73,057,024</u>	<u>27,049,184</u>	<u>(7,321,451)</u>	<u>(1,039,335)</u>	<u>(1,409,374)</u>	<u>(1,590,361)</u>	<u>980,996</u>	<u>95,823</u>	<u>-</u>	<u>-</u>	<u>(77,668,846)</u>
Off-balance sheet financial instruments														
Forward Outright purchase - Govt. securities		26,844,460	26,844,460	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange contracts Purchase		69,706,932	21,816,865	35,282,818	12,794,158	13,291	-	-	-	-	-	-	-	-
Interest rate swaps - long position		2,144,130	-	1,977,493	-	-	166,667	-	-	-	-	-	-	-
Cross currency swaps - long position		173,127	-	-	-	-	-	173,127	-	-	-	-	-	-
		<u>98,870,639</u>	<u>48,283,316</u>	<u>37,260,311</u>	<u>12,794,158</u>	<u>13,291</u>	<u>166,667</u>	<u>173,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign exchange contracts Sale		67,476,228	21,427,006	19,037,037	19,366,275	7,629,100	17,761	-	-	-	-	-	-	-
Interest rate swaps - short position		288,567	-	100,000	-	-	-	168,067	-	-	-	-	-	-
Cross currency swaps - short position		173,127	-	-	-	-	-	-	173,127	-	-	-	-	-
Forward Outright sale - Govt securities		20,827,530	20,827,530	-	-	-	-	-	-	-	-	-	-	-
		<u>38,743,552</u>	<u>42,254,536</u>	<u>19,137,037</u>	<u>19,366,275</u>	<u>7,629,100</u>	<u>184,418</u>	<u>173,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap		<u>3,927,087</u>	<u>8,006,780</u>	<u>18,122,984</u>	<u>8,571,117</u>	<u>(7,615,809)</u>	<u>(17,751)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Yield / Interest risk sensitivity gap		<u>35,672,551</u>	<u>91,180,008</u>	<u>20,471,077</u>	<u>(14,837,260)</u>	<u>(1,057,076)</u>	<u>(1,409,374)</u>	<u>(1,590,361)</u>	<u>980,996</u>	<u>95,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,406,384</u>
Cumulative yield / Interest risk sensitivity gap		<u>35,672,551</u>	<u>126,752,559</u>	<u>147,223,636</u>	<u>132,386,376</u>	<u>131,329,300</u>	<u>129,919,926</u>	<u>128,329,565</u>	<u>129,310,561</u>	<u>129,406,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



Notes to the Financial Statements
For the year ended December 31, 2008

	Effective Yield/ Interest rate	Total	2007 Exposed to Yield/ Interest risk										Not exposed to Yield/ Interest Risk	
			Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years			
			(Rupees In '000)											
On-balance sheet financial instruments														
Assets														
Cash and balances with treasury banks	4.24%	39,863,863	534,159	-	-	-	-	-	-	-	-	-	-	39,149,704
Balances with other banks	6.18%	3,807,519	571,613	-	-	-	-	-	-	-	-	-	-	3,235,706
Lending to financial institutions	11.20%	1,051,372	51,372	1,000,000	-	-	-	-	-	-	-	-	-	-
Investments - net	9.78%	111,704,827	20,918,251	19,489,901	19,129,698	33,061,182	4,033,023	1,287,899	2,845,401	4,179,487	1,839,981	-	-	11,849,816
Advances - net	10.66%	218,980,598	5,965,111	27,227,275	49,593,592	61,024,392	17,861,882	17,861,882	35,782,665	1,455,964	2,199,945	-	-	-
Other assets - net		5,428,894	-	-	-	-	-	-	-	-	-	-	-	5,428,894
		<u>380,837,099</u>	<u>28,038,706</u>	<u>41,725,676</u>	<u>69,862,148</u>	<u>94,075,554</u>	<u>21,924,365</u>	<u>19,169,191</u>	<u>38,128,099</u>	<u>5,835,461</u>	<u>4,123,908</u>	<u>-</u>	<u>-</u>	<u>59,164,140</u>
Liabilities														
Bills payable		10,479,058	-	-	-	-	-	-	-	-	-	-	-	10,479,058
Borrowings	6.26%	39,406,831	33,027,113	3,300,306	606,236	-	-	-	-	-	-	-	-	-
Deposits and other accounts	2.02%	292,039,096	181,711,194	4,645,291	3,418,892	12,850,476	2,263,976	1,974,694	4,354,242	1,842,888	-	-	-	99,105,514
Sub-ordinated loan	11.75% to 15.75%	478,232	-	-	478,232	-	-	-	-	-	-	-	-	-
Other liabilities		7,708,567	-	-	-	-	-	-	-	-	-	-	-	7,708,567
		<u>350,171,754</u>	<u>194,738,307</u>	<u>8,334,829</u>	<u>4,026,229</u>	<u>12,850,476</u>	<u>2,263,976</u>	<u>1,974,694</u>	<u>6,827,319</u>	<u>1,842,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,294,139</u>
On-balance sheet gap		<u>30,495,339</u>	<u>(169,699,601)</u>	<u>33,390,748</u>	<u>64,835,920</u>	<u>81,225,078</u>	<u>18,640,389</u>	<u>17,194,497</u>	<u>31,300,747</u>	<u>3,792,563</u>	<u>4,123,908</u>	<u>-</u>	<u>-</u>	<u>(58,129,999)</u>
Off-balance sheet financial instruments														
Forward lending		-	-	-	-	-	-	-	-	-	-	-	-	-
Outright purchase - Govt. securities		-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange contracts:														
- Purchase		62,077,398	16,848,096	18,696,361	17,000,386	9,835,804	-	-	-	-	-	-	-	-
Interest rate swaps		2,721,898	18,182	-	63,516	300,000	-	-	-	-	-	-	-	-
Cross currency swaps		1,845,484	-	-	-	698,660	240,000	-	1,016,824	-	-	-	-	-
		<u>66,644,620</u>	<u>16,866,278</u>	<u>18,696,361</u>	<u>17,063,901</u>	<u>10,136,504</u>	<u>2,438,660</u>	<u>740,000</u>	<u>1,016,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign exchange contracts:														
- Sale		69,862,417	23,865,234	18,206,626	8,839,279	18,565,276	-	-	-	-	-	-	-	-
		<u>69,862,417</u>	<u>23,865,234</u>	<u>18,206,626</u>	<u>8,839,279</u>	<u>18,565,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap		<u>2,717,867</u>	<u>(7,200,054)</u>	<u>366,825</u>	<u>8,420,222</u>	<u>(5,519,774)</u>	<u>2,438,660</u>	<u>740,000</u>	<u>1,016,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Yield / Interest risk sensitivity gap		<u>(173,900,555)</u>	<u>93,777,573</u>	<u>73,057,442</u>	<u>72,705,304</u>	<u>22,070,040</u>	<u>17,924,987</u>	<u>32,817,571</u>	<u>3,792,563</u>	<u>4,123,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative yield / Interest risk sensitivity gap		<u>(173,900,555)</u>	<u>(140,122,982)</u>	<u>87,065,540</u>	<u>5,839,764</u>	<u>27,716,804</u>	<u>45,643,401</u>	<u>77,950,972</u>	<u>81,763,635</u>	<u>86,877,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.														
Reconciliation to total assets														
Balance as per balance sheet		443,615,904	410,485,517	-	-	-	-	-	-	-	-	-	-	-
Less: Non financial assets		-	-	-	-	-	-	-	-	-	-	-	-	-
Investments		1,884,432	1,884,432	-	-	-	-	-	-	-	-	-	-	-
Coexisting fixed assets		17,263,733	18,024,123	-	-	-	-	-	-	-	-	-	-	-
Other assets		13,754,639	12,438,899	-	-	-	-	-	-	-	-	-	-	-
		<u>29,402,704</u>	<u>29,849,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets		<u>414,213,200</u>	<u>380,636,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation to total liabilities														
Balance as per balance sheet														

Notes to the Financial Statements

For the year ended December 31, 2008

44.4 Liquidity Risk

It is the policy of the Bank to maintain adequate liquidity at all times, in all geographical locations and for all currencies and hence to be in a position, in the normal course of business, to meet all our obligations, to repay depositors, to fulfill commitments to lend and to meet any other commitments made. The Bank manages liquidity risk in three stages.

- Balance sheet management;
- Liquidity management; and
- Intraday liquidity management.

Balance sheet management

Balance-sheet management is the practice of reviewing the actual and planned strategic growth of business and its impact from a balance sheet integrity and sustainability perspective. As such the goal is to identify any risks arising from structural imbalances and concentrations, and seek to alter plans in order to avoid these developing into a liquidity problem.

Liquidity management

Liquidity management is the day to day practice of ensuring that the Bank is able to meet all its payment obligations as they fall due without having to sell assets or borrow funds at short notice at adverse market prices. While primarily focused on the management of cash-flows, MCB maintains a portfolio of marketable securities that can either be sold outright or sold through a repurchase agreement to generate cash-flow for meeting liquidity requirements. Another precautionary measure is the active maintenance of borrowing relationships to ensure the continued access to diverse market of funding sources.

Intraday liquidity management

Intraday liquidity management is the practice of ensuring that the Bank has sufficient cash during the day to make payments through the local payment system. In this respect, MCB maintains cash balances from which payments are made or generate a cash balance through the receipt of payments due or from borrowing or the outright sale or pledging of qualifying securities with the State Bank of Pakistan.

44.4.1 Maturities of Assets and Liabilities - Based on contractual maturity of the assets and liabilities of the Bank

	2008									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Asset										
Cash and balances with treasury banks	39,831,172	39,831,172	-	-	-	-	-	-	-	-
Balances with other banks	4,043,100	4,043,100	-	-	-	-	-	-	-	-
Lending to financial institutions	4,100,079	4,100,079	-	-	-	-	-	-	-	-
Investments - net	66,256,874	26,313,478	45,888,794	5,013,553	4,769,862	3,488,078	1,817,430	4,735,530	2,730,898	1,712,255
Advances - net	282,510,470	12,830,481	1,395,235	101,048,429	71,271,406	39,938,731	12,887,283	19,214,140	3,094,364	1,068,421
Operating fixed assets	17,263,733	75,982	151,366	227,947	455,896	911,789	911,789	1,823,678	4,658,945	8,145,843
Deferred tax assets	1,198,674	7,851	40,162	31,815	358,882	79,400	77,018	95,038	494,231	12,877
Other assets - net	19,810,476	8,348,802	5,823,748	448,374	547,038	6,642,888	1,625	-	-	-
Liabilities										
Bills payable	10,551,488	10,551,488	-	-	-	-	-	-	-	-
Borrowings	22,863,840	9,088,590	6,887,987	4,608,502	1,050,378	1,050,378	-	-	-	-
Deposits and other accounts	830,274,155	278,095,405	17,007,818	11,858,112	21,055,571	1,825,882	2,088,487	4,050,130	-	-
Sub-ordinated loan	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,833,811	31,880	62,137	91,373	182,746	365,482	147,080	294,150	57,400	401,743
Other liabilities	21,263,260	6,365,748	4,380,863	6,177,873	1,343,818	1,420,263	602,860	684,145	1,087,890	-
Net assets	386,376,524	299,120,881	28,318,815	21,633,680	23,832,311	4,182,002	2,733,377	5,328,435	1,145,290	401,743
Share capital	6,282,788									
Reserve	38,788,765									
Unappropriated profit	9,189,332									
Surplus on revaluation of assets	-									
- net of tax	6,191,180									
	58,438,054									

The above maturity profile has been prepared in accordance with International Accounting Standard (IAS) 30: Disclosure in the financial statements of banks and similar financial institutions based on contractual maturities. The maturity profile disclosed in note 44.4.2 includes maturities of current and saving deposits determined by the Assets and Liabilities Management Committee (ALCO) keeping in view the historical withdrawal pattern of these deposits.

Notes to the Financial Statements

For the year ended December 31, 2008

	2007									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	39,883,883	39,883,883	-	-	-	-	-	-	-	-
Balances with other banks	3,807,619	3,807,619	-	-	-	-	-	-	-	-
Lending to financial institutions	1,051,372	51,372	1,000,000	-	-	-	-	-	-	-
Investments - net	118,089,261	24,289,021	14,302,781	20,917,643	37,460,361	4,820,702	1,287,859	2,768,134	6,553,919	1,939,881
Advances - net	218,980,688	5,985,111	27,227,276	49,638,582	81,024,392	17,881,332	17,591,332	35,782,885	1,465,984	2,183,945
Operating fixed assets	19,024,123	55,169	8,199	166,601	331,003	863,421	882,005	824,108	392,854	12,732,086
Deferred tax assets	808,004	-	-	-	384	118,129	178,517	297,846	1,773	10,686
Other assets - net	17,868,761	2,414,006	1,269,203	957,612	2,100,422	2,130,209	3,681,785	6,326,824	-	-
	411,083,621	79,246,881	43,797,438	71,679,338	100,806,632	25,814,793	23,681,488	44,868,076	7,414,310	18,886,568
Liabilities										
Bills payable	10,479,058	10,479,058	-	-	-	-	-	-	-	-
Borrowings	38,408,831	33,027,113	3,800,305	808,338	-	-	-	2,479,077	-	-
Deposits and other accounts	292,088,088	280,817,708	4,555,291	8,418,882	12,850,478	2,283,875	1,974,584	4,854,242	1,842,888	-
Sub-ordinated loan	479,232	-	479,232	-	-	-	-	-	-	-
Deferred tax liabilities	1,785,168	4,165	8,333	12,488	82,685	49,998	49,898	98,981	192,385	1,285,197
Other liabilities	11,722,493	2,225,621	2,084,402	2,031,484	2,217,241	888,314	888,314	888,249	658,508	-
	385,873,848	308,653,685	10,427,813	6,059,220	15,160,382	3,202,285	2,892,804	7,795,659	2,694,021	1,285,197
Net assets	55,119,875	620,308,694	33,369,625	85,619,118	85,788,150	22,412,608	20,788,684	37,180,516	4,820,289	16,678,369
Share capital	6,282,788									
Reserve	34,000,838									
Unappropriated profit	5,130,760									
Surplus on revaluation of assets	-									
- net of tax	9,705,519									
	55,119,875									

The above maturity profile has been prepared in accordance with International Accounting Standard (IAS) 30: Disclosure in the financial statements of banks and similar financial institutions based on contractual maturities. The maturity profile disclosed in note 44.4.2 includes maturities of current and saving deposits determined by the Assets and Liabilities Management Committee (ALCO) keeping in view the historical withdrawal pattern of these deposits.

Notes to the Financial Statements
For the year ended December 31, 2008

44.4.2 Maturities of Assets and Liabilities - Based on the working prepared by the Asset and Liabilities Management Committee (ALCO) of the Bank

	2008									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	39,631,172	39,631,172	-	-	-	-	-	-	-	-
Balances with other banks	4,043,100	4,043,100	-	-	-	-	-	-	-	-
Lendings to financial institutions	4,100,079	4,100,079	-	-	-	-	-	-	-	-
Investments - net	96,256,874	26,313,478	45,668,794	5,013,553	4,766,862	3,498,076	1,817,430	4,735,530	2,730,898	1,712,255
Advances - net	262,510,470	12,830,451	1,366,235	101,048,429	71,271,406	39,839,731	12,667,263	19,214,140	3,094,364	1,058,421
Operating fixed assets	17,283,733	75,982	151,965	227,947	455,895	911,789	911,789	1,823,578	4,558,945	8,145,843
Deferred tax assets	1,196,874	7,851	40,152	31,615	359,692	79,400	77,018	95,038	494,231	12,877
Other assets - net	19,610,478	6,346,802	5,823,749	448,374	547,038	6,842,868	1,625	-	-	-
	444,812,578	93,348,925	53,070,885	106,769,918	77,399,893	51,071,884	15,475,145	25,868,286	10,878,436	10,929,196
Liabilities										
Bills payable	10,551,468	10,551,468	-	-	-	-	-	-	-	-
Borrowings	22,663,840	9,086,690	8,867,897	4,608,502	1,050,376	1,050,376	-	-	-	-
Deposits and other accounts	330,274,155	35,483,126	45,707,877	85,926,417	95,325,677	22,811,402	17,768,662	15,827,302	5,780,296	5,823,396
Sub-ordinated loan	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,633,811	31,880	82,137	91,373	182,746	385,492	147,080	294,160	57,400	401,743
Other liabilities	21,253,250	6,355,748	4,380,683	5,177,673	1,343,818	1,420,253	502,660	984,145	1,087,890	-
	386,376,524	61,508,612	57,018,874	95,803,965	97,902,617	25,847,522	18,438,802	17,105,807	6,925,588	6,025,139
Net assets	58,436,054	31,840,313	(3,947,979)	10,965,953	(20,502,724)	25,424,362	(2,963,457)	8,762,679	3,952,850	4,904,057
Share capital	6,282,768									
Reserves	36,768,765									
Unappropriated profit	9,193,332									
Surplus on revaluation of assets - net of tax	8,191,189									
	58,436,054									

The above maturity profile has been prepared in accordance with International Accounting Standard (IAS) 30: Disclosure in the financial statements of banks and similar financial institutions based on contractual maturities. The maturity profile disclosed in note 44.4.2 includes maturities of current and saving deposits determined by the Assets and Liabilities Management Committee (ALCO) keeping in view the historical withdrawal pattern of these deposits.



