



Our Purpose

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

Our Mission

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

Our Values

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

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

CORPORATE PROFILE

BOARD OF DIRECTORS

Mian Mohammad Mansha
Chairman

S.M. Muneer
Vice Chairman

Tariq Rafi

Shahzad Saleem

Sarmad Amin

Dr. Muhammad Yaqub

Mian Raza Mansha

Mian Umer Mansha

Dato' Mohammed Hussein

Abdul Farid Bin Alias

Aftab Ahmad Khan

Muhammad Ali Zeb

Atif Bajwa

President & Chief Executive Officer

AUDIT COMMITTEE

Tariq Rafi - Chairman

Dr. Muhammad Yaqub - Member

Dato' Mohammed Hussein - Member

Aftab Ahmad Khan - Member

Muhammad Ali Zeb

Malik Abdul Waheed

CHIEF FINANCIAL OFFICER

Salman Zafar Siddiqi

COMPANY SECRETARY

Abdus S. Sami

AUDITORS

KPMG Taseer Hadi & Co.

Chartered Accountants

LEGAL ADVISORS

Khalid Anwer & Co.

Advocates & Legal Consultants

REGISTERED OFFICE

MCB Building F-6/G-6,

Jinnah Avenue, Islamabad.

PRINCIPAL OFFICE

MCB 15 Main Gulberg, Lahore.

REGISTRAR'S AND SHARE REGISTRATION OFFICE

M/s THK Associates (Pvt) Ltd.

State Life Building No. 3,

Dr. Ziauddin Ahmed Road,

Karachi



DIRECTORS' REPORT - September 2009

It gives me great pleasure to present, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the nine months period ended September 30, 2009.

FINANCIAL HIGHLIGHTS

The profit before and after taxation, available for appropriation together with the appropriations is as under:

	----- (Rupees in '000) -----
Profit before taxation	17,652,996
Taxation	5,847,880
Profit after taxation	<u>11,805,116</u>
Un-appropriated profit brought forward	9,193,332
Transfer from surplus on revaluation of fixed assets (net of tax)	<u>15,989</u>
Profit available for appropriation	<u>21,014,437</u>
Appropriations:	
Transferred to Statutory Reserve	1,180,512
Final Cash dividend– Dec 31, 2008	1,570,692
Issue of bonus shares - December 31, 2008	628,277
Interim Cash dividend– March 31, 2009	1,727,781
Interim Cash dividend– June 30, 2009	1,727,773
Total appropriations	<u>6,835,035</u>
Un-appropriated profit carried forward	<u>14,179,402</u>
	<u>Rupees</u>
Earnings per share	<u>17.08</u>

PERFORMANCE REVIEW

The Bank has achieved a healthy balance sheet and revenue growth. During the period ended September 30, 2009, the Bank's profit before tax closed at Rs.17.65 billion registering a significant growth of 8.3 % over the reported profit before tax of corresponding period last year. Profit after tax closed at Rs. 11.81 billion translating into an EPS of Rs. 17.08 for nine months then ended.

Total Assets of the Bank have grown by 6% and closed at Rs. 469 billion over Rs. 444 billion as at December 2008. The bank's deposits showed a growth of 10 % from December 2008 and closed at Rs. 362 billion. Compared with December 2008, the increase in Deposits was mainly due to increase in current and savings deposits which grew by Rs. 18 billion (16%) and Rs. 17 billion (11%) respectively. Fixed deposits on the other hand decreased by Rs. 3 billion (-5%). Gross loans and



advances decreased by Rs. 20 billion from Rs. 273.2 billion as at December 08 and closed at Rs. 253 billion whereas investments have increased by 48% over December 2008.

RATINGS

PACRA based on their current review has maintained long term and short term ratings of AA+ & A1+ of the Bank respectively which supports its stable outlook.

ECONOMY

The equity market, economic front and political stability in the third quarter of financial year 2009 has resulted in improvements in the global standings of the country. The country's foreign exchange reserves are building up, fuelled amongst others by a narrowing trade deficit, healthy remittances and foreign investments. The tight monetary controls have further trimmed the inflation down to 10.1 percent in September 2009 as compared to 23.3 percent in December 2008. Nominal GDP for the current fiscal year is predicted at \$162.6 billion, a contraction of \$4.6 billion from the previous fiscal year. The reduction in interest rates by the State Bank of Pakistan during 2009 has played an ancillary role in stabilizing economy and is the prime factor for growth in the foreseeable future.