Notes to the Financial Statements
For the year ended December 31, 2008

	2008									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	39,633,883	39,633,883	-	-	-	-	-	-	-	-
Balances with other banks	3,807,519	3,807,519	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,051,372	51,372	1,000,000	-	-	-	-	-	-	-
Investments - net	113,089,281	24,269,921	14,302,781	20,917,843	37,450,361	4,820,702	1,267,859	2,756,134	5,563,919	1,939,981
Advances - net	218,960,598	5,965,111	27,227,275	49,538,582	61,024,392	17,891,332	35,782,665	1,455,964	2,183,945	
Operating fixed assets	16,024,123	55,169	8,199	165,501	331,003	853,421	662,005	824,106	392,654	12,732,035
Deferred tax assets	838,004	-	-	-	354	119,129	178,517	297,646	1,773	10,585
Other assets - net	17,868,761	2,414,006	1,259,203	957,612	2,100,422	2,130,209	3,881,785	5,325,524	-	-
	411,093,521	76,246,981	43,797,438	71,578,339	100,906,532	25,814,793	23,891,498	44,966,075	7,414,310	16,866,556
Liabilities										
Bills payable	10,479,058	10,479,058	-	-	-	-	-	-	-	-
Borrowings	39,406,831	33,027,113	3,300,305	808,336	-	-	-	2,473,077	-	-
Deposits and other accounts	292,098,066	29,906,252	33,628,521	78,432,222	85,893,528	21,973,538	16,579,245	15,741,140	6,927,894	4,955,326
Sub-ordinated loan	479,232	-	479,232	-	-	-	-	-	-	-
Deferred tax liabilities	1,788,198	4,166	8,333	12,498	82,665	49,998	49,998	99,991	192,325	1,288,197
Other liabilities	11,722,483	2,225,621	2,084,452	2,031,494	2,217,241	898,314	868,314	888,248	568,808	-
	355,973,846	75,732,209	39,501,243	79,082,550	88,163,434	22,891,848	17,497,555	19,162,457	7,679,027	6,243,523
Net assets	55,119,675	514,772	4,296,915	(7,503,212)	12,743,098	2,722,945	6,183,943	25,803,618	(264,717)	10,623,033
Share capital	6,282,768									
Reserves	34,000,838									
Unappropriated profit	5,130,750									
Surplus on revaluation of assets - net of tax	9,705,519									
	55,119,675									

The above maturity profile has been prepared in accordance with International Accounting Standard (IAS) 30: Disclosure in the financial statements of banks and similar financial institutions based on contractual maturities. The maturity profile disclosed in note 44.4.2 includes maturities of current and saving deposits determined by the Assets and Liabilities Management Committee (ALCO) keeping in view the historical withdrawal pattern of these deposits.

Notes to the Financial Statements

For the year ended December 31, 2008

44.5 Operational Risk

In line with the BIS Basel-II framework, we define Operational Risk as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk, but excludes strategic and reputational risks.

Operational Risk Management Division (ORMD) is primarily responsible for bank-wide operational risk management. Although the respective business and support functions are the risk takers / owners, ORMD provides assistance and guidance to these areas for proactive operational risk management. Our Risk Management Policy and bank-wide Operational Risk Management Framework (ORMF) have been developed in line with international best practices.

ORMD initiated the process of collecting and analyzing operational risk data (both loss and control breach / near misses) on key risks in 2007. Based on the analysis of this data, ORMD prepares periodic reports for the senior management and Risk Management and Portfolio Review Committee (RM&PRC) of the Board of Directors on significant risk events, Impact analysis and recommendations for Improvement in controls / risk mitigation.

Major processes for operational risk management include, but are not limited to, a Risk & Control Self Assessment exercise, regular reporting of operational losses and control breaches through ORMD to senior management, setting and monitoring of tolerance limits, and improving awareness of, and adherence to, operational risk aspects across the Bank.

We are currently using the Basic Indicator approach to Operational Risk for regulatory capital calculation. However, in line with our policy to adopt the Standardized / Alternate Standardized Approach a number of initiatives have been undertaken which include Business Line Mapping, Risk and Control Self Assessment (RCSA), development of a methodology for setting Value at Risk (VaR) based tolerance limits for Basel risk event types, for business and support Groups and on bank-wide basis as well as setting threshold levels for Key Risk Indicators (KRIs).

45. GENERAL

Comparative information has been reclassified and rearranged in these financial statements for the purpose of comparison. No significant reclassification has been made except for as follows:

- An amount of Rs. 436.936 million on account of postal, SWIFT and other charges recovered has been reclassified as other income. Previously, these were netted off with administrative expenses.
- An amount of Rs. 33.236 million on account of VAT Sri Lanka have been reclassified from administrative expenses to other charges.

46. NON-ADJUSTING EVENT

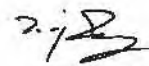
The Board of Directors in its meeting held on February 16, 2009 has announced a final cash dividend in respect of the year ended December 31, 2008 of Rs.2.5 per share (2007: Rs. 5 per share) and bonus issue of 10% (2007: NIL). These financial statements for the year ended December 31, 2008 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 16, 2009.



Atif Bajwa
President and Chief Executive



Tariq Rafi
Director



Samad Amin
Director



Mian Raza Mansha
Director



Notes to the Financial Statements

For the year ended December 31, 2008

ANNEXURE - I

1. Particulars of Investments in listed companies, mutual funds and modarabas-available for sale

Investee Entities	Note	Number of Ordinary and preference shares/certificates/units held	Paid-up value per share/certificate/unit	Total paid-up/nominal value	Cost as at December 31, 2008
			Rupees		(Rupees in '000)
Fully Paid-up Preference Shares					
Azzard Nine Limited		1,160,241	10	11,602	11,602
Masood Textile Mills Limited	1.1	5,000,000	10	50,000	50,000
					61,602
Fully Paid-up Ordinary Shares					
Abbott Laboratories Pakistan Limited		135,600	10	1,356	25,200
Allied Bank Limited		2,585,720	10	25,857	284,251
Arif Habib Limited		87,500	10	875	23,302
Arif Habib Securities Limited		1,529,875	10	15,299	214,004
Askari Bank Limited		4,286,576	10	42,866	301,018
Atlas Bank Limited		6,140,500	10	61,405	94,825
Attock Petroleum Limited		108,120	10	1,081	45,644
Bank Alfalah Limited		3,012,543	10	30,125	162,531
Bank Al-Habib Limited		4,276,872	10	42,769	217,490
Century Papers & Board Mills Limited		438,460	10	4,385	17,657
Cherat Cement Company Limited		28,800	10	288	1,669
EFU General Insurance Limited		12,040	10	120	822
EFU Life Insurance Company Limited		7,569	10	76	399
Engro Chemical Pakistan Limited		857,964	10	8,580	298,876
Fauji Fertilizer Bin Qasim Company Limited		4,092,674	10	40,927	166,023
Fauji Fertilizer Company Limited		6,818,316	10	68,183	601,703
Glaxosmithkline Pakistan Limited		484,672	10	4,847	64,437
Habib Bank Limited		1,229,100	10	12,291	295,489
Habib Metropolitan Bank Limited		552,410	10	5,524	30,024
Hub Power Company Limited		939,925	10	9,399	24,113
IGI Insurance Company of Pakistan Limited		440,490	10	4,405	83,412
Indus Motor Company Limited		42,027	10	420	8,655
International Industries Limited		382,754	10	3,828	35,188
JS Bank Limited		1,319,000	10	13,190	27,808
Jahangir Siddiqui and Company Limited		1,156,489	10	11,565	222,654
Kohinoor Energy Limited		55,000	10	550	1,566
Kot Addu Power Company Limited		915,400	10	9,154	46,540
Lucky Cement Limited		175,000	10	1,750	24,098
Mehr Dastagir Textile Mills Limited		1,616,912	10	16,169	16,169
Maple Leaf Cement Company Limited		12,411,500	10	124,115	221,022
Millat Tractors Limited		91,228	10	912	12,371
National Bank Of Pakistan		1,693,892	10	16,939	298,131
National Refinery Limited		30,000	10	300	10,774
Oil & Gas Development Company Limited		2,150,185	10	21,502	282,517
Orx Leasing Pakistan Limited		253,920	10	2,539	5,025
Pace Pakistan Limited		43,000	10	430	1,456
Packages Limited		21,911	10	219	5,941
Pak Suzuki Motor Company Limited		49,600	10	496	18,028
Pakistan Cables Limited		86,716	10	867	14,410
Pakistan Cement Company Limited		46,000	10	460	641
Pakistan Oilfields Limited		795,720	10	7,957	273,012
Pakistan Petroleum Limited		715,088	10	7,151	174,015
Pakistan State Oil Company Limited		466,600	10	4,666	237,216
Pakistan Telecommunication Company Limited		4,893,731	10	48,937	244,216
Pakistan Tobacco Company Limited		138,700	10	1,387	22,536
Rupali Polyester Limited		658,545	10	6,585	46,475

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - I

Investee Entities	Note	Number of Ordinary and preference shares/certificates/units held	Paid-up value per share/certificate/unit Rupees	Total paid-up/nominal value	Cost as at December 31, 2008 (Rupees in '000)
Sonari Bank Limited		2,802,600	10	28,026	119,546
Sul Northern Gas Pipelines Limited		47,728,822	10	477,288	2,205,263
Taj Textile Mills Limited		400	10	4	1
Thal Limited		37,380	5	187	4,256
The Bank of Punjab		6,423,100	10	64,231	170,996
TRG Pakistan Limited		500,000	10	5,000	7,124
Trust Securities & Brokerage Limited		300,000	10	3,000	3,000
Unilever Pakistan Limited		33,280	50	1,664	47,892
United Bank Limited		2,214,000	10	22,140	302,872
Zulfqar Industries Limited		27,761	10	278	3,557
Total					8,067,620
Fully Paid-up Moderaba Certificates	Name of Management Company				
First Al-Noor Moderaba	Al-Noor Moderaba Management (Private) Limited	5,553,270	10	55,532.70	60,606
Total					60,606
Carrying value (before revaluation and provision) Listed Shares 'available for sale'					8,189,828
Provision for diminution in value of investments					(2,591,650)
Deficit on revaluation of securities					(2,286,629)
Carrying value as at December 31, 2008					3,311,549
Fully Paid-up Ordinary Certificates/ Units of Mutual Funds	Name of Management Company	Number of units held	Paid-up value per unit Rupees	Total paid-up/nominal value (Rupees in '000)	Cost as at December 31, 2008
MCB Dynamic Cash Fund *	MCB Asset Management Company Limited	2,922,443	100	292,244	250,000
Atlas Islamic Fund	Atlas Asset Management Company Limited	20,967	500	10,484	10,000
MCB Dynamic Stock Fund (IPO) *	MCB Asset Management Company Limited	3,033,874	100	303,387	301,909
MCB Dynamic Allocation Fund (IPO)*	MCB Asset Management Company Limited	1,000,000	100	100,000	100,000
Carrying value before revaluation & provision					661,909
Provision for diminution in value of investments					(194,894)
Surplus on revaluation of securities					38,356
Carrying value as at December 31, 2008					505,371

1.1 These are redeemable after the end of the fourth year from June 2005 at the option of the issuer either in whole or multiples of 10% of outstanding issue at a price of Rs. 10 per share plus any accumulated preference dividend. Dividend rate is 6 months KIBOR + 200 bps per annum.

* MCB Dynamic Cash Fund, MCB Dynamic Stock Fund and MCB Dynamic Allocation Fund are carried at fair value of Rs. 288.419 Million (Cost Rs. 250.00 Million), Rs. 154.376 Million (Cost Rs. 301.909 Million) and Rs. 55.048 million (Cost Rs. 100.00 million) respectively as the Bank's management is of the view that these are not its associated undertakings.



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - I

2	Particulars of Investments in listed companies-Held for trading	Number of Ordinary share held	Paid-up value per share Rupees	Total paid-up/nominal value (Rupees in '000)	Cost as at December 31, 2008 (Rupees in '000)		
	Allied Bank Limited	305,880	10	3,059	21,665		
	Pakistan Petroleum Limited	55,000	10	550	10,844		
	Attock Petroleum Limited	100,200	10	1,002	31,159		
	Bank Alfalah Limited	267,200	10	2,672	10,551		
	ICI Pakistan Limited	42,400	10	424	6,425		
	Jahangir Siddique and Company Limited	154,700	10	1,547	20,709		
	Lucky Cement Limited	488,100	10	4,881	42,711		
	Maple Leaf Cement Company Limited	150,000	10	1,500	1,116		
	Packages Limited	18,500	10	185	4,506		
	Pakistan Oilfields Limited	84,000	10	840	19,829		
	Thal Limited	14,000	5	70	1,851		
	United Bank Limited	65,000	10	650	6,420		
Total		1,744,980			177,786		
3	Particulars of Investment held in unlisted companies-available for sale						
	Company Name	Percentage of holding (%)	Number of shares / certificates held	Carrying value as at December 31, 2008 (Rs '000')	Net Asset Value of total investment (Rs '000')	Based on audited financial statements as at	Name of Chief Executive
	Shareholding more than 10%						
	Fully paid up preference shares						
	Fazal Cloth Mills Limited (3.2)	40.00%	10,000,000	100,000	-	June 30, 2008	Mr. Shakh Nasseem Ahmed
	Fully paid up Ordinary Shares/ Certificates/ Units						
	Pak Asian Fund Limited	10.22%	1,150,000	11,500	19,462	June 30, 2008	Mr. Ashfaq A. Berdi
	Khushhali Bank Limited	17.60%	30,000,000	300,000	323,680	December 31, 2007	Mr. Ghaliq Nishar
	Central Depository Company of Pakistan Limited	10.00%	5,000,000	10,000	138,840	June 30, 2008	Mr. Mohammad Hanif Jhakura
				321,500			
	Shareholding upto 10%						
	Fully paid up Ordinary Shares/ Certificates/ Units						
	First Capital Investment Limited		250,000	2,500	2,828	June 30, 2008	Mr. Kamran Hafeez
	Equity Participation Fund		15,000	1,500	9,751	June 30, 2008	Mr. Jamil Nasim
	National Institute of Facilitation Technology Private Limited		985,485	1,527	46,050	June 30, 2008	Mr. Muzaffar Mahmood Khan
	National Investment Trust Limited		52,800	100	261,530	June 30, 2008	Mr. Tariq Iqbal Khan
	SME Bank Limited		1,490,619	10,106	18,001	December 31, 2007	Mr. R. A. Chughtai
	Society for Worldwide Inter Fund Transfer (SWIFT)		31	2,983	7,867	December 31, 2007	Mr. Lazara Campos
	Lanka Clear (Private) Limited		100,000	700	1,426	March 31, 2008	Mr. Sunimal Weerasoriya
	Credit Information Bureau Of Sri Lanka		300	21	34	December 31, 2007	Mr. N.P.H.Amarasena
	Arabian Sea Country Club		500,000	2,900	1,549	June 30, 2008	Mr. Asif Ali Khan Abbasi
	Lanka Financial Services Bureau Limited		200	1,400	1,099	March 31, 2008	Mr. Anil Amarasoriya
				23,747			
	Carrying value of unlisted shares/ certificates/ units			445,247			
	Provision against unlisted shares			70,477			
				515,724			
3.1	The above excludes shares of companies which are fully provided for in these financial statements. All the above companies are incorporated in Pakistan, except for Lanka Clearing (Private) Limited, Credit Information Bureau of Sri Lanka, Lanka Financial Services Bureau Limited and SWIFT.						
3.2	These carry dividend rate of 6 months KIBOR + 2.5% per annum. The percentage of holding disclosed is in proportion to the preference share paid up capital.						

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - I

4. Particulars of Investments in term Finance Certificates and sukuk bonds - (Refer Note 9)

Investee	Number of certificates held	Paid up value per certificate	Total Paid up Value (before redemption)	Profit	Principal Redemption	Balance as at December 31, 2008 (Rupees in '000)	Name of Chief Executive
Listed Term Finance Certificates - available for sale							
Asiat Bank Limited - issue no. I	20,000	5,000	100,000,000	6 months KIBOR + 1.5% p.a.	0.3% of principal amount in the first 90 months and the remaining principal in the 96th month from February 2005.	88,860	Mr. Shahenyar Ahmad
- issue no. II	19,980	5,000	99,900,000	6 months KIBOR + 1.5% p.a.	0.3% of principal amount in the first 90 months and the remaining principal in the 96th month from October 2005.	99,780	-do-
	39,980		199,900,000				
Bank Al Habib Limited	20,000	5,000	100,000,000	6 months KIBOR + 1.5% p.a. with a floor and cap of 3.5% and 10% per annum respectively.	0.02% of total issue in equal installments in first 78 months and the remaining principal in 3 semi-annual installments from the 84th month from July 2004.	98,840	Mr. Abbas D. Habib
Bank Alfalah Limited - issue no. II	10,000	5,000	50,000,000	6 months KIBOR + 1.5% p.a.	0.25% of principal in the first 78 months and remaining principal in 3 semi-annual installments of 33.25% each of the issue amount starting from the 84th month from November 2004.	48,923	Mr. Muhammad Saleem Akhtar
- issue no. III	39,720	5,000	198,600,000	6 months KIBOR + 1.5% p.a.	0.25% of the principal in the first 78 months and remaining in 3 semi-annual installments of 33.25% each starting from the 84th month from November 2005.	198,371	-do-
	49,720		248,600,000				
Allied Bank Limited - issue no. I	20,000	5,000	100,000,000	6 months KIBOR + 1.5% p.a.	0.24% of principal in the first 72 months and remaining principal in 4 equal semi-annual installments of 24.94% each of the issue amount starting from the 78th month Pre-PO	90,178	Mr. Atif Manzoor
- issue no. II	46,400	5,000	232,000,000	6 months KIBOR + 0.85% p.a.		232,000	-do-
	66,400		332,000,000				
Soner Bank Limited	30,000	5,000	150,000,000	6 months KIBOR + 1.6% p.a.	In 4 semi-annual equal installments starting from the 78th month from May 2005.	149,790	Mr. Saif Ali K. Lakhand
United Bank Limited - issue no. II	56,678	5,000	284,660,000	6 months KIBOR + 1.7% p.a.	0.2% of the principal in the first 60 months and remaining principal in 6 equal semi-annual installments from September 2006.	284,662	Mr. Aftab R. Bokheri
Pak Arab Fertilizers Limited	20,000	5,000	100,000,000	6 months KIBOR + 1.5% p.a.	In six stepped-up semi-annual installments starting from the 30th month from July 2007.	99,980	Mr. Khalid-Ur-Rehman Tariq (M.D.)
Carrying value before revaluation						1,404,384	
Add: Revaluation surplus						25,147	
Carrying value of listed TFCs (revalued amount)						1,429,531	
SUKUK BONDS - available for sale							
	Terms of Redemption		Rate of Interest	Currency			
	Principal	Interest					
WAFDA Sukuk Bonds	At maturity	Half-yearly	6 Month KIBOR+0.35%	PKR		400,000	Mr. Muhammad Shahid Durrani
Add: Revaluation surplus						19,000	
Carrying value of sukuk bonds (revalued amount)						419,000	

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - I

Un-listed Term Finance Certificates - held to maturity

Investee	Number of certificates held	Paid up value per certificate	Total Paid up Value (before redemption)	Profit	Principal Redemption	Balance as at December 31, 2008	Name of Chief Executive
Jahangir Siddiqui and Company Limited	56	5,000,000	280,000,000	6 months KIBOR + 1.5% to 2.2% p.a. over 10 years	In 4 equal semi-annual installments, starting from 8-12 years from December 2004.	279,468	Mr. Muref Ibrahim
Pak Kuwait Investment Company (Pakist) Limited	100,000	5,000	500,000,000	3 months KIBOR + 1.25% p.a.	In 5 equal semi-annual installments commencing from the 38th month from June 2005.	400,000	Mr. Iftakhar Mehd (M.D.)
Pakistan Mobile Corporation Limited	100,000	5,000	500,000,000	6 months KIBOR + 1.6% p.a.	In 5 equal semi-annual installments starting from the 38th month from March 2004.	100,000	Mr. Zuhair A. Khalq
Islamabad Electric Supply Company Limited	200,000	5,000	1,000,000,000	6 Month KIBOR +0.23% p.a.	In 4 equal semi-annual installments starting from November 2009.	1,000,000	Dr. Waqar Zafar Iqbal
Gujranwala Electric Supply Company Limited	200,000	5,000	1,000,000,000	6 Month KIBOR +0.23% p.a.	In 4 equal semi-annual installments starting from November 2009.	1,000,000	Faris Muhammad Ashraf Zahid
Faisalabad Electric Supply Company Limited	200,000	5,000	1,000,000,000	6 Month KIBOR +0.23% p.a.	In 4 equal semi-annual installments starting from November 2009.	1,000,000	Ahmad Saad Akhtar
Carrying value of unlisted TFCs						3,778,468	

The above excludes unlisted term finance certificates, debentures, bonds and participation term certificates of companies which are fully provided for in these financial statements.