FUTURE OUTLOOK

MCB Bank Limited's commitment to maintaining financial strength is unwavering. Principal concerns for the Bank in these challenging times include strict cost control, risk management, customer centric growth and continued investment to support long terms strategies and ambitions. The institutional synergies projected in future will play an important role in providing MCB Bank Limited a platform for achieving its long term strategies.

ACKNOWLEDGEMENT

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

on behalf of Directors

Mian Muhammad Mansha
Mian Muhammad Mansha
Chairman

October, 23, 2009

Unconsolidated Condensed Interim Balance Sheet (Un-audited)
As at September 30, 2009

	Note	Unaudited September 30, 2009	Audited December 31, 2008
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		39,232,967	39,631,172
Balances with other banks		2,918,341	4,043,100
Lendings to financial institutions	7	4,813,908	4,100,079
Investments - net	8	142,936,518	96,256,874
Advances - net	9	238,292,022	262,510,470
Operating fixed assets		17,651,844	17,263,733
Deferred tax assets - net		-	-
Other assets - net		22,956,559	19,810,476
		468,802,159	443,615,904
Liabilities			
Bills payable		8,391,834	10,551,468
Borrowings	10	12,792,927	22,663,840
Deposits and other accounts	11	362,116,406	330,274,155
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	22,951	437,137
Other liabilities		17,881,842	21,253,250
		401,205,960	385,179,850
Net assets		67,596,199	58,436,054
Represented by:			
Share capital		6,911,045	6,282,768
Reserves		37,995,746	36,768,765
Un-appropriated profit		14,179,402	9,193,332
		59,086,193	52,244,865
Surplus on revaluation of assets - net of tax		8,510,006	6,191,189
		67,596,199	58,436,054

Contingencies and commitments

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The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Dato' Mohammed Hussein
Director


Tariq Rafi
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the nine months period ended September 30, 2009

	Note	Quarter ended September 30, 2009	Nine months ended September 30, 2009	Quarter ended September 30, 2008	Nine months ended September 30, 2008
----- (Rupees in '000) -----					
Mark-up / return / interest earned		12,350,121	38,288,522	11,150,243	28,084,861
Mark-up / return / interest expensed		3,830,445	11,661,518	3,432,428	7,780,322
Net mark-up / interest income		8,519,676	26,627,004	7,717,815	20,304,539
Provision against loans and advances - net		854,575	4,228,337	754,723	1,996,410
Provision for diminution in the value of investments - net		232,426	751,079	-	209,209
Bad debts written off directly		33,305	34,525	690	1,487
		1,120,306	5,013,941	755,413	2,207,106
Net mark-up / interest income after provisions		7,399,370	21,613,063	6,962,402	18,097,433
Non mark-up / interest income					
Fee, commission and brokerage income		797,323	2,527,485	632,674	2,228,757
Dividend income		153,589	343,613	283,556	492,958
Income from dealing in foreign currencies		(37,122)	264,157	581,440	533,292
Gain / (loss) on sale of securities - net		114,001	237,104	(34,037)	717,143
Unrealized gain / (loss) on revaluation of investments classified as held for trading		(1,360)	-	2,354	(43,678)
Other income		156,618	551,247	173,974	564,889
Total non mark-up / interest income		1,183,049	3,923,606	1,639,961	4,493,361
		8,582,419	25,536,669	8,602,363	22,590,794
Non-mark-up / interest expenses					
Administrative expenses		2,418,335	7,329,623	2,705,066	5,746,195
Other provisions		5,240	113,156	5,001	13,103
Other charges		194,551	440,894	225,337	535,474
Total non mark-up/interest expenses		2,618,126	7,883,673	2,935,404	6,294,772
		5,964,293	17,652,996	5,666,959	16,296,022
Extra ordinary / unusual item		-	-	-	-
Profit before taxation		5,964,293	17,652,996	5,666,959	16,296,022
Taxation - current period		2,272,629	6,878,139	1,940,004	5,505,487
- prior years		-	(85,600)	(204,500)	(834,769)
- deferred		(356,963)	(944,659)	(15,007)	1,945
		1,915,666	5,847,880	1,720,497	4,672,663
Profit after taxation		4,048,627	11,805,116	3,946,462	11,623,359
Earnings per share - basic and diluted - Rupees	14	5.86	17.08	5.71	16.82

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Dato' Mohammed Hussein
Director


Tariq Rafi
Director



Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2009

	September 30, 2009	September 30, 2008
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	17,652,996	16,296,022
Less: Dividend income	(343,613)	(492,958)
	<u>17,309,383</u>	<u>15,803,064</u>
Adjustments for non-cash charges		
Depreciation	673,925	610,806
Amortization	114,637	104,443
Provision against loans and advances - net	4,228,337	1,996,410
Provision for diminution in the value of investments - net	751,079	210,431
Other provisions	113,156	13,103
Bad debts written off directly	34,525	1,487
Gain on disposal of fixed assets	(20,337)	(20,132)
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	43,678
	<u>5,895,322</u>	<u>2,960,226</u>
	<u>23,204,705</u>	<u>18,763,290</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(713,829)	(17,649,835)
Net investment in held for trading securities	94,176	39,861
Advances - net	19,955,586	(31,833,428)
Other assets - net	(3,253,187)	(2,644,462)
	<u>16,082,746</u>	<u>(52,087,864)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(2,159,634)	(3,164,672)
Borrowings	(9,870,913)	(21,002)
Deposits and other accounts	31,842,251	31,869,852
Other liabilities	(8,728,830)	13,715,149
	<u>11,082,874</u>	<u>42,399,327</u>
	<u>50,370,325</u>	<u>9,074,753</u>
Income tax paid	(1,525,543)	(4,127,555)
	<u>48,844,782</u>	<u>4,947,198</u>
Net cash flows from operating activities		
Cash flows from investing activities		
Net investments in available-for-sale securities	(48,063,574)	22,491,019
Net investments in held-to-maturity securities	3,403,955	(5,119,610)
Dividend income received	280,358	244,600
Investment in operating fixed assets - net of disposals	(1,156,336)	(1,480,143)
	<u>(45,535,597)</u>	<u>16,135,866</u>
Net cash flows from investing activities		
Cash flows from financing activities		
Payment of sub-ordinated loan	-	(479,232)
Dividend paid	(4,878,618)	(6,828,565)
	<u>(4,878,618)</u>	<u>(7,307,797)</u>
Net cash flows from financing activities		
Exchange difference on translation of net investment in foreign branches	46,469	269,662
	<u>(1,522,964)</u>	<u>14,044,929</u>
Increase in cash and cash equivalents		
Cash and cash equivalents at January 1	43,674,272	43,491,402
Cash and cash equivalents at September 30	<u>42,151,308</u>	<u>57,536,331</u>

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Dato' Mohammed Hussein
Director

Tariq Rafi
Director



Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months period ended September 30, 2009