5. Details of bonds, debentures and federal government securities (Refer Note 9) - held to maturity

Description	Terms of Redemption		Rate of Interest	Currency	Foreign Currency Amount	Carrying value as at December 31, 2008
	Principal	Interest				
Debentures						
Singer (Sri Lanka) Plc.	At maturity	Half-yearly	21.85%	SLR	150,000	105,000
Federal Government Securities						
Government of Pakistan	Yearly	Yearly	Barclays Bank's 3 months USD LIBOR + 1%	US\$	4,074	322,216
Government of Sri Lanka Treasury Bonds	At maturity	Half-yearly	11.75%	SLR	104,074	392,216
Government Compensation Bonds						
Heavy Mechanical Complex	At maturity	Yearly	8.00%	PKR	-	27,224
Public Sector Enterprises Bonds (PSE-89)	At maturity	Yearly	8.00%	PKR	-	558,990
Public Sector Enterprises Bonds (PSE-90)	At maturity	Yearly	8.00%	PKR	-	286,557
						870,771
Sukuk Bonds						
Government Sukuk Bonds	At maturity	Half-yearly	8 Month LIBOR+2.2%	US\$	13,130	1,038,533
WAPDA Sukuk Bonds	At maturity	Half-yearly	6 Month KIBOR+0.35	PKR	-	400,000
Sui Southern Gas Company Limited Sukuk Bonds	At maturity	Quarterly	3 Month KIBOR+1.4%	PKR	-	350,000
Quetta Textile Mills Limited Sukuk Bonds	In 12 equal semi-annual installment	Half-yearly	8 Month KIBOR+1.50	PKR	-	75,000
J.D.W Sugar Mills Limited Sukuk Bonds	In 18 unequal quarterly installments	Quarterly	8 Month KIBOR+1.25	PKR	-	175,000
Sitara Energy Limited Sukuk Bonds	In 8 equal semi-annual installments	Half-yearly	6 Month KIBOR+1.15	PKR	-	112,727
Century Paper and Boards Mills Limited Sukuk Bonds	At maturity	Half-yearly	8 Month KIBOR+1.35	PKR	-	250,000
					13,130	2,401,260
Euro Bonds						
Euro Bonds - OBU Bahrain	At maturity	Half-yearly	8.75%	US\$	57,409	4,540,988
Euro Bonds - OBU Bahrain Treasury	At maturity	Half-yearly	8.88%	US\$	3,815	309,853
Euro Bonds - Sri Lanka	At maturity	Half-yearly	8.75%	US\$	1,503	118,887
					62,827	4,969,616

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - I

6. Details of Certificates of Investment (Refer Note 9) - held to maturity in local currency

Company Name	Carrying value at December 31, 2008 (Rupees in '000)	Profit rate (%)	Maturity date
Pak Libya Holding Company Limited	250,000	25	February 13, 2009

7. Investment in Subsidiaries

Details of the Bank's subsidiary companies are as follows:

Name	% of holding	Country of incorporation	Year of incorporation
Muslim Commercial Financial Services (Private) Limited	* 99.99	Pakistan	1992
MNET Services (Private) Limited	* 99.95	Pakistan	2001
MCB Trade Services Limited	100	Hong Kong	2005
MCB Asset Management Company Limited	99.99	Pakistan	2005

* Remaining shares are held by certain individuals as nominees of the Bank.

8. Summarized financial information of associated undertakings (refer note 9)

The gross amount of assets, liabilities, revenue, profit and net assets of associated undertakings are as follows:

Name of associated undertaking	Country of incorporation	Assets	Liabilities	Net assets	Revenue	Profit	% of interest held
----- (Rupees in '000) -----							
2008							
First Women Bank Limited (unaudited based on September 30, 2008)	Pakistan	8,625,499	7,561,236	1,064,263	369,150*	94,561	26.78%
Adamjee Insurance Company Limited (unaudited based on September 30, 2008)	Pakistan	<u>21,268,292</u> <u>29,893,791</u>	<u>10,880,064</u> <u>18,421,300</u>	<u>10,408,228</u> <u>11,472,491</u>	<u>5,463,868</u> ** <u>5,833,018</u>	<u>3,063,187</u> <u>3,167,748</u>	29.13%
2007							
First Women Bank Limited (unaudited based on September 30, 2007)	Pakistan	8,146,575	7,102,478	1,046,097	375,134 *	111,845	26.78%
Adamjee Insurance Company Limited (unaudited based on September 30, 2007)	Pakistan	<u>14,362,406</u> <u>22,510,981</u>	<u>9,368,665</u> <u>18,471,143</u>	<u>4,993,741</u> <u>6,039,838</u>	<u>4,100,951</u> ** <u>4,476,085</u>	<u>1,543,244</u> <u>1,655,089</u>	29.13%

* Represents net mark-up / interest income

** Represents net premium revenue



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - II

ISLAMIC BANKING BUSINESS

Report of Shariah Advisor

Based on review conducted in terms of Para B (2) of Annexure-I of SBP-IBD Circular No. 02 of 2008, it is reported that;

- I have examined, on test check basis, each class of transaction, the relevant documentation and procedures adopted by MCB Islamic Banking Division;
- Affairs of MCB-Islamic Banking Division have been carried out in accordance with rules and principles of Shariah, SBP regulations and guidelines related to Shariah compliance and other rules as well as with specific fatawa and rulings issued by me from time to time;
- Allocation of funds, weight-ages, profit sharing ratios, profits and charging of losses (if any) relating to PLS accounts conform to the basis vetted by me in accordance with Shariah rules and principles;
- Earnings realized from sources or by means prohibited by Shariah rules and principles have been credited to charity account.

Muhammad Zubair Usmani
Sharia Advisor
MCB- Islamic Banking Division

Dated: February 16, 2009

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - II

ISLAMIC BANKING BUSINESS

The Bank is operating 11 Islamic banking branches at the end of December 31, 2008 as compared to 8 Islamic banking branches at the end of December 31, 2007.

Balance Sheet
As at December 31, 2008

	2008 (Rupees in '000)	2007 (Rupees in '000)
ASSETS		
Cash and balances with treasury banks	185,177	801,865
Investments	1,781,727	1,419,000
Financing and receivables		
-Murabaha	2,573,116	2,406,402
-Ijara	1,197,762	1,585,202
-Islamic export refinance	978,303	738,178
Other assets	2,561,843	764,036
Total Assets	9,277,928	7,514,483
Liabilities		
Bills payable	73,540	47,115
Deposits and other accounts		
-Current accounts	175,350	440,567
-Saving accounts	1,110,499	907,283
-Term deposits	75,740	76,382
-Others	2,681	30,256
Borrowings from SBP	966,500	593,000
Due to head office	5,750,000	4,750,000
Deferred Tax Liability	6,650	4,988
Other liabilities	244,697	113,598
Total Liabilities	8,405,657	6,963,189
Net Assets	872,271	551,294
Represented By		
Islamic banking fund	650,000	400,000
Unappropriated profit	209,921	137,282
Surplus on revaluation of assets - net of tax	859,921	537,282
	12,350	14,012
	872,271	551,294
Remuneration to Shariah Advisor / Board		
	1,200	1,179
Charity Fund		
Opening Balance	4,227	3,244
Additions during the year	1,566	983
Payments / utilization during the year	(3,700)	-
Closing Balance	2,093	4,227



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - II

ISLAMIC BANKING BUSINESS

Profit and Loss Account
For the year ended December 31, 2008

	2008 (Rupees in '000)	2007 (Rupees in '000)
Income/Return/Profit Earned	838,551	525,445
Less: Income/Return/Profit Expensed	548,868	350,622
Net Income/Profit	289,683	174,823
Provision against Non-Performing loans & advances	10,430	-
Provision for diminution in the value of Investments	-	-
Bad Debts written off directly	-	-
	10,430	-
Net Profit/Income after provisions	279,253	174,823
Other Income		
Fees, Commission and Brokerage Income	6,299	3,359
Dividend income	-	-
Income from dealing in foreign currencies	1,528	-
Other Income	13,770	19,699
	21,595	23,258
Total Other Income	300,848	198,081
Other Expense		
Administrative Expenses	90,061	60,482
Other provisions/write offs	-	-
Other charges (Penalty paid to SBP)	866	317
Total Other Expense	90,927	60,799
	209,921	137,282
Extra ordinary / unusual items	-	-
Profit / (Loss) before taxation	209,921	137,282
Taxation - Current	-	-
- Prior years	-	-
- Deferred	-	-
	-	-
Profit / (Loss) after taxation	209,921	137,282

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr No	Name & Address of the Borrower	Name of Individuals/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Map	Others	Total				
1	M/S. NEW SINDH X-RAYS 5/1, Office Tower, Pimpa Plaza, M.A. Jinnah Road, Karachi.	Abdul Qadir	511-59-015478	Hassan	3,872	6,587	123	12,582	3,872	-	8,720	12,582
2	M/S. PRECISION TOOLS MANUFACTURING COMPANY 307, Dada Chambers, M.A. Jinnah Road, Karachi.	1. Alish Rehka 2. Aljez Habib 3. Fatima Abdul Qadir 4. Abdul Rasool Shah	42301-1074046-5 - - -	Haji Umar A. Habib Wo Abdul Qadir Ibrahim Shah	3,830	12,107	107	16,044	3,830	-	12,214	16,044
3	M/S. NODRABAD DEVELOPERS 5-G/1, Hamilton Court, Clifton, Karachi.	1. Alish Rehka 2. Muhammad Naeem Billoo 3. Haji Habib Billoo 4. M. Ashraf Billoo	42301-1074046-5 42201-2331038-9 511-22-005421 -	Haji Umar Habib Billoo Muhammad Ibrahim	150	1,279	51	1,480	150	-	1,330	1,480
4	M/S. PROFESSIONAL ENGINEERING WORKS G-K-9/G, G. Aileen Road, Khwasad, Karachi.	1. Alish Rehka 2. Muhammad Naeem Billoo 3. Abdul Qadir 4. Mas. Zubaida	42301-1074046-5 42201-2331038-9 511-59-015478 -	Haji Umar Habib Billoo Hassan D/o Usman	1,652	18,070	113	17,835	1,652	-	16,183	17,835
5	M/S. NAEEM BILLOO & COMPANY 307, Hussaini Market, M.A. Jinnah Road, Karachi.	1. Alish Rehka 2. Muhammad Naeem Billoo	42301-1074046-5 42201-2331038-9	Haji Umar Habib Billoo	1,783	5,617	145	7,545	1,783	-	5,762	7,545
6	M/S. WORLD TRADE ENTERPRISES 307, Hussaini Market (Dada Chambers) M.A. Jinnah Road, Karachi.	1. Alish Rehka 2. Muhammad Naeem Billoo 3. Abdul Qadir 4. Mas. Zubaida	42301-1074046-5 42201-2331038-9 511-59-015478 -	Haji Umar Habib Billoo Hassan D/o Usman	-	5,815	75	5,890	-	-	5,890	5,890
7	M/S. MANZOOR TEXTILE MILLS LTD Manzoor Hytes, 6 St. Mary Park, Gulberg-II, Lahore.	1. M. Younus Sheikh 2. M. Yousof Sheikh 3. Maqbool Hussain Sheikh	502-62-178776 502-65-178777 -	Manzoor Hussain Sheikh Manzoor Hussain Sheikh Manzoor Hussain Sheikh	250	890	-	940	-	-	890	940
8	M/S. TAMEER ASSOCIATES (PVT) LTD. SB-37, Block-13-B, Main University Road, Gulshan-e-Iqbal, Karachi.	1. Pervezul Haque Siddiqui 2. Jawedul Haque Siddiqui 3. Naveedul Haque Siddiqui 4. Suriya Jehan	- 517-57-175463 - 517-35-058735	Mubinnul Haq Mubinnul Haq Mubinnul Haq Wo Mubinnul Haq	437	2,197	-	2,634	437	-	2,197	2,634
9	M/S. PAK NIPPON INDUSTRIES LTD. 2nd Floor, Adamiye House, U.Chundiger Road, Karachi.	1. Iqbal Adamiye 2. Ashraf Adamiye 3. Atab Adamiye 4. Mrs. Fatima Iqbal Adamiye 5. Mr. T. Marumo 6. Mr. Faukawa 7. Mr. D. Yabuchi 8. Mr. K. Onitsu	- - - - - - - -	- - - Wo Iqbal Adamiye - - - -	11,134	24,375	161	36,670	11,134	-	24,536	36,670



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr No	Name & Address of the Borrower	Name of Individuals/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Intt/Acc/Map	Others	Total				
10	M/S. ASSETS INVESTMENT BANK LIMITED 301, 302, 3rd Floor, Muhammad Gulshan Khan house, 82-East, Faisal-Ul-Haq Road, Islamabad.	1. S.M. Abdullah 2. Syed Naveed H. Zaidi 3. Dr. Khalid Iqbal 4. Muhammad Ashiq Rehmani 5. Rana M. Abu Obaida 6. Azhar Tariq Khan 7. Sahal Ali 8. Shantim Ahmed Junjo	514-43-073482 81101-1810561-3 81101-1961038-3 101-87-128544 42301-1210278-9 81101-8052271-9 517-59-037843 42000-0508167	Haiz Sher Muhammad Syed Sander Ali Shah Aziz Ahmed Dr. Muhammad Abdulah M. Abdul Aes Atal Ahmed Khan Amjad Ali Indira Hussain Junjo	9,800	9,292	-	19,092	9,800	9,292	-	19,092
11	M/S. FIRST CUSTODIAN MODARABA 406, 4th Floor, Trade Centre, U.Chundiger Road, Karachi.	1. Zafar Alam 2. Fahad Aziz 3. Humayun Zia 4. Tehseen Ahmed 5. Humayun Soomro 6. Qasim-Ur-Hussain 7. Abdul Razaq	- - - 297-50-015328 514-82-066159 -	- Abdul Aziz Yousuf Ali Zia Muhammad Yousuf Noor Muhammad Maqbool Hussain -	5,089	3,357	-	8,426	5,089	3,357	-	8,426
12	M/S. SHABIR TEXTILE INDUSTRIES (PVT) LTD. 109, Commerce Centre, Hasrat Michani Road, Karachi.	1. Ghulam Abbas 2. Marium Abbas 3. Nazir Akhter	- 502-55-284346 -	Ghulam Ali Wo Ghulam Abbas -	1,374	16,678	194	18,246	1,340	-	16,922	18,212
13	M/S. HARS ENTERPRISES 109, Commerce Centre, Hasrat Michani Road, Karachi.	Ghulam Abbas	-	Ghulam Ali	4,354	14,014	116	18,464	4,316	-	14,130	18,446
14	M/S. MAHILUM FABRICS 109, Commerce Centre, Hasrat Michani Road, Karachi.	Marium Abbas	502-55-284346	Wo Ghulam Abbas	878	4,887	107	5,872	881	-	4,994	5,855
15	M/S. MALIK FOOD INDUSTRIES LIMITED. 86-Main Boulevard, Road, Gulshan-e-Iqbal, Karachi.	1. Amjad Yousuf Malik 2. Anwar Aziz Malik 3. Hassan Khalid Malik 4. Khalid Anz Malik	- - - -	- - - -	988	1,904	-	2,892	988	-	1,904	2,892
16	M/S. BLUE STAR SPINNING MILLS LIMITED. 30-KM, Hasilpur Road, Bahawalpur.	1. Ch. Saeed Muhammad 2. Ch. Ghulam Faresq 3. Ch. Muhammad Zahoor 4. Ch. Muhammad Siddique 5. Mas. Yasmeen Siddique 6. Mas. Naeem Faresq 7. Ch. Manzoor Ahmed	- - - - - - -	- - - - - - -	2,588	1,883	-	4,251	2,588	-	1,883	4,251
17	M/S. NOVELTY FABRICS PROCESSING MILLS LIMITED. 48-L, Model Town extension, Lahore.	1. Zubair Motebin 2. Syed Waqar Hassan Kimani 3. Afif Salim 4. Almas Faisal Malik 5. Mrs. Irem Malik 6. Imran Anis Khan 7. Muhammad Usman	- - - - - - -	- - - - - - -	7,951	4,888	-	12,819	7,951	-	4,888	12,819

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individual/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Up	Others	Total				
18	M/S. RAJA WEAVING MILLS LIMITED F-532, S.I.T.E., Karachi.	1. Munif Riaz 2. Humayun Riaz 3. Riaz Yousuf 4. Mrs. Salma Riaz 5. Mrs. Ambreen Humayun 6. Mrs. Ahsan Riaz 7. Mrs. Huzefa Hussain Siddiqui	- 514-59-122951 - - - - -	Riaz Yousuf Riaz Yousuf Haj Muhammad Yousuf W/o Riaz Yousuf Humayun Riaz Munif Riaz -	76,084	738	-	76,822	76,084	-	738	76,822
19	M/S. RAMNA FITTING AND PIPE INDUSTRIES (PVT) LTD. 10 Abbot Road, Lahore.	1. Mian Shaukat Ali 2. Mian Shaukat Ali 3. Mian Shaukat Ali 4. Mian Shaukat Ali	270-29-1187980 270-50-0263450 - 271-58-148265	Haj Imran-ud-Din Mian Shaukat Ali - Mian Shaukat Ali	1,798	-	-	1,798	1,798	-	-	1,798
20	M/S. WINNIEG ENTERPRISES 694-A, Feroz Nagar, Sialkot.	Sh. Khalid Mahmood	300-54-2543182	Sh. Macbook Ahmed	-	2,080	91	2,171	-	-	2,171	2,171
21	SH. KHALID MEHMOOD Ghalib Mandi, Sialkot.	Sh. Khalid Mahmood	300-54-2543182	Sh. Macbook Ahmed	1,871	2,044	-	4,015	1,871	-	2,044	4,015
22	M/S. MB SS SONS COMPANY Dastana Road Near Sublime Chowk, Sialkot	1. Muhammad Siddique Spal 2. Anjum Siddique Spal 3. Sahal Siddique Spal 4. Fahad Siddique Spal	300-57-038259 300-47-038260 -	Ch. Fazal Hussain Spal Muhammad Siddique Spal -	1,840	4,303	45	6,188	1,840	191	4,157	6,188
23	M/S. RAUF RICE MILLS (PVT) LTD Rauf Plaza, 79-Ferozpur Road, Lahore.	1. M. Iqbal Rauf 2. M. Macbook Rauf 3. M. Masood Rauf 4. M. Shafiq Rauf 5. M. Ijaz Rauf	272-65-435571 272-65-435572 272-65-435573 272-65-435575 272-65-435578	Abdu Rauf Abdu Rauf Abdu Rauf Abdu Rauf Abdu Rauf	14,044	13,188	20	27,230	14,044	-	13,188	27,230
24	MUHAMMAD SHERAZ Mandir Gali No 3, Karimnagar Bazar, Faisalabad.	Muhammad Sheraz	-	Haj Macbook Ahmed	-	2,343	-	2,343	-	-	2,343	2,343
25	M/S. MUTABBARIK TEXTILES (PVT) LTD. 574-Ahrafabad, Shekhupura Road, Faisalabad.	1. Ali Muhammad (Late) 2. Arjad Pervaiz 3. Shafiq Pervaiz 4. Tahir Pervaiz	- - - -	Ghulam Muhammad Ali Muhammad (Late) Ali Muhammad (Late) Ali Muhammad (Late)	-	5,509	-	5,509	-	-	5,509	5,509
26	M/S. G. F. RUBBER INDUSTRIES 687, Ayub Colony, Jhang Road, Faisalabad.	1. Muhammad Anwar 2. Muhammad Iqbal	- -	Ghulam Muhammad Ghulam Muhammad	-	9,448	-	9,448	-	-	9,448	9,448
27	M/S. TOP COTTON GINNING (PVT) LTD. Chak No. 251/GB, Ogal, Dist: Toba Tek Singh.	1. Faiz Muhammad 2. Iqbal Khalid 3. Khalid Rasool Mohsin 4. Mrs. Naveed Akhtar 5. Shafiq Rasool 6. Mrs. Sumaya Shafiq	- - - - - -	Rahmat Ali Shah Muhammad Ch. Muhammad Shafiq Khushi Muhammad Hafiz Muhammad Ali Shafiq Rasool	7,320	10,248	-	17,568	7,320	110	10,138	17,568
28	M/S. YEBEC TEXTILES P-2/B, Peoples Colony, Faisalabad.	1. Shoab Ahmed Faidi 2. Yahye Ahsan Balq	- -	Shah A. Faidi Mizu Ahsan Balq	884	18,856	-	19,740	884	154	18,722	19,740



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individual/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Up	Others	Total				
29	M/S. KOHINOOR INDUSTRIES LIMITED Kohinoor Nagar, Jinnahwala Road, Faisalabad.	1. Muhammad Naeem Saigol 2. Muhammad Anam Saigol 3. Shahid Saifi 4. Mrs. Raika Bagum 5. Mrs. Sahar Saigol 6. Muhammad Imran Iqbal 7. Syed Haroon Rashid (GP Nominee)	- - - - - - -	M. Yousuf Saigol M. Yousuf Saigol Abdul Latif Saifi M. Yousuf Saigol Muhammad Naeem Saigol Iqbal Ahmed Syed M. Rashid	-	195,072	-	195,072	-	-	195,072	195,072
30	M/S. AWAN NATIONAL CEMENT LTD. 5-A, Constitution Ave, F-5/1, Islamabad.	1. Mian Rashid Anshad 2. Mian Tahir Saifiq	287-81-078295 257-88-061857	Mian Anshad Latif Mian Faiz-ul-Fahman	750	4,738	193	5,742	750	605	4,387	5,742
31	M/S. FAZAL CONSTRUCTION (PVT) LTD. Flat No.2, Shahnewaz Building, Rehmet Lane, Peshawar Cantt.	1. Asghar Ali Ch. 2. Tahir Mehmood	904-81-986005 210-82-001508	Feroz Din Asghar Ali	88,582	48,681	368	87,362	36,532	1,818	47,137	87,582
32	M/S. AL-MUZZAMIL INDUSTRIES (PVT) LTD. Plot No. 2825-A, Phase-II, Gadoon Amnazi, Savelik.	1. Anwar M. Qazi 2. Riaz Ahmed 3. Mrs. Firdaus Riaz	235-82-000802 232-88-413127 232-49-712354	Muhammad Ahmed Qazi Mehmood Khan W/o Riaz Ahmed	6,857	8,882	86	15,807	8,857	-	8,950	15,807
33	M/S. HUSNAIN ENTERPRISES Chowk BGS Multan, Navezpur Road, Multan.	Malik Haseem Bux	88302-128089-8	Ghulam Muhammad	-	1,505	46	1,551	-	-	1,551	1,551
34	M/S. ISHAQ & SONS 19/2, Punna Center, Montgomery Bazar, Yam Market, Faisalabad.	Ejaz Ahmed	-	Muhammad Ishaq	-	1,117	-	1,117	-	-	1,117	1,117
35	M/S. ASPI ENTERPRISES 2nd Floor, MCB Building, Hajwari Town, Sargodha Road, Faisalabad.	Muhammad Arif	244-81-088070	Niaz Muhammad Shaikh	-	810	20	830	-	-	830	830
36	M/S. KOSHAPMAN LATEX (PVT) LTD. Bong Kanal road, Mangle.	1. Zulfiqar Abbasi 2. Shahnewaz Khan 3. Dr. Tajamul Hussain Rathore 4. Muhammad Aalam Butt 5. Ghulam Mustafa	701-85-072108 701-95-074832 701-81-480009 300-34-523073 -	M. Siddique Khan Muhammad Yunus Ghulam Haseem Sanaullah Butt -	-	1,877	-	1,877	-	-	1,877	1,877
37	QAMAR-UL-BARI FAROOQI Room No.206, Islamabad Stock Exchange Building, Islamabad.	Qamar-ul-Bar Farooqi	212-44-097594	Abdul Hal	218	614	-	833	218	-	614	833
38	M/S. ALI INTERNATIONAL E-57-1, Gulshan-e-Iqbal, Karachi.	1. Syed Shahid Ali (Late) 2. Syed Zahid Ali	519-99-054078 519-99-054079	Syed Shafiq Ali Syed Shafiq Ali	288	1,148	-	1,434	288	-	1,148	1,434
39	M/S. ARAIN CORPORATION 23C-Jinnah Avenue, Near Amin Mosque, Model Colony, Karachi.	Waheed Ali	619-84-258896	Ch. Muhammad Ali	-	1,580	56	1,645	-	443	1,202	1,645
40	M/S. H. A. REHMAN & SONS 9-A-Harnod Market, Mission Road, Karachi.	Abdul Hamid Qureshi	-	Abdul Rehman	585	-	-	585	585	-	-	585

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Map	Others	Total				
41	M/S. MINAGO FABRICS LIMITED. Shahdri Building, Block-6, Shaheen Quaid-e-Azam, Lahore.	1. Ahmed Nadeem Jamel 2. Akhtar Nazir Khan 3. Humaira Akhtar	- - -	- - -	288	800	-	978	288	-	690	978
42	M/S. NEW GENERAL IRON MERCHANTS 117-PECO Road, Badami Bagh, Lahore.	1. Khalid Mahmood Ch. 2. Sherid Mansoor Ch.	- -	Ch. Ghulam Hussain Ch. Ghulam Hussain	-	1,277	17	1,294	-	-	1,294	1,294
43	M/S. KHABEER TRADING CORPORATION 78, Beharwal Block, Fortunes Stadium, Lahore.	1. Mrs. Zahida Imtiaz 2. Haroon Imtiaz	- -	Imtiaz Mejeed Imtiaz Mejeed	750	2,078	-	2,828	750	691	1,388	2,828
44	M/S. SADOON TEXTILE INDUSTRIES (PVT) LIMITED 67-Main Road, Samanabad, Lahore.	1. Sh. Fazal Hussain 2. Sh. Ahsan Fazal 3. Mrs. Saqrina Shaikh 4. Sh. Sadoon Fazal 5. Mrs. Sarder Akhtar	- - - - -	Sh. Zahoor-ud Din Sh. Fazal Hussain W/o Sh. Sadoon Sh. Fazal Hussain W/o Sh. Fazal Hussain	9,284	11,811	-	20,895	278	1,832	9,479	11,587
45	M/S. PAK GHEE INDUSTRIES (PVT) LIMITED. 57-Main Road, Samanabad, Lahore.	1. Sh. Fazal Hussain 2. Sh. Ahsan Fazal 3. Mrs. Saqrina Shaikh 4. Mrs. Sarder Akhtar 5. Alta Ullah 6. Murlaza 6. Sh. Sadoon Fazal	- - - - - - -	Sh. Zahoor-ud Din Sh. Fazal Hussain W/o Sh. Sadoon W/o Sh. Fazal Hussain - - Sh. Fazal Hussain	11,895	25,008	-	37,003	-	3,293	21,715	25,008
46	M/S. A. S. CORPORATION Rashid Minhas Road, Small Industrial estate, Saklot.	1. Ms. Sumaira Atab	800-50-928880	Atab Ahmed	817	3,271	-	4,088	817	482	2,799	4,088
47	M/S. GADDOON SYNTHETIC MILLS LTD. Bhinber Dist. Mirpur A.K.	1. Anshad Ali Ch. 2. Ms. Rozana Anshad 3. Ms. Farzana Khanum 4. Javed Ilyas Butt 5. Ms. Farzana Butt 6. Syed Wejhat Ali 7. Ashraf Butt	- - - - - - -	Sh. M. Sharif Anshad Ali Ch. Anshad Ali Ch. Fazal Elni Butt Javed Ilyas Butt Syed Ali Abdul Rashid Butt	10,302	24,970	-	35,272	10,302	1,955	23,015	35,272
48	M/S. KHOKHAR STRAW BOARD (PVT) LTD. 59/11, Industrial estate, Hallar.	1. Muhammad Atal Khokhar 2. Muhammad Raza Khokhar 3. Zahir Mahmood Khokhar	- - 210-87-518817	Haji Aleh ditta Haji Aleh ditta Haji Aleh ditta	716	1,787	39	2,542	716	244	1,682	2,542
49	MEHBOOB RABBANI Stock Exchange, Islamabad.	Mehboob Rabbani	124-49-000098	Pr Ghulam Rabbani	259	497	22	778	259	103	416	778
50	MUHAMMAD WASEEM Shop No. 2, Street No.7, Hamman Market, Yam Market, Faisalabad.	Muhammad waseem	249-61-072204	Haliz Ghulam Rasool	-	1,083	32	1,115	-	97	1,018	1,115
51	M/S. PASHA FARMS Chak No. 219/4B, District Tehsil Jhang.	1. Imran Ali Pasha 2. Rifaqi Ali Pasha	- -	Abdul Latif Khan Abdul Latif Khan	-	1,828	68	1,896	-	-	1,896	1,896



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Map	Others	Total				
52	M/S. HAROON CORPORATION Street # 02, Montgomery Bazar, Faisalabad.	Abdul Rashid	-	Mubarak Ali	78	1,310	95	1,453	78	221	1,154	1,453
53	M/S. N. H. SHAHANI & COMPANY 306, Model Town, Faisalabad.	1. Javed Nisar 2. Syeda Shehida Jabson 3. Zahid Nisar 4. Ms. Zaida Bibi	- - - -	Syed Nisar Hussain Shah Syed Nisar Hussain Shah Syed Nisar Hussain Shah Syed Nisar Hussain Shah	-	938	-	938	-	-	938	938
54	M/S. MUHAMMAD NAZIR & JAMILA KANWAL Photo Ret. Colour Laboratory, College Road, Sangoch.	1. Chaudhary Muhammad Nazir 2. Ms. Jamila Kanwal	- -	Chaudhary Waj Muhammad Chaudhary Muhammad Nazir	-	687	-	687	-	-	687	687
55	MUHAMMAD MADEEM Muhammad Din Colony, Canal Bank, Harbanspura, Lahore.	Muhammad Nadeem	36201-1547226-1	Chigh Din	-	995	-	995	-	-	995	995
56	M/S. Farooq Traders P-72, Gole Goth, Faisalabad	Muhammad Farooq	33100-0736804-3	Ahmed Din	11,996	2,292	-	14,288	-	-	808	903
57	USMAN GHANI PATEL (EX STAFF) B-S, Norman Garden, Abdul Hassan Ishtiahi Road, Gujran-e-Iqbal, Karachi	Usman Ghani Patel (Ex Staff)	-	Imtiaz Patel	539	88	-	627	639	-	68	627
58	M/S. Shabbir Associates P-294, Tikka Gall., Montgomery Bazar, Faisalabad	Zain-Ul-Abidin	322-61-443635	Muhammad Saeed	16,408	16,623	87	33,118	-	-	14,961	14,961
59	M/S. Papa Salties Dairy Products Chak No. 319/4B, Toba Tek Singh Road, Gora	Saeed Ahmed Akhtar	249-91-072204	Haliz Ghulam Rasool	1,995	2,888	150	5,013	1,995	240	2,778	5,013
60	M/S. Delta Tyres & Rubber Co Ltd Central Chambers, Mand, Karachi	1. Bip. Aziz-ur-Rahman 2. Itakher Ahmad Khan 3. Mrs. Wekhar Tariq 4. Iqbal Ahmed Ch 5. Mrs. Naheed Iqbal 6. Rao Saleem Khan 7. S. Paq Hussain 8. S. I. Cheema 9. Tariq Ahmed Lodhi	- - - - - - - - -	- - - - - - - - -	16,082	38,204	200	54,486	16,082	-	38,404	54,486
61	M/S. Progressive Watch Mfg (PVT) Ltd Plot No. 181, Phase IV, Industrial estate, Gaddan Amroz, Distt Swat	1. Mubin Ahmed 2. Zahir Iqbal 3. Azeel Ahmed 4. Kaleel Ahmed 5. Shaheer Iqbal	501-37-156722 511-49-085707 519-59-157273 519-59-258735 233-54-070804	- - - - -	5,809	11,388	42	17,237	5,809	1,024	10,404	17,237
62	M/S. Modern Industries Modern House, 69-94 Abasem Market, Mangora Swat	Fazal-e-Khalid	-	Abdul Qadir	1,077	10,613	-	11,690	1,077	717	9,996	11,690
63	M/S. Mian Traders Fiza Chowk, Malal	1. Murtaza Ahmed 2. Rizq Ahmed	325-74-200889 325-57-007781	Pr Bukht Haji Abdul Sattar	1,198	1,045	39	2,282	1,198	11	1,073	2,282

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Map	Others	Total				
64	M/s. Jubilee Paper Board & Mills Ltd	1. Arjad Rasool 2. Ghulam Rasool 3. Khalid Rasool 4. Ms. Zohra Khatibon 5. Ghulam Haidar 6. Javed Ahmed 7. Ahsan Ali	46945-2314855-8 54584-1355386-8 46548-7444842-3 - 41684-1321315-4 - -	Ghulam Rasool Muhammad Rasool Ghulam Rasool Sharbat Rasool -	8,563	9,728	-	18,291	6,563	88	9,658	18,289
65	M/s. Greenleaf Pakistan Ltd, 31/C, I-Ghaleb Road, Gulberg-II, Lahore	1. Jehanzeb Ehsan 2. M. Ashfaq Nadeem 3. Alamgir Ehsan 4. Amir Jehangir 5. Tariq Latif 6. Tanveer Ehsan 7. Anwar Jehangir 8. Shahzad Ehsan 9. Sh. Muhammad Ahsan	35202-1548478-5 25204-1151581-3 35005-682448-8 - 35020-2469942-2 272-82-508972 -	Ehsan Ehsan Ehsan Ehsan Jehangir Ehsan Ehsan Ehsan Ehsan Ehsan Jehangir Ehsan Jehangir Ehsan -	58,227	7,732	-	66,959	58,227	-	7,732	66,959
66	M/s. Montgomery Flour & General Mills Ltd.	1. Mian Basharat Shaif 2. Mian Saadqat Shaif 3. Mrs. Farhat Basharat 4. Mrs. Ahsan Saadqat 5. Sh. Kamran Shaif 6. Sh. Faisal Shaif 7. Mrs. Tahmina Khalid Gulzar	59446-4648488-8 33336-5812127-0 35949-8446458-4 35408-5846458-5 34454-846454-5 59646-4684554-0 -	Muhammad Shaif Shaikh Mian Muhammad Shaif Mian Mubsharat S. M. Shaif Mian Basharat Shaif -	19,386	27,537	-	46,923	19,386	-	27,537	46,923
67	M/s. Fair Tech Electronics (Pvt) Ltd Industrial Estate, Kot Lakhtad, Lahore.	1. Rashid Sadiq 2. Zahir Alam Ahsan 3. Ghulam Sadiq 4. Mujeeb Sadiq	274-50-144318 274-87-432674 274-20-144315 274-89-383369	Ghulam Sadiq - Kh. Ghulam Nabi Sadiq Mehmood -	3,545	7,930	-	11,475	3,545	1,212	6,718	11,475
68	M/s. National Assets Leasing Corporation Limited 9th Floor, Liaison Square Building No.1, 285-R.A. Lines, Karachi	1. Zaheer-ur-Naeem 2. M.A. Fahman 3. Mustafa Ehsan 4. Ahsan Amin 5. Mrs. Sobha Wassan 6. Ms. Shama Ehsan	- - - - - -	- - - - - -	1,103	6,572	-	7,675	1,103	2,880	3,682	7,675
69	M/s. Apex Fabrics Habiba Square, G-5, Central Commercial Area, Shahhead-e-Millat Road, Karachi	1. Nabeed-ur-Rahman 2. Mirza Mubeshir Baig Barais 3. Bakhter Ahmed 4. Naeem Ahmed 5. Wassan Ahmed 6. Mirza Muzaffar Baig Barais 7. Nabeed-ur-Rahman	- - - - - -	- - - - - -	11,160	1,319	-	12,479	11,160	-	1,319	12,479
70	M/s. Fateh Sports Wear Ltd Mipur Khas Road, Hyderabad	1. Rauf Alam 2. Atab Alam 3. Saad Alam 4. Muhammad Mohsin 5. Faraz Alam 6. Muhammad Naveed 7. Mrs. Neelma Roshan	415-85-148867 517-81-367032 451-81-252064 451-82-236018 - 451-976-297832 -	Jan Alam Jan Alam Jan Alam Roshan Ali Roshan Ali Roshan Ali -	63,247	4,823	-	68,070	63,247	212	4,811	68,070