	Capital Reserves			Other Reserves		Total	
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	General reserve		Unappropriated profit
	----- (Rupees in '000) -----						
Balance as at January 01, 2008	6,282,768	9,702,528	(41,981)	6,740,091	17,600,000	5,130,750	45,414,156
Change in equity for nine months ended September 30, 2008							
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	15,524	15,524
Exchange differences on translation of net investment in foreign branches	-	-	269,662	-	-	-	269,662
Net income recognised directly in equity	-	-	269,662	-	-	15,524	285,186
Profit after taxation for nine months period ended September 30, 2008	-	-	-	-	-	11,623,359	11,623,359
Total comprehensive income for the period ended September 30, 2008	-	-	269,662	-	-	11,638,883	11,908,545
Transferred to statutory reserve	-	-	-	1,162,336	-	(1,162,336)	-
Transferred to general reserve	-	-	-	-	1,000,000	(1,000,000)	-
Final cash dividend - December 31, 2007	-	-	-	-	-	(3,141,384)	(3,141,384)
Interim cash dividend - March 31, 2008	-	-	-	-	-	(1,884,831)	(1,884,831)
Interim cash dividend - June 30, 2008	-	-	-	-	-	(1,884,831)	(1,884,831)
	<u>6,282,768</u>	<u>9,702,528</u>	<u>227,681</u>	<u>7,902,427</u>	<u>18,600,000</u>	<u>7,696,251</u>	<u>50,411,655</u>
Balance as at September 30, 2008							
Change in equity for three months ended December 31, 2008							
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	5,795	5,795
Exchange differences on translation of net investment in foreign branches	-	-	(38,995)	-	-	-	(38,995)
Net income recognised directly in equity	-	-	(38,995)	-	-	5,795	(33,200)
Profit after taxation for three months period ended December 31, 2008	-	-	-	-	-	3,751,241	3,751,241
Total comprehensive income for the period ended December 31, 2008	-	-	(38,995)	-	-	3,757,036	3,718,041
Transferred to statutory reserve	-	-	-	375,124	-	(375,124)	-
Interim cash dividend - September 30, 2008	-	-	-	-	-	(1,884,831)	(1,884,831)
	<u>6,282,768</u>	<u>9,702,528</u>	<u>188,686</u>	<u>8,277,551</u>	<u>18,600,000</u>	<u>9,193,332</u>	<u>52,244,865</u>
Balance as at December 31, 2008							
Change in equity for nine months ended September 30, 2009							
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	15,989	15,989
Exchange differences on translation of net investment in foreign branches	-	-	46,469	-	-	-	46,469
Net income recognised directly in equity	-	-	46,469	-	-	15,989	62,458
Profit after taxation for nine months period ended September 30, 2009	-	-	-	-	-	11,805,116	11,805,116
Total comprehensive income for the period ended September 30, 2009	-	-	46,469	-	-	11,821,105	11,867,574
Transferred to statutory reserve	-	-	-	1,180,512	-	(1,180,512)	-
Issue of bonus shares - December 31, 2008	628,277	-	-	-	-	(628,277)	-
Final cash dividend - December 31, 2008	-	-	-	-	-	(1,570,692)	(1,570,692)
Interim cash dividend - March 31, 2009	-	-	-	-	-	(1,727,781)	(1,727,781)
Interim cash dividend - June 30, 2009	-	-	-	-	-	(1,727,773)	(1,727,773)
	<u>6,911,045</u>	<u>9,702,528</u>	<u>235,155</u>	<u>9,458,063</u>	<u>18,600,000</u>	<u>14,179,402</u>	<u>59,086,193</u>
Balance as at September 30, 2009							

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Dato' Mohammed Hussein
Director

Tariq Rafi
Director



Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months period ended September 30, 2009

	Quarter ended September 30, 2009	Nine months ended September 30, 2009	Quarter ended September 30, 2008	Nine months ended September 30, 2008
----- (Rupees '000') -----				
Profit after tax for the period	4,048,627	11,805,116	3,946,462	11,623,359
Other comprehensive income				
Effect of translation of net investment in foreign branches	36,941	46,469	156,459	269,662
Surplus on revaluation of fixed assets relating to incremental depreciation	8,198	24,598	1,022	23,883
Income tax relating to incremental depreciation on revaluation of fixed assets	(2,869)	(8,609)	(358)	(8,359)
Total comprehensive income for the period	4,090,897	11,867,574	4,103,585	11,908,545

Surplus/ deficit on revaluation of 'Available for sale' securities and 'fixed assets' are presented under a separate head below equity as 'surplus/ deficit on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan vide its BSD circular 20 dated 04 August 2000 and BSD circular 10 dated 13 July 2004 and Companies Ordinance, 1984 respectively.

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Dato' Mohammed Hussein
Director


Tariq Rafi
Director



Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009

1 STATUS AND NATURE OF BUSINESS

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's registered office and principal office are situated at MCB Building, Jinnah Avenue, Islamabad and MCB 15-Main, Gulberg, Lahore, respectively. The Bank operates 1,052 branches including 11 Islamic banking branches (December 31, 2008: 1,040 branches including 11 Islamic banking branches) with in Pakistan and 7 (December 31, 2008: 7) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.2 The financial results of the Islamic banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 18 to these unconsolidated condensed interim financial statements.

3 STATEMENT OF COMPLIANCE

3.1 These unconsolidated condensed interim financial statements have been prepared in accordance with 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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.