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individuals/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Map	Others	Total				
71	M/s. Duty Free Shops Ltd Suite No. 504, 5th Floor Fayez Centre, SMCHS, Karachi	1. Jan Balleji 2. Farukh R. Shaikh 3. Rashid Haseen 4. Mehrab Soofi 5. Habib ur-Rahman 6. Daniel Zueger 7. David C. Gore	P # 201288280 270-58-158711 517-87-181798 272-54-038138 101-58-886335 P # 8969705 P # 702115127	Sh. R. Raik Ahmed Hassan Abdul Rehman Khan Stanly C. Gore -	112,853	21,349	-	134,202	112,363	-	21,349	133,702
72	M/s. Choi Textile Mills 24-Mah Gulberg, Lahore	1. Sardar M. Jaffer Khan Lashari 2. Sardar M. Umar Khan Lashari 3. Sardar Yousof Khan Lashari 4. Bashir Ahmed 5. Hussain Bux 6. Muhammad Saleem Akhtar 7. Hal Muhammad	- - - - - -	- - - - - -	3,615	44,975	-	48,590	3,231	-	44,975	48,206
73	M/s. Hafiz Medical Store Clock Tower Sukkur	Hafmat Ullah Khan	409-86-104632	iram Ullah Khan	400	2,859	53	3,812	250	-	2,912	3,162
74	Jamshed Chaudhary House # 26 D - 1 Sir Syed Road Gulberg II, Lahore	Jamshed Chaudhary	-	-	380	792	-	1,172	380	-	792	1,172
75	M/s. Sun Flow Citrus Ltd Bridges Colony, Lahore	1. sandar Fida Hussain 2. Munir A. Khan 3. Mohammad H. Noman Tariq Mehmood	- - - -	- - - -	-	1,373	-	1,373	-	-	1,373	1,373
76	M/s. Khaili Jute Mills Industries Ltd 44-Gulberg-V, Lahore	1. Muhammad Atal Khan 2. Ghulam Dastgir 3. Ghulam Subhani Khan 4. Ghulam Rasool Khan	- - - -	- - - -	-	2,303	-	2,303	-	-	2,303	2,303
77	M/s. Saleem Textiles Jhangir Swabi	1. SCA Chohan Sponsor (Buyer of the unit) 2. Sazonur Rahman 3. Hajj Masoodur Rahman	- - - -	- - - -	-	10,142	-	10,142	-	-	10,142	10,142
78	M/s. Shehzad Enterprises B-53, S.I.T.E, Sukkur	Shekhor Ansh	409-90-029619	Ch. Manzoor Ahmed	2,852	2,270	-	5,122	-	-	1,038	1,038
79	M/s. Qureshi & Sons	Avez Ahmed Qureshi	322-93-904737	Muhammad azam Qureshi	726	1,704	79	2,508	726	208	1,577	2,508
80	M/s. Universal Traders Muhammad Sharf Siddiqui Furnishing House, Chowk Fawaz, Abdali Road, Multan.	Muhammad Sharf Siddiqui	330-81-008824	Muhammad Siddique	1,861	3,715	96	5,732	1,961	-	3,771	5,732
81	M/s. Yousof Rice Cotton Factory Mousoo Coath Bajan Near Railway Station, Bahawalpur.	1. Muhammad Imran 2. Mehnoosa Begum	344-88-121332 344-80-157500	Ch. Ataulah W/o Ch. Rizw Ali Haq	1,472	1,504	82	3,058	1,472	-	1,586	3,038
82	M/s. Usman Traders	Muhammad Usman	322-81-448842	Muhammad Younis Hussain	1,240	1,823	17	3,180	1,240	-	1,940	3,180
83	Khawaja Zahid Mehmood House # 87 Block B Gulberg II, Lahore	Khawaja Zahid Mehmood	-	-	198	489	-	687	186	-	489	685

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individual/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Misc	Others	Total				
84	Ahmed Kamal House # 650, Block D Faisal Town Lahore	Ahmed Kamal			268	585	-	853	268	-	585	853
85	Syed Atzal Hussain House # 82 B DHA Lahore	Syed Atzal Hussain			242	559	-	801	242	-	559	801
86	M/s. Karachi General Electric Store Bhowana Bazar, Faisalabad.	Muhammad Avram	33100-3139478-9	Bashir Ahmed Ch	-	841	-	841	-	-	841	841
87	M/s. Prometals Ltd Lahore Shelkhuwara Road, Lahore	1. Gohar Yashin Chaudry 2. Khalid Naem Chaudry 3. Shaikat Ali Chaudry	- - -	- - -	-	883	-	883	-	-	883	883
88	Muhammad Jehanzeb Mohallah Ahid Khan, Dabgori Gate, Faisalabad	Muhammad Jehanzeb		Haj Umar Gul	95	515	-	610	95	55	460	610
89	M/s. Ave Maria Traders No-219, Prince Street, Colombo-11	Mr. Joseph Carmel Edisar Coongh No-63/4, Brass Founder Street, Colombo-13	733370418X	-	1,431	-	-	1,431	1,431	-	-	1,431
90	M/S. VANIKA ENGINEERS 29-Sarvalla Town Rawalpindi	Nasim Ahmed	221-75-038960	Sardar Ahmed	2,000	3,763	30	5,793	2,000	625	3,158	5,793
91	M/S. PIR BLUX COMPANY Malua Muhammad Shah, Mohallah Pasoolpura, Malsi, Distt Vehari	Muhammad Ahsan	325-83-008988	Pir Blux	1,541	1,885	85	3,491	1,541	288	1,684	3,491
92	M/s. Junaid Flour Mills Konand Creek, Karachi	1. Haidar Ghulam Fatima (Expired) 2. Malik Faiz Muhammad (Expired) 3. Khalid Abbas 4. Shagufta Azeed	414-42-145485 518-89-148823 414-04-08703 414-90-175547	W/o M. Rameez Malik Muhammad Malik Muhammad W/o Azeed Abbas	2,700	1,650	-	4,350	2,700	-	1,650	4,350
93	M/s. Prudential Investment Bank Ltd Meharsons Estate, Block-1, Talpur Road, Karachi.	1. Rashidullah Yasqob 2. Sarobor Ahsan Yasqob 3. Muhammad Asif Dar	- - -	- - -	28,144	7,342	-	33,486	28,144	2,017	5,325	33,486
94	M/s. Gojra Cotton Ginning Pressing Factory Oil Mills Jhang Road, Gojra.	1. Abdul Aziz Ratiqva 2. Abdul Qadir 3. Abdul Rashid 4. Hafiz Bibi 5. Hameeda Begum 6. Ratiqva Bibi 7. Pasindia Bano	- - - - - - -	Naimat Ullah Naimat Ullah Naimat Ullah Sheh Muhammad Naimat Ullah Ali Muhammad Naimat Ullah	2,178	5,838	179	7,985	2,178	-	5,812	7,985
95	M/s. Abdul Aziz Ratiqva Main Road, Haseez Park, Gojra.	Abdul Aziz Ratiqva		Naimat Ullah	2,385	3,883	182	6,230	2,385	-	3,845	6,230
96	M/s. Sarova Textile Industries Pul Abdulloh, Samundri Road Faisalabad.	1. Muhammad Shahid Ali 2. Tariq Ali P-586, St. No. 3, Nisar Colony, Faisalabad	- -	Ch. Muhammad Ali Ch. Muhammad Ali	1,497	1,800	54	3,251	1,497	-	1,854	3,251



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individual/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Misc	Others	Total				
97	M/s. National Sweet & Confectionary Works 480, Birkhow Street, Rawalpindi Cantt.	Nasim Javed		Abdul Karim	998	1,081	29	2,107	998	-	1,109	2,107
98	M/s. Khickar Traders Mouza Balal Old Shujabad Road, Multan	Faisal Ahmed Asghar	323-90-884428	Malik Rashid Asghar	2,700	3,856	80	6,618	2,700	-	3,818	6,618
99	M/s. Shaikou Sons Feed Industries (Pvt) Ltd 42-Ekash Railway Road, Bahawalpur	1. Khalid Mahmood 2. Usaid-ur-Rahman 3. Mat Naseem Kauzer	328-58-111401 344-80-075073 344-92-253035	Fazal Ahmed Shafiq-ur-Rahman W/o Usaid-ur-Rahman	4,000	4,889	461	9,470	4,000	157	5,313	9,470
100	M/s. SS Tangwani Cotton Ginning Pressing & Oil Mills Pr Jaqui Road, Kot Sultan	1. Qasim Bin Sajid 2. Qasima Sajid	318-77-818747 310-76-268828	Sardar Sajid Hussain W/o Faisal Plaza	5,499	5,184	287	10,950	5,499	-	5,451	10,950
101	M/s. Vibration Audio New Garden Town, Lahore	Sohail Ahmed Saleem	270-58-500587	M. Saleem Akbar	1,282	-	200	1,482	1,282	-	200	1,482
102	M/s. Asif Textile Mills (Pvt) Ltd Lawrence Road, Lahore	1. Atiq ur Rehman 2. Muhammad Tufail 3. Rahat M. Marzoor	453-21-321321 35202-4545841-2 454-13-213211	Muhammad Tufail Muhammad Bashir -	1,188	101	-	1,287	1,188	-	101	1,287
103	M/s. National Fruitose Company Ltd Kashif Centre, Shanno Road, Karachi	1. Shaikullah Durani 2. Ahsan Alam 3. Muhammad Yamin 4. Mrs. R. Kamal	- - - -	- - - -	3,308	-	-	3,308	3,308	-	-	3,308
104	M/s. Staple Food F-307, S.I.T.E., Karachi.	Imran Rashed	42201-31678613	Rashed	800	514	-	1,414	800	-	514	1,414
105	M/s. Modern Soap Ind. (Pvt) Ltd. Small Industrial Estate Gujranwala	1. Sh. Sadiq Ali 2. Sh. Muhammad Younas 3. Sh. Muhammad Yousaf	44545-4313133-2 38202-8445489-5 54544-4123123-1	Sh. Abdul Ghani Sh. Abdul Ghani Sh. Abdul Ghani	1,187	-	-	1,187	1,187	-	-	1,187
106	M/s. Frontpage Leather Co. Model Town, Lahore	1. Syed Qaiser Mehul 2. Syed Naseem Akbar	226-54-182426 300-83-134534	Zafar Hussain Bukharf Muhammad Akbar	4,172	-	-	4,172	4,172	-	-	4,172
107	M/s. Worldover Enterprises Pvt Ltd. Muhallah Gajarpura, 6th K. M. Jhang Road, Faisalabad.	1. Abdul Aziz Shaikh 2. Abdul Majeed Shaikh 3. Abdul Qasim Shaikh 4. Abdul Rashed Shaikh 5. Haj Muhammad Siddique	33100-5338859 33100-18959043 33100-14397509 33100-54025141 33100-15336559	Haj Muhammad Sadiq Haj Muhammad Sadiq Haj Muhammad Sadiq Haj Muhammad Sadiq Sheikh Ghulam Qadir	7,888	65,406	233	73,507	7,888	-	65,638	73,507
108	M/s. Ghazi Vegetable Ghee & Oil Mills Ltd 16 Street, no. 37, F-8/1, Islamabad.	1. Aziz Muhammad Khan 2. Bashir Ahmed 3. Mrs. Hamida Begum 4. Javed Mahmood Khan 5. Khalid Abbas 6. Waqar Khan 7. M. Saeed Khan	101-45-478811 701-67-527083 701-42-423800 701-82-295011 708-75-011888 703-48-011888 701-51-052413	All Muhammad Khan Noor Akbar Khan M. Younus Khan (Late) Khan Muhammad Khan Muhammad Manzoor Khan Ijaz Khan Sardar Muhammad Ijaz Khan	725	-	-	725	725	-	-	725
109	M/S. New Qureshi Agro Traders	1. Ehtezaz ul Haque 2. Ijaz ul Haque	322-55-531265 322-58-531294	- -	5,882	6,376	227	12,285	5,882	6,008	-	12,285

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individual/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Map	Others	Total				
		110	M/s. Hason Ibrahim Engineering Works Odean, street no.1, Sumandri Road, Faisalabad		1. Ahmed Hussain Khan 2. Habib ur Rehman	-	Ghulam Hussain Mohammad Ibrahim	-				
111	M/s. Alish Wasaya Enterprises Sunaj Kund Road, Chowk Shah Abbas, Multan	1. Malik Wajid Hussain 2. Malik Wasam Sarwar	825-74-200369 329-61-554655	-	12,915	15,278	64	28,257	915	900	14,442	16,257
112	M/s. Facto Sugar Mills Darya Khan Dist Bhakkar	1. Munawer Ali Facto 2. Kalsoor Mehmood Facto 3. Yafiqe Ahmed Bewany 4. Mohd A. Haseem 5. James R. Richards 6. Imran Azim 7. Fazle-ur-Rehman	42201-5493731-7 91101-983392-1 42201-0231482-3 42000-051485-3 33322-72825703 42201-109685-3 97405-0593333-1	Ghulam Muhammad Facto Munawer Ali Facto Ahmed Bewany Ali Muhammad Haseem M.B. Richards Mohammad Abdul Aziz Abdul ghafoor	-	29,032	-	29,032	-	-	29,032	29,032
113	M/s. Regency Textile Mills Ltd. Aji Jati Road, Lahore cantt.	1. M. Iqbal Farveez 2. Khuram Farveez 3. Nazam Farveez 4. Min Farveez Azeem 5. Min Javed Azeem 6. Saleh ud din Iqbal 7. Min Ayaz Karim 8. Min Aftab Ahmad	270-35-364263 270-51-384856 - - 1,121454-12 271-59-329871 271-85-298741	Khan Aziz Min Iqbal Farveez - - Min M. Azeem - Abdul Karim Muhammad Khan	11,283	51,307	-	62,590	11,283	-	51,307	62,590
114	M/s. High Noon Textile 25-K Multan Road Lahore.	1. Babar Agha 2. Sohail Hameed	270-064-050987 270-55-038933	Fakhar Hussain Col. Hameed Ullah Khan	58,851	38,986	-	97,837	58,851	-	38,986	97,837
115	M/s. Rizwan Textile Mills Ltd No. 4, first floor, milk complex, 60, West Blue Area, Islamabad	1. Kamran Sadiq 2. Muhammad Muneef 3. Md. Munawer Begum 4. Miss Shadia Sadiq 5. Muhammad Sadiq 6. Mrs. Bushra Kamran 7. Rizwan Sadiq	221-82-5894744 37405-00114737 91101-2957863 221-77-893829 91101-8653515 91101-5483389 91101-6788789	Muhammad Sadiq Muhammad Aftab WO Muhammad Sadiq Muhammad Sadiq Haji Malik Abdulleh Khan WO Kamran Sadiq Muhammad Sadiq	8,262	-	-	8,262	8,262	-	-	8,262
116	M/s. Abdul Mejeed Construction Co.	1. Abdul Mejeed 2. Sohail Mejeed	0344-43014861 344-83-014862	-	194	1,176	-	1,370	194	-	1,176	1,370
117	M/s. Waqid Farooq Traders Sanooha Road Mansehra	M. Farooq Khan	-	-	-	717	-	717	-	-	717	717
118	M/s. J. K. Sons (Pvt) Ltd 3-1/A, Peoples Colony, Faisalabad	1. Aaid Anwar 2. Faiz Anwar 3. Javed Anwar	- - -	-	40,042	108,000	-	148,042	40,042	-	108,000	148,042
119	M/s. Amratal Textile Mills Ltd 1-B, 2nd Floor, Pak Chambers, 7 West Wazir Road, Karachi	1. Fahad Kund 2. Syed Muhammad Yousof 3. Adnan Mir 4. Nazir Ahmed 5. Ibrahim Khan Kund 6. Farida Shaikh 7. Mrs. Sadoosi	- - - - - - -	-	2,401	4,175	114	6,690	2,401	4,175	114	6,690
120	M/s. Kiani Poultry Farms Village Kot Rajgan, PO Sohawa Via Sargodha, Chakwal	Muhammad Taj Kiani	-	Karem Khan	1,000	1,381	25	2,356	1,000	217	1,339	2,356



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - III

Statement Showing Written-off Loans or Any Other Financial Relief
Of Five Hundred Thousand Rupees or Above Provided During The Year 2008

(Rupees in '000)

Sr. No	Name & Address of the Borrower	Name of Individual/Partners/ Directors		Father's/Husband's Name	Outstanding Liabilities at Beginning of Year				Principal Written off	Interest/ Mark up Written off	Other Fin. Reliefs Provided	Total
		Name	NIC No.		Principal	Int/Acc/Map	Others	Total				
		121	M/s. Jubilee Paper Board & Mills Ltd		1. Arif Raza 2. Ghulam Rasool 3. Khalid Rasool 4. Ms. Zahra Khatoon 5. Ghulam Haider 6. Javed Ahmed 7. Ahsan Ali	45645-2314655-6 54954-1355589-8 46549-7444942-3 - 41584-13213154-4 - -	Ghulam Rasool Muhammad Rasool Ghulam Rasool - Shahid Rasool - -	6,563				
122	M/s. Apex Fabrics Nabha Square, G-5, Central Commercial Area, Shahzad-e-Millat Road, Karachi	1. Nabees-ur-Rehman 2. Mirza Mubashir Bilq Baites 3. Iftikhar Ahmed 4. Neelum Ahmed 5. Wasim Ahmed 6. Mirza Muzaffar Bilq Baites 7. Najeeb-ur-Rehman	- - - - - - -	-	11,180	1,319	-	12,499	8,829	-	1,319	10,948
123	Sardar Shakeel Mahmood Stock Exchange, Islamabad	Sardar Shakeel Mahmood	-	Sardar Mehmood Ahmed	3,024	6,498	128	9,650	3,024	557	6,067	9,648
Total					619,251	1,188,047	5,451	1,993,329	749,712	47,219	1,121,613	1,918,639

Notes to the Financial Statements

For the year ended December 31, 2008

Disposal of operating fixed assets (Refer Note 11.2.3)