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

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

3.4 During the current period, International Accounting Standard 1 (Revised), Presentation of Financial Statements (IAS 1) became effective from January 1, 2009. The application of this standard has resulted in certain increased disclosures only.

4 BASIS OF MEASUREMENT

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009

4.2 These unconsolidated condensed interim financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

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

5.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2008.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

7 LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
Call money lendings	1,100,000	1,700,000
Repurchase agreement lendings	3,713,908	2,400,079
	<u>4,813,908</u>	<u>4,100,079</u>

8 INVESTMENTS - NET

8.1 Investments by types

		September 30, 2009		
		Held by bank	Given as collateral	Total
		----- Rupees in 000 -----		
Held-for-trading securities		-	-	-
Available-for-sale securities	8.2	130,828,665	919,023	131,747,688
Held-to-maturity securities	8.2	13,141,591	-	13,141,591
		<u>143,970,256</u>	<u>919,023</u>	<u>144,889,279</u>
Associates	8.3	1,006,900	-	1,006,900
Subsidiaries		377,532	-	377,532
		<u>1,384,432</u>	<u>-</u>	<u>1,384,432</u>
Investments at cost		<u>145,354,688</u>	<u>919,023</u>	<u>146,273,711</u>
Less: Provision for diminution in the value of investments		(3,438,855)	-	(3,438,855)
Investments (net of provisions)		<u>141,915,833</u>	<u>919,023</u>	<u>142,834,856</u>
Surplus / (deficit) on revaluation of available for sale securities - net		110,330	(8,668)	101,662
Investments at revalued amounts - net of provisions		<u>142,026,163</u>	<u>910,355</u>	<u>142,936,518</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009

		December 31, 2008		
		Held by bank	Given as collateral	Total
		----- Rupees in 000 -----		
Held-for-trading securities		197,374	-	197,374
Available-for-sale securities	8.2	77,753,664	6,287,636	84,041,300
Held-to-maturity securities	8.2	16,545,546	-	16,545,546
		<u>94,496,584</u>	<u>6,287,636</u>	<u>100,784,220</u>
Associates	8.3	1,006,900	-	1,006,900
Subsidiaries		377,532	-	377,532
		<u>1,384,432</u>	<u>-</u>	<u>1,384,432</u>
Investments at cost		<u>95,881,016</u>	<u>6,287,636</u>	<u>102,168,652</u>
Less: Provision for diminution in the value of investments		(3,044,962)	-	(3,044,962)
Investments (net of provisions)		<u>92,836,054</u>	<u>6,287,636</u>	<u>99,123,690</u>
Deficit on revaluation of available for sale securities - net		(2,761,998)	(1,620)	(2,763,618)
Deficit on revaluation of held-for-trading securities - net		(103,198)	-	(103,198)
Investments at revalued amounts - net of provisions		<u>89,970,858</u>	<u>6,286,016</u>	<u>96,256,874</u>

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

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 943.600 million (December 31, 2008: Rs. 943.600 million) as at September 30, 2009 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 September 30, 2009 amounted to Rs. 3,615.162 million (December 31, 2008: Rs. 3,032.786 million).

8.4 The impairment loss recognized in the profit and loss account has been measured in accordance with State Bank of Pakistan BSD Circular No. 4 dated February 13, 2009 and BSD Circular No. 08 dated August 01, 2009.

The recognition of impairment loss based on the market values as at September 30, 2009 would have had the following effect on these unconsolidated condensed interim financial statements:

	September 30, 2009
	----- (Rupees in '000) -----
Increase in 'Impairment Loss' in Profit and Loss Account	611,877
Decrease in tax charge for the period	214,157
	<u>397,720</u>
	Rupees
Decrease in earnings per share -after tax	<u>0.58</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009