Description	Cost	* Accumulated depreciation *	Book value	* Sales proceeds/ insurance claim *	*Mode of disposal/ settlement*	Particulars of buyers
----- (Rupees '000) -----						
Furniture and fixture, electrical, computers and office equipment						
Items having book value in aggregate more than Rs. 250,000 or cost of more than Rs. 1,000,000						
	141,576	140,287	1,289	260	Auction	Adam Traders
	78,915	52,676	26,239	31,341	Insurance Claims	M/s Adamjee Insurance Company Limited
*Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000						
	35,034	33,825	1,209	5,526		

Vehicles

Suzuki Cultus	609	390	219	250	New car policy	Ms. Maggie Campos VP
Toyota Corolla	939	563	376	411	New car policy	Iqbal Ganatra SVP
Toyota Corolla	939	551	388	460	New car policy	Syed Iftikhar H. Rizvi EVP
Suzuki Cultus	609	235	374	388	New car policy	S.M.Sulfan VP
Honda Accord	2,410	868	1,542	1,542	New car policy	Tahir Hassan Qureshi EVP
Suzuki Cultus	612	106	506	515	New car policy	Harmer Ramzan VP
Suzuki Cultus	620	149	471	471	New car policy	Haider Ali Jaffer VP
Suzuki Cultus	609	414	195	218	New car policy	Rafat Ali Khan VP
Toyota Corolla	969	491	478	509	New car policy	Aali Shafi SVP
Suzuki Cultus	620	190	430	436	New car policy	Ms. Sara Ahmed VP
Honda Civic	963	590	373	421	New car policy	Pervez Saeed SVP
Suzuki Cultus	620	190	430	462	New car policy	Muhammad Siddiqui VP
Honda Civic	1,043	306	737	771	New car policy	Abdul Razzak Kapadia SVP
Suzuki Cultus	612	114	498	498	New car policy	Zaheer Macboob VP
Suzuki Cultus	620	190	430	445	New car policy	Ms. Asma Mazhar VP
Toyota Corolla	969	129	840	783	New car policy	Farooq Ahmed Malhi SVP
Suzuki Cultus	615	66	549	492	New car policy	Ms. Naveen Ahmed VP
Honda Accord	2,402	160	2,242	1,921	New car policy	Sheikh Tahir Khalil EVP
Suzuki Cultus	612	114	498	506	New car policy	Umair Ismail VP
Suzuki Cultus	604	604	-	147	New car policy	M.Ishfaq Siddiqui VP
Suzuki Cultus	609	609	-	140	New car policy	Hanif Iqbal Brohi VP
Suzuki Cultus	609	609	-	207	New car policy	Muhammad Ayub VP
Suzuki Cultus	609	609	-	202	New car policy	Muhammad Iqbal VP
Toyota Corolla	939	939	-	224	New car policy	Abdul Rasheed Baloch VP
Suzuki Cultus	609	609	-	194	New car policy	Syed Ghulam Haider VP
Honda Civic	1,043	306	737	743	New car policy	Javed Iqbal Bhatti SVP
Suzuki Cultus	620	174	446	460	New car policy	M. Salman Khan VP
Suzuki Cultus	609	244	365	383	New car policy	Muhammad Saleem Balg VP
Honda Civic	1,043	320	723	728	New car policy	Mashkoor Ahmed Baber SVP
Suzuki Cultus	620	190	430	452	New car policy	Mehfuz-ur-Rehman VP
Suzuki Cultus	620	190	430	445	New car policy	Shahid Aziz VP
Honda Civic	1,043	320	723	735	New car policy	Perwez Akhtar SVP
Suzuki Cultus	609	609	-	170	New car policy	Rizwan Hussain VP
Suzuki Cultus	609	609	-	153	New car policy	Ahmir Mansoor SVP

ANNEXURE - IV

Notes to the Financial Statements

For the year ended December 31, 2008

Disposal of Operating fixed assets (Refer Note 11.2.3)

Description	Cost	* Accumulated depreciation *	Book value	* Sales proceeds/ insurance claim *	*Mode of disposal/ settlement*	Particulars of buyers
----- (Rupees '000) -----						
Suzuki Cultus	609	609	-	151	New car policy	Aurangzeb Awan VP
Honda Civic	1,043	389	654	682	New car policy	Imran Daudi SVP
Toyota Corolla	939	939	-	232	New car policy	Tariq Qayyum Butt VP
Suzuki Cultus	647	64	583	518	New car policy	Ms. Nilufer Pereira VP
Honda Civic	1,038	304	734	750	New car policy	Muhammad Zulfiqar SVP
Toyota Corolla	1,005	80	925	804	New car policy	Zafar Alam Balg SVP
Suzuki Cultus	615	66	549	496	New car policy	Muhammad Aamir Ilyas VP
Toyota Corolla	939	501	438	463	New car policy	Syed Nadeem Hussain SVP
Suzuki Cultus	620	190	430	434	New car policy	Kamal Ahmed Khan VP
Suzuki Cultus	615	66	549	494	New car policy	Tasneem Ahmed VP
Honda Civic	939	939	-	228	New car policy	Sheikh Shaukat Hussain SVP
Suzuki Cultus	609	235	374	388	New car policy	Arif Ali Shah SVP
Honda Civic	1,043	306	737	783	New car policy	Asad Rizwan SVP
Toyota Corolla	939	538	401	441	New car policy	Ahsan Rasheed Abbasi SVP
Suzuki Cultus	604	266	338	372	New car policy	Muhammad Aslam VP
Suzuki Cultus	609	333	276	329	New car policy	Abdul Aziz Soomro VP
Toyota Corolla	969	155	814	778	New car policy	Kashif Ahmed SVP
Honda Civic	1,002	374	628	657	New car policy	Asif Khan SVP
Honda Civic	1,043	375	668	712	New car policy	M. Saeed Khan Tanoli SVP
Suzuki Cultus	620	190	430	445	New car policy	Valeed Basit Sailmi SVP
Suzuki Cultus	609	406	203	240	New car policy	Nisar Akhtar VP
Toyota Corolla	954	432	522	565	New car policy	Sohail Ahmed Malik VP
Suzuki Cultus	620	182	438	468	New car policy	Rana Anis Aftab VP
Toyota Corolla	969	284	685	718	New car policy	Muhammad Tariq Mirza VP
Toyota Corolla	969	155	814	801	New car policy	Mian Asif Iqbal VP
Toyota Corolla	969	90	879	775	New car policy	Ms. Romana Abdullah EVP
Toyota Corolla	939	513	426	461	New car policy	Javald Iqbal SVP
Suzuki Cultus	615	131	484	494	New car policy	Naeem Afzal Khan VP
Suzuki Cultus	609	219	390	428	New car policy	Maik M. Khan VP
Suzuki Cultus	609	422	187	226	New car policy	Javed Iqbal Khan VP
Toyota Corolla	969	284	685	724	New car policy	Javed Ayaz Khan VP
Honda Civic	1,043	306	737	775	New car policy	M. Imran Rao SVP
Suzuki Cultus	620	190	430	454	New car policy	Muhammad Abdullah VP
Suzuki Cultus	620	190	430	464	New car policy	Lloyd D' Souza VP
Suzuki Cultus	620	174	446	458	New car policy	Junaid Jaffer VP
Suzuki Cultus	612	106	506	517	New car policy	Farhan Rafiq VP
Suzuki Cultus	647	52	595	521	New car policy	Muhammad Suhail VP
Suzuki Cultus	620	174	446	455	New car policy	M.Arif Nawaz VP
Suzuki Cultus	612	106	506	517	New car policy	Asif Mahmood VP
Honda Civic	1,376	239	1,137	1,156	New car policy	Salman Yaqub Zaidi EVP
Toyota Corolla	969	207	762	772	New car policy	Imran Rashid EVP-1
Suzuki Cultus	609	333	276	310	New car policy	Siraj Muhammad SVP
Suzuki Cultus	604	604	-	184	New car policy	M. Israr Khan VP
Toyota Corolla	1,043	306	737	741	New car policy	Manoj Kumar Ahuja SVP
Suzuki Cultus	620	132	488	495	New car policy	M. Javed Anwer VP
Toyota Corolla	969	245	724	733	New car policy	Saad ullah Khan SVP
Suzuki Cultus	609	609	-	199	New car policy	Muhammad Saleem VP
Suzuki Cultus	612	114	498	504	New car policy	Jalal Ud-Din Patol VP
Suzuki Cultus	609	382	227	265	New car policy	Riaz Alam VP
Toyota Corolla	939	513	426	468	New car policy	Ghulam Abbas Goraya VP
Suzuki Cultus	609	609	-	182	New car policy	Shafiq Ur Rehman VP
Toyota Corolla	969	194	775	791	New car policy	Naseer A. Channa VP

ANNEXURE - IV

Notes to the Financial Statements

For the year ended December 31, 2008

Disposal of operating fixed assets (refer note 11.2.3)

Description	Cost	* Accumulated depreciation *	Book value	* Sales proceeds/ insurance claim *	* Mode of disposal/ settlement *	Particulars of buyers
(Rupees '000)						
Toyota Corolla	969	284	685	719	New car policy	Tariq Faiz Querishi VP
Suzuki Cultus	609	382	227	266	New car policy	M. Iqbal Ghaffar VP
Suzuki Cultus	607	113	494	502	New car policy	S. Musharaf Ali VP
Toyota Corolla	939	376	563	590	New car policy	G.M. Shahid VP
Suzuki Cultus	620	190	430	450	New car policy	Ejaz Fakih VP
Suzuki Cultus	647	52	595	518	New car policy	Usman Siddiqui VP
Suzuki Cultus	609	284	325	372	New car policy	Farooq Amin VP
Suzuki Cultus	609	406	203	230	New car policy	Abdul Hameed VP
Suzuki Cultus	647	52	595	522	New car policy	Nisar Ahmed Farooqui VP
Suzuki Cultus	615	74	541	504	New car policy	Ali Azfar Jafri VP
Suzuki Cultus	604	330	274	355	New car policy	Halder Iqbal VP
Honda Civic	1,043	348	695	707	New car policy	Mr. Azfar Noman EVP
Toyota Corolla	969	116	853	785	New car policy	Syed Aamir Ali Rizvi VP
Suzuki Cultus	615	172	443	443	New car policy	Ms. Shamsunnisa Masood VP
Suzuki Cultus	609	609	-	178	New car policy	Muzaffar Hussain Qarni VP
Suzuki Cultus	620	182	438	448	New car policy	Muhammad Usman VP
Suzuki Cultus	609	609	-	164	New car policy	Rafiq Ather VP
Suzuki Cultus	620	190	430	438	New car policy	M. Yusuf Siddiqui VP
Suzuki Cultus	652	35	617	524	New car policy	Khush Dil Khan VP
Honda Civic	1,002	441	561	569	New car policy	Imtiaz Ahmed SVP
Suzuki Cultus	609	390	219	296	New car policy	Rafaqat Ahmed VP
Suzuki Cultus	612	106	506	516	New car policy	Sami ud din Khan VP
Honda Civic	1,002	441	561	604	New car policy	S. Zia Amjad Khan VP
Toyota Corolla	969	478	491	548	New car policy	Fazal -e - Elahi VP
Suzuki Cultus	604	322	282	308	New car policy	Sher Bahadur VP
Toyota Corolla	969	310	659	688	New car policy	Amjad Aziz VP
Toyota Corolla	969	478	491	535	New car policy	Khairullah Khan VP
Honda Civic	1,002	414	588	639	New car policy	Shafiq ul Rehman SVP
Suzuki Cultus	604	322	282	323	New car policy	Hafiz Muzammil Iqbal VP
Suzuki Cultus	609	609	-	198	New car policy	Badar Hussain VP
Suzuki Cultus	647	35	612	518	New car policy	Asim Zaheer Agha VP
Suzuki Cultus	610	171	439	444	New car policy	Ahmed Javed Qureshi VP
Toyota Corolla	969	245	724	725	New car policy	Naseem Saigol VP
Suzuki Cultus	610	73	537	493	New car policy	Adnan Humayun VP
Honda Civic	1,038	373	665	695	New car policy	Usman Hassan EVP
Honda Civic	1,038	373	665	686	New car policy	M. Numan Chaughtal EVP
Honda Civic	1,043	306	737	783	New car policy	M. Hamid Yaseen EVP
Toyota Corolla	939	528	413	444	New car policy	Nasir Ayub SVP
Suzuki Cultus	609	390	219	272	New car policy	S. Jawed Abbas VP
Honda Civic	963	629	334	437	New car policy	Nadeem Ahmed Butt SVP
Toyota Corolla	979	196	783	794	New car policy	Zafar Iqbal Chatha SVP
Suzuki Cultus	612	114	498	510	New car policy	M. Asim Khan Suri VP
Suzuki Cultus	609	398	211	250	New car policy	Sh. Mujeeb - ur - Rehman VP
Toyota Corolla	939	939	-	266	New car policy	Sultan Zeb Khan VP
Suzuki Cultus	609	349	260	319	New car policy	Ms. Khalida Adeeb Khenum VP
Honda Civic	1,002	481	521	535	New car policy	Nadeem Afzal Khan EVP
Suzuki Cultus	620	132	488	501	New car policy	Amin Sukhiani SVP
Suzuki Cultus	609	406	203	241	New car policy	Syed Asim Ali SVP
Toyota Corolla	939	528	413	443	New car policy	Tauqir Subhani SVP
Suzuki Cultus	612	114	498	501	New car policy	Annes Awan VP
Toyota Corolla	969	452	517	612	New car policy	Khalid Masood VP

ANNEXURE - IV



Notes to the Financial Statements

For the year ended December 31, 2008

Disposal of operating fixed assets (refer note 11.2.3)

Description	Cost	* Accumulated depreciation *	Book value	* Sales proceeds/ insurance claim *	* Mode of disposal/ settlement *	Particulars of buyers
(Rupees '000)						
Suzuki Cultus	612	106	506	517	New car policy	M. Siddiq Darbari VP
Toyota Corolla	939	939	-	339	New car policy	Mir Javed Hussain SVP
Toyota Corolla	969	245	724	735	New car policy	Imran Moti VP
Suzuki Cultus	620	190	430	451	New car policy	Sajid Zafar Mansuri VP
Honda Civic	1,043	375	668	707	New car policy	Nisar Ahmed Sheikh SVP
Toyota Corolla	1,005	87	938	808	New car policy	S. Mohammad Ali SVP
Farooq Amin VP	609	609	-	187	New car policy	S. Badaruddin Ahmed VP
Suzuki Cultus	620	174	446	476	New car policy	Rafiq Ahmed Sheikh VP
Honda Civic	1,043	375	668	687	New car policy	S.M. Arshad SVP
Suzuki Cultus	620	182	438	442	New car policy	A. Karim Agghadi VP
Suzuki Cultus	609	609	-	199	New car policy	Arshad Aziz VP
Suzuki Cultus	652	17	635	526	New car policy	Munib Fayyaz VP
Toyota Corolla	939	513	426	427	New car policy	Abdul Rauf VP
Toyota Corolla	969	90	879	785	New car policy	A. Aziz Kalyan SVP
Toyota Corolla	969	129	840	806	New car policy	Zulfiqar Ali Arain SVP
Suzuki Cultus	620	182	438	460	New car policy	Pervez Zia VP
Toyota Corolla	969	103	866	782	New car policy	Waqas Mehmood VP
Suzuki Cultus	652	9	643	522	New car policy	M. Ijaz Aziz VP
Toyota Corolla	969	129	840	800	New car policy	Qazi Zahoor Ahmed VP
Toyota Corolla	979	196	783	798	New car policy	Rizwan Ali Khan VP
Toyota Corolla	939	513	426	501	New car policy	Arshad Mehmood VP
Toyota Corolla	939	513	426	480	New car policy	Amjad Jamal VP
Suzuki Cultus	609	609	-	160	New car policy	Fazal Mehmood VP
Toyota Corolla	969	413	556	606	New car policy	M. Ehsan Cheema VP
Suzuki Cultus	631	50	581	514	New car policy	Waseem Ahmed Qureshi VP
Suzuki Cultus	609	325	284	344	New car policy	Khadim Hussain VP
Toyota Corolla	939	513	426	475	New car policy	S. Zia-ul-Hasnain Shamsi SVP
Suzuki Cultus	609	382	227	275	New car policy	Aamir Nawab VP
Suzuki Cultus	609	609	-	190	New car policy	S.M. Saleem Raza Shirazi VP
Suzuki Cultus	652	35	617	522	New car policy	Abdul Mohsin VP
Suzuki Cultus	612	106	506	511	New car policy	Ms. Faiza Zafar VP
Suzuki Cultus	612	106	506	516	New car policy	Ahmed Kamal ud din VP
Toyota Corolla	969	401	568	667	New car policy	Abdul Qayyum Malik VP
Suzuki Cultus	555	96	459	465	New car policy	M. Saqib Arshad Qureshi VP
Toyota Corolla	969	310	659	695	New car policy	Ch. Muhammad Ayub VP
Honda Civic	974	91	883	781	New car policy	All Shafiq SVP
Suzuki Cultus	609	203	406	422	New car policy	Mansoor Ahmed VP
Suzuki Cultus	631	50	581	511	New car policy	Tanveer Ahmed Khan VP
Honda Civic	1,043	382	661	715	New car policy	Muhammad Ali Manjee SVP
Toyota Corolla	939	513	426	511	New car policy	Fatah Muhammad SVP
Toyota Corolla	979	170	809	814	New car policy	Ali Qasim Gardazi VP
Toyota Corolla	1,005	-	1,005	804	New car policy	Munir Ahmed Saleem EVP
Toyota Corolla	939	939	-	283	New car policy	Ashfaq Abbas Awan VP
Suzuki Cultus	615	172	443	449	New car policy	Irfan Ahmed Mir SVP
Suzuki Cultus	631	50	581	505	New car policy	M. Rohail Akhtar VP
Honda Civic	1,038	235	801	809	New car policy	Faisal Ejaz Khan SVP
Suzuki Cultus	620	190	430	450	New car policy	Ayaz Ahmed Jaskani VP
Suzuki Cultus	615	172	443	457	New car policy	Dilshad A Khan Sherwani VP
Suzuki Cultus	609	325	284	335	New car policy	Khalid Farooq SVP
Suzuki Cultus	609	325	284	318	New car policy	Karim ud din VP
Toyota Corolla	969	181	788	803	New car policy	S. Saïman Qutb SVP
Suzuki Cultus	612	114	498	507	New car policy	Muhammad Suleman VP

ANNEXURE - IV

Notes to the Financial Statements

For the year ended December 31, 2008

Disposal of operating fixed assets (refer note 11.2.3)