9 ADVANCES - NET

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	234,564,031	252,387,594
- Outside Pakistan	6,590,189	8,910,253
	<u>241,154,220</u>	<u>261,297,847</u>
Net Investment in finance lease		
- In Pakistan	4,295,782	5,358,475
- Outside Pakistan	74,250	90,733
	<u>4,370,032</u>	<u>5,449,208</u>
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	3,438,669	2,364,211
- Payable outside Pakistan	4,205,286	4,111,059
	<u>7,643,955</u>	<u>6,475,270</u>
Advances - gross	<u>253,168,207</u>	<u>273,222,325</u>
Less: Provision against loans and advances		
- Specific provision	9.1 (14,048,363)	(9,895,889)
- General provision	(253,168)	(273,222)
- General provision against consumer loans	(544,386)	(533,693)
- General Provision for potential lease losses (in Srilanka Operations)	(30,268)	(9,051)
	<u>(14,876,185)</u>	<u>(10,711,855)</u>
Advances - net of provision	<u>238,292,022</u>	<u>262,510,470</u>

9.1 Advances include Rs. 21,854.131 million (December 31, 2008: Rs. 18,268.877 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2009				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other Assets Especially Mentioned (OAEM)	9.1.1 227,357	-	227,357	-	-
Substandard	3,543,046	15,092	3,558,138	841,952	841,952
Doubtful	3,193,928	1,231	3,195,159	1,444,738	1,444,738
Loss	<u>10,959,390</u>	<u>3,914,087</u>	<u>14,873,477</u>	<u>11,761,673</u>	<u>11,761,673</u>
	<u>17,923,721</u>	<u>3,930,410</u>	<u>21,854,131</u>	<u>14,048,363</u>	<u>14,048,363</u>

Category of Classification	December 31, 2008				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other Assets Especially Mentioned (OAEM)	9.1.1 100,447	-	100,447	-	-
Substandard	5,440,860	-	5,440,860	897,768	897,768
Doubtful	2,595,782	501	2,596,283	1,186,556	1,186,556
Loss	<u>6,457,011</u>	<u>3,674,276</u>	<u>10,131,287</u>	<u>7,811,565</u>	<u>7,811,565</u>
	<u>14,594,100</u>	<u>3,674,777</u>	<u>18,268,877</u>	<u>9,895,889</u>	<u>9,895,889</u>

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009

10 BORROWINGS

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
In Pakistan	11,272,152	17,742,776
Outside Pakistan	1,520,775	4,921,064
	<u>12,792,927</u>	<u>22,663,840</u>

10.1 Details of borrowings (secured / unsecured)
Secured

Borrowings from State Bank of Pakistan		
Export refinance scheme	7,450,709	9,217,004
Long term financing - export oriented products scheme	2,110,958	2,100,751
	<u>9,561,667</u>	<u>11,317,755</u>
Borrowings from other financial institutions	634,053	-
Repurchase agreement borrowings	995,866	6,325,021
	<u>1,629,919</u>	<u>6,325,021</u>
	<u>11,191,586</u>	<u>17,642,776</u>
Unsecured		
Overdrawn nostro accounts	468,748	4,418,990
Call borrowings	1,132,593	602,074
	<u>1,601,341</u>	<u>5,021,064</u>
	<u>12,792,927</u>	<u>22,663,840</u>

September 30, 2009 December 31, 2008

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

11 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	58,339,860	61,680,332
Savings deposits	171,514,313	150,927,938
Current accounts - non remunerative	122,752,871	105,403,393
Margin accounts	2,809,449	3,137,434
Others	514	563
	<u>355,417,007</u>	<u>321,149,660</u>
Financial institutions		
Remunerative deposits	1,828,497	5,197,969
Non-remunerative deposits	4,870,902	3,926,526
	<u>6,699,399</u>	<u>9,124,495</u>
	<u>362,116,406</u>	<u>330,274,155</u>

12 DEFERRED TAX LIABILITY / (ASSET) - NET

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

Taxable temporary differences on:		
Surplus on revaluation of operating fixed assets	507,932	516,543
Accelerated tax depreciation	681,235	678,001
Net investment in finance lease	301,189	436,823
Others	8,769	2,444
	<u>1,499,125</u>	<u>1,633,811</u>
Deductible temporary differences on:		
Deficit on revaluation of securities	(131,492)	(661,966)
Provision for contributory benevolent scheme	(51,722)	(79,121)
Provision for post retirement medical benefits	(411,464)	(455,587)
Provision for bad debts	(881,496)	-
	<u>(1,476,174)</u>	<u>(1,196,674)</u>
	<u>22,951</u>	<u>437,137</u>