Description	Cost	* Accumulated depreciation *	Book value	* Sales proceeds/ insurance claim *	* Mode of disposal/ settlement *	Particulars of buyers
(Rupees '000)						
Suzuki Cultus	647	52	595	520	New car policy	Muhammad Shoaib VP
Suzuki Cultus	609	325	284	320	New car policy	Syed Tariq Mehmood VP
Suzuki Cultus	612	106	506	509	New car policy	Anwar ul Haq VP
Suzuki Cultus	615	172	443	456	New car policy	Ms. Saamra M. Hassan VP
Toyota Corolla	969	439	530	834	New car policy	Ashfaq Ahmed Khan VP
Honda Civic	1,371	238	1,133	1,141	New car policy	Ms. Nabeela Ahmed EVP-I
Toyota Corolla	969	103	866	785	New car policy	Irfan Johar SVP
Toyota Corolla	1,005	54	951	807	New car policy	Syed Muhammad Asif VP
Honda Civic	1,557	21	1,536	1,246	New car policy	Munir Ahmed Saleem EVP
Honda Civic	943	628	315	669	New car policy	Mr. Ajmal Anwar Malik SVP
Toyota Corolla	969	349	620	384	New car policy	Mr. Saeed halder Gardezi VP
Honda Civic	1,043	375	668	680	New car policy	Ms. Anita Lalani SVP
Suzuki Cultus	615	164	451	465	New car policy	Raza Yousuf VP
Toyota Corolla	969	439	530	581	New car policy	S.M.Saqain Naqvi VP
Suzuki Cultus	620	66	554	498	New car policy	Salman Azim VP
Suzuki Cultus	604	330	274	310	New car policy	M.Abdul Qureshi VP
Toyota Corolla	939	526	413	507	New car policy	Wali ullah Khan VP
Toyota Corolla	969	413	556	598	New car policy	Jahangeer Nazar VP
Suzuki Cultus	609	333	276	319	New car policy	Muhammad Naeem VP
Toyota Corolla	969	401	568	627	New car policy	Muhammad Azam VP
Suzuki Cultus	615	98	517	501	New car policy	Muhammad Saeed Raja VP
Suzuki Cultus	615	172	443	471	New car policy	Sh. Tahir Iqbal VP
Suzuki Cultus	604	354	250	289	New car policy	M. Qasim Querishi SVP
Toyota Corolla	969	297	672	715	New car policy	All Imam Al Hussani SVP
Toyota Corolla	969	323	646	695	New car policy	Omer Khalid SVP
Toyota Corolla	939	526	413	484	New car policy	Mir Sajjad Rafiq SVP
Honda Civic	1,043	306	737	765	New car policy	Naeem Yaqoob Khan SVP
Suzuki Cultus	615	189	426	461	New car policy	Sachali Rashid VP
Suzuki Cultus	560	119	441	461	New car policy	Muhammad Yaqub VP
Suzuki Cultus	615	82	533	502	New car policy	Muhammad Ali Khan VP
Honda Civic	1,288	378	910	939	New car policy	Salman Zafar Siddiqui EVP-II
Suzuki Cultus	609	284	325	379	New car policy	Zulfikhar Sani VP
Suzuki Cultus	612	114	498	512	New car policy	Hassan Khawaja VP
Suzuki Cultus	620	174	446	469	New car policy	Khan Afsar Jadoon VP
Suzuki Cultus	607	105	502	502	New car policy	Ms. Tazeen Shahid VP
Suzuki Cultus	612	114	498	502	New car policy	Atif Iqbal Syed VP
Suzuki Cultus	604	370	234	289	New car policy	M. Abbas Sharif VP
Honda Civic	1,043	375	668	679	New car policy	Hashim Khan SVP
Toyota Corolla	969	362	607	680	New car policy	M. Laiq Marri VP
Toyota Corolla	969	220	749	793	New car policy	Budhal Mahessar VP
Suzuki Cultus	615	74	541	567	New car policy	Wahaed ullah Aftab VP
Honda Civic	1,043	362	681	693	New car policy	Adam Ahmed SVP
Suzuki Cultus	620	174	446	446	New car policy	Syed Moynuddin VP
Suzuki Cultus	615	82	533	497	New car policy	Saud Sarwar VP
Suzuki Cultus	620	174	446	488	New car policy	Hasnain Afzal VP
Honda Civic	1,371	256	1,115	1,134	New car policy	Farooq Ahmed Khan EVP-1
Suzuki Cultus	609	325	284	339	New car policy	Khurram Ali Syed VP
Honda Accord	2,402	128	2,274	1,921	New car policy	Zarkham Khan Durrani EVP-11
Suzuki Cultus	609	333	276	315	New car policy	Arshad Iqbal VP
Suzuki Cultus	615	82	533	502	New car policy	Khawaja Naeemuddin VP
Toyota Corolla	969	362	607	677	New car policy	S. Azadar Hussain Kazmi VP
Toyota Corolla	1,005	80	925	804	New car policy	M.Khalid Qureshi VP

ANNEXURE - IV



Notes to the Financial Statements

For the year ended December 31, 2008

Disposal of operating fixed assets (refer note 11.2.3)

Description	Cost	* Accumulated depreciation *	Book value	* Sales proceeds/ insurance claim *	* Mode of disposal/ settlement *	Particulars of buyers
(Rupees '000)						
Toyota Corolla	969	207	762	786	New car policy	M. Omer Ata SVP
Suzuki Cultus	612	114	498	498	New car policy	Tariq Shakir VP
Suzuki Cultus	615	107	508	524	New car policy	M. Farooq Nadeem VP
Suzuki Cultus	620	83	537	496	New car policy	Amjad Saleem Butt VP
Toyota Corolla	969	155	814	787	New car policy	Natasha Ahmed SVP
Suzuki Cultus	555	96	459	461	New car policy	Khalid Mamood VP
Toyota Corolla	969	233	736	743	New car policy	Mr. Salman Razaq VP
Suzuki Cultus	609	219	390	419	New car policy	Tariq Masood VP
Suzuki Cultus	604	362	242	275	New car policy	Muhammad Hadi Haidri VP
Suzuki Cultus	620	174	446	476	New car policy	Muhammad Shahid VP
Suzuki Cultus	609	203	406	442	New car policy	Ahmed Nawaz Kayani VP
Suzuki Cultus	609	406	203	253	New car policy	Farman ullah VP
Toyota Corolla	969	181	788	789	New car policy	Syed Furqan Ali VP
Suzuki Cultus	623	133	490	488	New car policy	Amer Yousuf VP
Toyota Corolla	979	196	783	807	New car policy	Kamran Hafeez SVP
Suzuki Cultus	620	190	430	455	New car policy	Jahangir Ahmed VP
Suzuki Cultus	609	406	203	262	New car policy	Sikander Iqbal Khan VP
Toyota Corolla	969	375	594	613	New car policy	Ms. Ghazala Riaz Malik SVP
Suzuki Cultus	647	52	595	522	New car policy	Zulfikar Ali
Suzuki Cultus	615	172	443	470	New car policy	Jawad Ahmed Dar
Suzuki Cultus	609	609	-	177	New car policy	Ather Hussein Siddiqi
Mercedes Benz	3,526	1,598	1,928	2,038	New car policy	Salman A.Usmani SEVP
Toyota Corolla	969	220	749	774	New car policy	Azhar Iqbal
Toyota Corolla	969	155	814	775	New car policy	Shahid Iqbal
Toyota Corolla	969	401	568	568	Pre-Mature Retirement	Shahid Agha
Suzuki Cultus	652	43	609	522	New car policy	M.Asif Azim VP
Toyota Corolla	969	413	556	562	superannuation	Muhammad Ashfaq
Suzuki Cultus	609	317	292	292	New car policy	Saleem Pervaiz Arbab
Mercedes Benz	3,578	1,527	2,051	1,973	New car policy	Ms. Sadia P. Saeed SEVP
Toyota Corolla	939	939	-	94	New car policy	Khair Muhammad
Honda VTI	950	950	-	423	New car policy	Munir Ahmed Saleem EVP
Toyota Corolla	939	939	-	320	New car policy	Muhammad Khalid Qureshi
Toyota Corolla	939	526	413	507	New car policy	Mr. Tahir Mushtaq Mir
Honda Civic	1,038	318	720	782	New car policy	Mr. Shoaib Mumtaz
Honda Civic	1,043	389	654	733	New car policy	Mr. Junaid Iqbal
Honda Civic	1,043	389	654	692	New car policy	Mirza Ali Nazim SVP
Honda Civic	1,043	403	640	663	New car policy	Nadeem Illahi SVP
Suzuki Cultus	620	182	438	463	New car policy	Jafar Bokhari VP
Toyota Corolla	969	271	698	742	New car policy	Asif mumtaz Butt VP
Toyota Corolla	969	245	724	711	New car policy	Salman Zafar Siddiqui
Suzuki Cultus	615	180	435	460	New car policy	Pervaz Akhtar VP
Suzuki Cultus	620	182	438	505	New car policy	Rashid Mehboob VP
Suzuki Cultus	620	141	479	500	New car policy	M. Mubashar Bashir VP
Honda Civic	1,376	404	972	1,073	New car policy	Mr.Humayun Nizami
Honda Civic	955	955	-	191	Retirement Benefit	Mr.Tahir Ayub
Toyota Corolla	939	939	-	188	Retirement Benefit	Mr.Tahir Ayub
Suzuki Cultus	609	341	268	354	New car policy	Farhat Mehmood Khosa VP
Suzuki Cultus	615	123	492	469	Insurance Claim	M/s Adarnjee Insurance Company Limited
Suzuki Cultus	560	112	448	555	Insurance Claim	M/s Adarnjee Insurance Company Limited

ANNEXURE - IV

Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - IV

Disposal of operating fixed assets (refer note 11.2.3)

Description	Cost	* Accumulated depreciation *	Book value	* Sales proceeds/ insurance claim *	*Mode of disposal/ settlement*	Particulars of buyers
(Rupees '000)						
Toyota Corolla	969	245	724	850	Insurance Claim	M/s Adarnjee Insurance Company Limited
Suzuki Cultus	615	90	525	612	Insurance Claim	M/s Adarnjee Insurance Company Limited
Suzuki Cultus	615	90	525	820	Insurance Claim	M/s Adarnjee Insurance Company Limited
Suzuki Cultus	615	74	541	620	Insurance Claim	M/s Adarnjee Insurance Company Limited
Suzuki Cultus	604	298	306	480	Insurance Claim	M/s Adarnjee Insurance Company Limited
Toyota Corolla	939	626	313	708	Auction	Mr M.Hanif Dilbar
Toyota Corolla	954	509	445	810	Auction	MR. K Zulfqar Ahmad
Toyota Corolla	969	413	556	750	Auction	Mr:Khuram Imtiaz
Suzuki Cultus	607	130	477	515	Auction	Mr:M Sharif
Suzuki Cultus	620	207	413	462	Auction	Mr:Khuram Imtiaz
Toyota Corolla	969	297	672	837	Auction	Mr.Sohail Rahman
Suzuki Cultus	620	190	430	498	Auction	Mr:Khuram Imtiaz
Suzuki Cultus	620	174	446	508	Auction	Mr:Rehan Mathani
Toyota Corolla	979	209	770	900	Auction	Mr:Khuram Imtiaz
Suzuki Cultus	560	127	433	556	Auction	Milan M. Tariq Iqbal
Suzuki Cultus	612	131	481	564	Auction	Mr:M Ilyas
Honda City	1,031	247	784	705	Auction	Mr:Humayun Zaheer
Honda City	1,031	220	811	752	Auction	Mr:Irfan ABID Qureshui
Suzuki Cultus	615	107	508	546	Auction	Mr:Asad Khalid Sh
Toyota Corolla	969	168	801	920	Auction	Mr:M Nasir
Lancer	1,079	144	935	800	Auction	Mr:Yasir Mehmood
Toyota Corolla	1,005	107	898	925	Auction	Mr:M Sajid
Lancer	1,079	58	1,021	825	Auction	Mr:Jahangir Pervaz
Toyota Corolla	1,005	80	925	983	Auction	Mr:Khuram Imtiaz
Suzuki Cultus	620	165	455	485	Auction	Mr:Tariq Saad
Toyota Corolla	954	547	407	800	Auction	Farhat A. Jaffari
Toyota Corolla	939	576	363	776	Auction	Mohammad Akber
Toyota Corolla	939	563	376	800	Auction	Mr. Saleem
Toyota Corolla	939	576	363	800	Auction	Mehmood
Honda Civic	1,043	431	612	810	Auction	Syed Afzal Mehndi
Toyota Hilux	2,290	1,718	572	1,350	Auction	Adnan Ahmed Bhatti
Toyota Corolla	939	563	376	765	Auction	Adnan Ahmed Bhatti
Toyota Corolla	939	576	363	794	Auction	Mehmood
Honda Civic	1,238	512	726	956	Auction	Syed yasir Ahmed
Bolan Van	427	199	228	385	Auction	Mehmood
Honda Civic	1,238	429	809	1,026	Auction	Haibullah Associates
Honda Civic	1,238	495	743	1,010	Auction	Syed yasir Ahmed
Toyota Corolla	1,043	362	681	942	Auction	Syed yasir Ahmed
Suzuki Cultus	620	174	446	500	Auction	Waseem Mirza
Honda Civic	1,237	511	726	910	Auction	Mehmood
Lancer	1,074	143	931	880	Auction	Haibullah Associates
Honda Civic	943	679	264	680	Auction	Waseem Mirza
Honda Civic	963	642	321	770	Auction	Waseem Mirza
Suzuki Cultus	604	274	330	471	Auction	Mehmood
Honda Civic	963	552	411	700	Auction	Waseem Mirza
Suzuki Cultus	609	357	252	435	Auction	Waseem Mirza



Notes to the Financial Statements
For the year ended December 31, 2008

ANNEXURE - IV

Disposal of operating fixed assets (refer note 11.2.3)

Description	Cost	* Accumulated depreciation *	Book value	* Sales proceeds/ insurance claim *	*Mode of disposal/ settlement*	Particulars of buyers
(Rupees '000)						
Suzuki Cultus	620	182	438	555	Auction	Mr. Mehmood
Suzuki Cultus	612	131	481	625	Auction	Waseem Mirza
Suzuki Cultus	615	90	525	609	Auction	Mr:Khuram Imtiaz
Toyota Corolla	1,074	172	902	880	Auction	Waseem Mirza
Toyota Corolla	969	297	672	668	Auction	Kamran Ahmad
Honda Civic	1,225	817	408	710	Auction	Mirza Atif Shahzad
Suzuki Cultus	560	276	284	364	Auction	Mrs. Samina Atif
Honda Civic	1,043	334	709	900	Auction	Mr:Ibrahim Mehir Raja
Toyota Corolla	939	576	363	763	Auction	Mr. Khuram Imtiaz
Toyota Corolla	939	563	376	723	Auction	Mr. Khuram Imtiaz
Toyota Corolla	939	551	388	679	Auction	Mr. Khuram Imtiaz
Toyota Corolla	939	538	401	739	Auction	Mr. Khuram Imtiaz
	290,357	110,949	179,408	198,340		
Other Vehicles having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000						
	29,655	16,400	13,255	22,710		
2008	575,537	354,137	221,400	258,177		
2007	246,936	167,049	79,887	92,919		

Notes to the Financial Statements

For the year ended December 31, 2008

ANNEXURE - V

Summarized detail of the valuation of owned properties (refer note 11.2.1)

City	Land	Building (Rupees in '000)	Total
Karachi	3,489,740	2,098,418	5,588,158
Hyderabad	89,981	42,407	132,388
Sukkur	48,591	14,049	62,640
Moro	5,698	1,735	7,433
Nausheroferoz	4,150	1,051	5,201
Mirpurkhas	15,687	5,397	21,084
Larkana	21,935	6,190	28,125
Gawadar	3,765	2,674	6,439
Mianwali	23,500	486	23,986
Jhelum	21,000	9,047	30,047
Muree	10,000	305	10,305
Jhang	14,063	2,874	16,937
Quetta	241,260	33,860	275,120
Islamabad	1,189,400	150,936	1,340,336
Abbottabad	15,000	6,531	21,531
Rawalpindi	300,836	84,738	385,574
Lahore	3,075,794	1,386,009	4,461,803
Kasur	16,380	1,673	18,053
Faisalabad	396,077	81,372	477,449
Gujrat	43,200	14,391	57,591
Gujranwala	41,534	7,862	49,396
Wazirabad	12,000	4,849	16,849
Muridke	18,000	3,231	21,231
Hafizabad	20,000	8,128	28,128
Sargodha	51,323	7,256	58,579
Okara	13,000	7,104	20,104
Sheikhupura	24,000	8,332	32,332
Vehari	3,885	1,228	5,113
Siakot	50,000	4,505	54,505
Sahiwal	11,764	7,681	19,445
Chakwal	-	3,988	3,988
Azad Kashmir	57,352	7,970	65,322
Peshawar	67,017	21,054	88,071
Tandoallahyar	2,200	800	3,000
Muzaffarabad	43,582	6,085	49,667
Shadadpur	4,300	818	5,118
Haripur	23,070	3,507	26,577
Dir	3,484	3,739	7,223
Mingora	10,150	6,931	17,081
Rahim Yar Khan	8,100	8,535	16,635
Sadiqabad	15,120	5,924	21,044
Haroonabad	7,000	1,600	8,600
Chistian	667	915	1,582
Khanpur	9,380	-	9,380
Bahawalpur	13,750	11,711	25,461
D.G. Khan	20,500	12,945	33,445
Shujabad	4,800	1,837	6,637
Overseas	-	35,061	35,061
Grand total	9,562,035	4,137,739	13,699,774



Branch Network

Sector- Wise Position Of Circles/ Regions As On December 31, 2008

COMMERCIAL BRANCH BANKING GROUP - SOUTH

	Circle/ No. of Brs.	Region	No. of Brs.	No. of Sub-Brs.
1.	KARACHI EAST 53	01. Karachi East 02. Karachi North	24 29	- 1
2.	KARACHI WEST 53	03. Karachi South 04. Karachi West	27 26	- -
3.	HYDERABAD 59	05. Hyderabad 06. Nawabshah	32 27	- -
4.	QUETTA 34	Quetta Circle 07. Makran	27 07	- -
TOTAL CBBG - SOUTH			199	1

COMMERCIAL BRANCH BANKING GROUP - EAST

1.	BAHAWALPUR 81	01. Bahawalpur 02. Rahim Yar Khan 03. Vehari	27 27 27	- - -
2.	MULTAN 88	04. Dera Ghazi Khan 05. Multan 06. Sahiwal	29 24 35	- - -
3.	SUKKUR 57	07. Larkana 08. Sukkur	28 29	- -
TOTAL CBBG - EAST			226	-

COMMERCIAL BRANCH BANKING GROUP - CENTRAL

	Circle/ No. of Brs.	Region	No. of Brs.	No. of Sub-Brs.
1.	LAHORE 70	01. Lahore City 02. Lahore East 03. Lahore West	28 23 19	2 - -
2.	FAISALABAD 82	04. Faisalabad City 05. Faisalabad Region 06. Sheikhupura	31 29 22	- - -
3.	GUJRANWALA 86	07. Gujranwala 08. Gujrat 09. Sialkot	27 31 28	- - -
4.	SARGODHA 84	10. Jhang 11. Mianwali 12. Sargodha	27 28 29	1 - -
TOTAL CBBG - CENTRAL			322	3

COMMERCIAL BRANCH BANKING GROUP - NORTH

1.	ISLAMABAD 81	01. Chakwal 02. Islamabad 03. Jhelum 04. Rawalpindi	23 17 19 22	- - - 1
2.	PESHAWAR 63	05. Kohat 06. Mardan 07. Peshawar	19 23 21	- - -
3.	ABBOTTABAD 88	08. Abbottabad 09. Attock 10. Muzaffarabad A.K. 11. Swat	23 26 19 18	- - - -
TOTAL CBBG - NORTH			230	1

Branch Network

Sector- Wise Position Of Circles/ Regions As On December 31, 2008

CONSUMER BANKING GROUP

Region	No. of Brs.	No. of Sub-Brs.
Consumer Liability Central- Lahore	15	-
Consumer Liability North - Islamabad	10	-
Consumer Liability South- Karachi	16	-
Privilege Banking Karachi	-	3
TOTAL CBG	41	3

ISLAMIC BANKING GROUP

City	No of Brs.
1. Faisalabad	1
2. Hyderabad	1
3. Islamabad	1
4. Karachi	2
5. Lahore	2
6. Multan	1
7. Peshawar	1
8. Quetta	1
9. Rawalpindi	1
TOTAL NO. OF BRANCHES	11

Summary GROUP-WISE

Group	Circles	Regions	Brs.	No. of Sub-Brs.
CBBG-South	4	7	199	1
CBBG-East	3	8	226	-
CBBG-Central	4	12	322	3
CBBG-North	3	11	230	1
Consumer Banking Group		3	41	3
Wholesale Banking Group		5	11	-
Islamic Banking Group			11	-
Total	14	48	1,040	8
Overseas			7	-
Grand Total			1,047	8

ATM Branches 315

Online Branches 836

WHOLESALE BANKING GROUP

Region/Division	No. of Brs.
CASH MANAGEMENT DIV.	1
CORPORATE FAISALABAD	2
CORPORATE ISLAMABAD	3
CORPORATE SOUTH - KARACHI	2
CORPORATE LAHORE	1
CORPORATE MULTAN	2
TOTAL WBG	11

OVERSEAS OPERATION

TOTAL NO. OF BRANCHES	7
1. Colombo	1
2. Maradana	1
3. Pettah	1
4. Wellawatte	1
5. Kandy	1
6. OBU Bahrain	1
7. EPZ	1
UAE - Dubai (Rep. Office)	1

PROVINCE-WISE

PROVINCE	Branches	Sub-Brs.
Punjab	646	6
Sindh	241	2
N.W.F.P.	103	-
Balochistan	38	-
Azad J. Kashmir	14	-
Domestic Total	1,040	8
Overseas	7	-
Grand Total	1,047	8



Pattern of Shareholding As of December 31, 2008

No. Of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
18,304	1	100	714,221	0.1136
12,224	101	500	3,041,640	0.4841
8,631	501	1,000	6,227,864	0.9912
3,518	1,001	5,000	5,503,512	0.8759
222	5,001	10,000	1,632,932	0.2599
59	10,001	15,000	714,570	0.1137
40	15,001	20,000	699,446	0.1113
20	20,001	25,000	459,210	0.0730
12	25,001	30,000	341,588	0.0543
12	30,001	35,000	404,201	0.0643
10	35,001	40,000	378,512	0.0602
9	40,001	45,000	382,710	0.0609
19	45,001	50,000	932,031	0.1483
4	50,001	55,000	211,789	0.0337
6	55,001	60,000	351,128	0.0558
6	60,001	65,000	369,005	0.0587
8	65,001	70,000	543,209	0.0864
2	70,001	75,000	146,305	0.0232
4	75,001	80,000	306,678	0.0488
2	80,001	85,000	169,777	0.0270
3	85,001	90,000	266,883	0.0424
3	90,001	95,000	279,699	0.0445
1	95,001	100,000	100,000	0.0159
1	100,001	105,000	102,400	0.0162
2	105,001	110,000	218,200	0.0347
5	110,001	115,000	556,005	0.0884
4	115,001	120,000	469,928	0.0747
3	120,001	125,000	368,200	0.0586
2	125,001	130,000	257,508	0.0409
3	130,001	135,000	405,000	0.0644
1	135,001	140,000	135,720	0.0216
2	140,001	145,000	281,804	0.0448
2	145,001	150,000	295,500	0.0470
2	150,001	155,000	308,405	0.0490
1	155,001	160,000	157,000	0.0249
2	160,001	165,000	326,000	0.0518
1	165,001	170,000	167,800	0.0267
1	180,001	185,000	182,220	0.0290
2	185,001	190,000	374,200	0.0595
1	195,001	200,000	200,000	0.0318
1	205,001	210,000	208,200	0.0331
1	220,001	225,000	222,397	0.0353
2	225,001	230,000	452,326	0.0719
1	240,001	245,000	244,114	0.0388
1	245,001	250,000	248,800	0.0396
2	250,001	255,000	507,861	0.0808
1	255,001	260,000	257,000	0.0409
1	260,001	265,000	262,000	0.0417
2	275,001	280,000	555,893	0.0884
1	280,001	285,000	281,143	0.0447

Pattern of Shareholding
As of December 31, 2008

No. Of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
1	290,001	295,000	291,376	0.0463
1	295,001	300,000	1,200,000	0.1909
4	305,001	310,000	307,286	0.0489
1	345,001	350,000	350,000	0.0557
1	375,001	380,000	754,853	0.1201
2	390,001	395,000	393,222	0.0625
1	415,001	420,000	417,200	0.0664
1	420,001	425,000	843,100	0.1341
2	430,001	435,000	435,000	0.0692
1	435,001	440,000	871,133	0.1386
2	440,001	445,000	443,929	0.0706
1	450,001	455,000	454,875	0.0724
1	455,001	460,000	916,606	0.1458
2	480,001	485,000	968,491	0.1541
2	485,001	490,000	2,914,956	0.4639
6	500,001	505,000	501,260	0.0797
1	520,001	525,000	524,738	0.0835
1	540,001	545,000	540,500	0.0860
1	545,001	550,000	1,090,732	0.1736
2	580,001	585,000	584,000	0.0929
1	590,001	595,000	590,387	0.0939
1	620,001	625,000	622,074	0.0990
1	635,001	640,000	638,364	0.1016
1	640,001	645,000	644,650	0.1026
1	650,001	655,000	651,657	0.1037
1	710,001	715,000	711,495	0.1132
1	725,001	730,000	2,186,223	0.3479
3	780,001	785,000	780,848	0.1242
1	810,001	815,000	1,620,448	0.2579
2	845,001	850,000	850,000	0.1352
1	860,001	865,000	863,712	0.1374
1	865,001	870,000	866,100	0.1378
1	880,001	885,000	882,950	0.1405
1	895,001	900,000	2,687,226	0.4277
3	915,001	920,000	4,586,817	0.7300
5	960,001	965,000	960,100	0.1528
1	970,001	975,000	3,886,620	0.6186
4	1,010,001	1,015,000	1,012,231	0.1611
1	1,105,001	1,110,000	1,108,109	0.1763
1	1,120,001	1,125,000	1,124,679	0.1790
1	1,135,001	1,140,000	1,139,946	0.1814
1	1,350,001	1,355,000	8,117,368	1.2920
6	1,415,001	1,420,000	1,416,600	0.2254
1	1,625,001	1,630,000	1,629,567	0.2593
1	1,695,001	1,700,000	1,697,858	0.2702
1	1,700,001	1,705,000	1,704,425	0.2712
1	1,785,001	1,790,000	1,787,516	0.2845
1	1,800,001	1,805,000	1,803,500	0.2870
1	1,810,001	1,815,000	1,813,500	0.2886
1	1,835,001	1,840,000	1,838,835	0.2926
1	1,850,001	1,855,000	1,851,910	0.2947



Pattern of Shareholding
As of December 31, 2008

No. Of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
3	2,175,001	2,180,000	6,537,038	
1	2,250,001	2,255,000	2,252,800	0.3585
1	2,320,001	2,325,000	2,323,526	0.3698
1	2,445,001	2,450,000	2,449,512	0.3898
1	2,665,001	2,670,000	2,668,000	0.4246
1	2,700,001	2,705,000	2,704,873	0.4305
1	2,755,001	2,760,000	2,756,199	0.4386
1	2,880,001	2,885,000	2,880,550	0.4553
1	2,920,001	2,925,000	2,923,090	0.4652
1	2,980,001	2,985,000	2,983,801	0.4749
1	3,355,001	3,360,000	3,357,543	0.5344
1	3,625,001	3,630,000	3,626,215	0.5771
1	3,765,001	3,770,000	3,769,255	0.5999
1	3,915,001	3,920,000	3,915,381	0.6231
1	4,015,001	4,020,000	4,016,400	0.6392
1	4,180,001	4,185,000	4,181,128	0.6654
1	4,785,001	4,790,000	4,788,462	0.7621
1	5,000,001	5,005,000	5,000,518	0.7959
1	5,080,001	5,085,000	5,083,147	0.8058
1	5,655,001	5,660,000	5,655,912	0.9002
2	6,320,001	6,325,000	12,646,436	2.0128
1	6,705,001	6,710,000	6,707,970	1.0676
1	7,485,001	7,470,000	7,467,362	1.1885
1	8,370,001	8,375,000	8,371,126	1.3323
1	8,725,001	8,730,000	8,728,929	1.3893
1	16,015,001	16,020,000	16,017,880	2.5494
1	16,065,001	16,070,000	16,065,700	2.5571
1	17,725,001	17,730,000	17,729,940	2.8219
1	17,760,001	17,765,000	17,762,879	2.8272
1	18,895,001	18,900,000	18,896,445	3.0076
1	19,225,001	19,230,000	19,225,933	3.0601
1	19,410,001	19,415,000	19,413,198	3.0899
1	22,350,001	22,355,000	22,351,888	3.5576
1	27,745,001	27,750,000	27,747,987	4.4165
1	31,330,001	31,335,000	31,332,920	4.9871
1	36,655,001	36,660,000	36,657,371	5.8345
1	42,560,001	42,565,000	42,562,657	6.7745
1	125,655,001	125,660,000	125,655,369	20.0000
43,290			628,276,943	100.0000

Categories of Shareholders

As of December 31, 2008

Description	Shareholders	Shareholding	Percentage
Directors, CEO & Children	17	20,385,234	4.6771
Associated Companies	6	51,826,396	8.2489
NIT & ICP	5	1,086,210	0.1728
Banks, DFI & NBF	58	4,360,985	0.6941
Insurance Companies	22	41,790,272	6.6515
Modarabas & Mutual Funds	49	1,168,758	0.1860
Public Sector Cos. & Corp.	27	119,176,035	18.9687
General Public (Local)	39,214	109,149,192	17.3728
General Public (Foreign)	3,552	2,267,844	0.3609
Others	234	38,788,140	6.1737
Foreign Companies	106	229,277,777	36.4931
Company Total	43,290	628,276,843	100.00



Notice of the Annual General Meeting

Notice is hereby given that 61st Annual General Meeting of the members of MCB BANK LIMITED will be held at Islamabad Hotel (formerly Holiday Inn), G-6, Civic Centre, Islamabad on Friday, March 27, 2009 at 3:00 p.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting held on March 28, 2008.
2. To receive, consider and adopt the audited accounts of MCB Bank Ltd. & consolidated accounts of MCB Bank Ltd and its subsidiaries for the year ended 31st December 2008 together with the Directors' and Auditors' report thereon including post facto approval of Rs.1.524 million remuneration to the Chairman; reported at note 39 of annual report, as required under SBP Prudential Regulations.
3. To approve as recommended by directors dividend @ 10% in the form of Bonus Shares and final cash dividend @ 25% i.e. Rs.2.5 per share, in addition to 90% (30% each 1st, 2nd & 3rd quarters) interim cash dividends already paid.
4. To approve that in the event of any member holding shares which were not an exact multiple of his/her entitlement, the Company Secretary be authorized to sell such entitlements in the Stock Market and to pay the proceeds of sale when realized to any recognized charitable institution.
5. To appoint auditors for 2009 and fix their remuneration. The Board of Directors on the recommendations of Audit Committee has proposed the name of M/s KPMG Taseer Hadl & Company, Chartered Accountants being single auditors in place of retiring auditors M/s Rizaz Ahmad & Company, Chartered Accountants & KPMG Taseer Hadl & Company, Chartered Accountants (joint auditors). M/s KPMG Taseer Hadl & Company, Chartered Accountants being eligible has offered themselves for reappointment.
6. To elect twelve (12) directors as fixed by the directors, in accordance with the provision of Section 178 of the Companies Ordinance, 1984 for a term of 3 years in place of the following retiring directors, who are eligible for re-election:
 1. Mian Mohammad Mansha
 2. S. M. Muneer
 3. Tariq Rafi
 4. Shahzad Saleem
 5. Sarmad Amin
 6. Dr. Muhammad Yaqub
 7. Mian Raza Mansha
 8. Dato' Mohammed Hussain
 9. Aftab Ahmad Khan

Special Business

7. To consider and, if deemed fit, pass the following special resolution:
 - a) RESOLVED that the post facto approval is given for the following investments made by the bank in the seed capital of following funds launched by MCB Asset Management Company Limited:

Rs. 250.00 Million in MCB Dynamic Cash Fund
Rs. 250.00 Million in MCB Dynamic Stock Fund
Rs. 100.00 Million in MCB Dynamic Allocation Fund
 - b) RESOLVED that in addition to Boarding/lodging and traveling expenses of directors for attending Board Meetings, non-resident Directors be paid



Notice of the Annual General Meeting

a remuneration of US\$7,500 per meeting for attending Board Meetings instead of Rs.30,000 per Board Meeting as being paid to resident directors.”

FURTHER RESOLVED that Article 94 of the Articles of Association be and is hereby amended as follows:

Every director shall receive out of the funds of the Company as remuneration for his services a sum not exceeding Rs.30,000 for every meeting attended by him. However, a non-resident director shall be paid US\$7,500 for attending Board meeting.

A Director shall also be paid any reasonable travelling and hotel and other expenses incurred in consequence of his attendance at Board Meetings and otherwise in the execution of his duties as Director. The Directors may also be remunerated for any services done by them outside their ordinary duties.

8. Any other business with the permission of the Chair.

By order of the Board

ABDUS S. SAMI
Islamabad: February 18, 2009
Secretary

Note:

1. Any person who seeks to contest election to the office of director shall, whether he is retiring director or otherwise, file with the Bank not later than fourteen days before the date of meeting at which elections are to be held, a notice of his intention to offer himself for election as director.

Consent in writing shall also be given by such person. A declaration shall be attached with consent that he is aware of duties and powers under the relevant laws, Memorandum & Articles of Association of the Bank and listing regulations of Stock Exchanges. The person shall also confirm that he is not a director in more than ten (10) listed companies including MCB Bank Limited, his name is on register of National Tax payers and neither he nor his spouse is engaged in brokerage business.

In terms of SBP BPRD Circular No.04 of 2007 dated April 23, 2007, any person who seeks to contest the election to the office of the director shall require prior clearance in writing from SBP. All the requests for seeking approval of SBP for appointment of Directors of the banks/DFIs should be routed through respective banks/DFIs.

In terms of above referred SBP circular association of the following persons as Director is undesirable and against public (i) a person who is/has been associated with any illegal activity especially concerning banking business, deposit taking, financial dealing and other business; (ii) a person who in his individual capacity or a proprietary concern or any partnership firm or in any private limited company or any unlisted public company (of which he has been a proprietor, partner, director or shareholder) has been in default of payment of dues owned to any financial institution and/or in default of payment of any taxes; (iii) a person who is associated as director and/or chief executive with the corporate bodies who have defaulted in payment of Government duties/taxes etc.

A person is also not permitted to be a director of more than one financial institution.

Guidelines under Fit & Proper Test shall be complied with in terms of SBP, BPRD Circular No.04 of 2007 dated April 23, 2007 and shall be submitted with affidavit.

Notice of the Annual General Meeting

2. The share transfer books of the Bank will remain closed from March 16, 2009 to March 27, 2009 (both days inclusive) for entitlement of cash dividend/ bonus share to those members whose name appear on the register of members as at the close of business on March 14, 2009.

3. Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the bank or not.

4. Members whose shares are deposited with Central Depository Company of Pakistan Limited are requested to bring their original Computerized National Identity Cards (CNIC) along with the participant's I.D. Number and their account numbers in Central Depository Company of Pakistan Limited to facilitate identification at the time of Annual General Meeting. In case of proxy, an attested copy of proxy's Identity Card (CNIC), Account & Participant's ID number be enclosed. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

Proxies, in order to be valid, must be deposited at the office of Share Registrar, THK Associates (Pvt.) Ltd., Ground Floor, State Life Building No.3, Dr.Ziauddin Ahmed Road, Karachi not less than 48 hours before the time of meeting.

5. Members are requested to promptly notify Bank's Registrar M/s. THK Associates (Pvt.) Limited of any change in their addresses to ensure delivery of mail.

Statement under Section 160(1)(b) of Companies Ordinance, 1984:

For Item 7(a)

As required by Securities and Exchange Commission of Pakistan vide SRO (I) / 2008 dated June 27, 2008, all banks are required to obtain approval of shareholders for making investment in the seed capital of the open end schemes managed by their associated Non Banking Finance Companies. The Bank has made investment in seed capital of MCB Dynamic Cash Fund, MCB Dynamic Stock Fund and MCB Dynamic Allocation Fund, managed and controlled by MCB Asset Management Company Limited (a subsidiary of the Bank) for which shareholders approval through a special resolution is required by virtue of the aforementioned SRO.

Other Details are as follows;

Funding of investment

The aforementioned investments have been funded through internal cash generation.

Interest of Directors

The directors of the Bank are not directly or indirectly, personally interested in the Company in which the investment has been made.