12.1 The Finance Act, 2009 has made significant amendments in the Seventh Schedule to Income Tax Ordinance, 2001. The deduction for provisions for doubtful and loss categories of advances and off balance sheet items is now allowable up to a maximum of 1% of total advances. The amount of bad debts classified as substandard under Prudential Regulation issued by State Bank of Pakistan would not be allowed as an expense. Provisioning in excess of 1% of total advances can be carried over to succeeding years. However the management, based on the projections prepared by the Bank, is of the view that it would be able to get deduction of provision in excess of 1% of total advances and accordingly has recognised deferred tax amounting to Rs. 881.496 million on such provisions.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
13 CONTINGENCIES AND COMMITMENTS		
13.1 Transaction-related contingent liabilities / commitments		
Guarantees in favour of:		
- Government	5,415,466	5,743,838
- Banks and financial institutions	13,770	36,030
- Others	14,958,014	15,148,692
Suppliers credit / payee guarantee	2,341,416	2,255,011
	22,728,666	23,183,571
13.2 Trade-related contingent liabilities	<u>55,061,938</u>	<u>54,869,480</u>
	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
13.3 Other contingencies		
Claims against the Bank not acknowledged as debts	469,040	226,246
13.4 Commitments to extend credit		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
13.5 Commitments in respect of forward foreign exchange contracts		
Purchase	38,832,015	69,708,932
Sale	34,355,140	67,476,228
13.6 Commitments for the acquisition of fixed assets	-	557,810
13.7 Other commitments		
Cross currency swaps (notional amount)	287,972	346,254
Interest rate swaps (notional amount)	250,000	2,410,797
Forward outright sale of Government Securities	-	20,827,530
Outright purchase of Government Securities from SBP	-	26,644,450
13.8 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.

	Nine months ended	
	September 30, 2009	September 30, 2008
	---- (Rupees in '000) ----	
14 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX		
Profit after taxation	11,805,116	11,623,359
	Number of shares	
Weighted average number of shares outstanding during the period	691,104,527	691,104,527
	Rupees	
Basic and diluted Earnings per share - after tax	17.08	16.82

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

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009

16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2009					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Eliminations	Total
	----- (Rupees in '000) -----					
Total income	73,243	7,511,429	21,579,404	13,071,255	(23,203)	42,212,128
Total expenses	(15,628)	(1,829,318)	(20,242,599)	(2,494,790)	23,203	(24,559,132)
Income tax expense	-	-	-	-	-	(5,847,880)
Net income	<u>57,615</u>	<u>5,682,111</u>	<u>1,336,805</u>	<u>10,576,465</u>	<u>-</u>	<u>11,805,116</u>
Segment assets - (Gross of NPLs Provisions)	-	163,559,604	118,735,466	200,555,452	-	482,850,522
Total assets	<u>-</u>	<u>163,559,604</u>	<u>118,735,466</u>	<u>200,555,452</u>	<u>-</u>	<u>482,850,522</u>
Segment non performing loans	-	-	7,807,295	14,046,836	-	21,854,131
Segment specific provision required	-	-	5,018,718	9,029,645	-	14,048,363
Segment liabilities	-	143,781,819	87,406,399	164,727,794	-	395,916,012
Deferred tax liabilities - net	-	-	-	-	-	22,951
Provision for taxation	-	-	-	-	-	5,266,997
Total liabilities - net	<u>-</u>	<u>143,781,819</u>	<u>87,406,399</u>	<u>164,727,794</u>	<u>-</u>	<u>401,205,960</u>
Segment return on assets (ROA) (%)	-	4.63%	1.57%	7.36%	-	3.36%
Segment cost of fund (%)	-	2.01%	3.80%	4.54%	-	3.82%

	Nine months ended September 30, 2008					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Eliminations	Total
	----- (Rupees in '000) -----					
Total income	67,651	7,701,854	14,851,106	10,133,611	(176,000)	32,578,222
Total expenses	(10,584)	(892,546)	(13,302,750)	(2,252,320)	176,000	(16,282,200)
Income tax expense	-	-	-	-	-	(4,672,663)
Net income	<u>57,067</u>	<u>6,809,308</u>	<u>1,548,356</u>	<u>7,881,291</u>	<u>-</u>	<u>11,623,359</u>
Segment assets - (Gross of NPLs provision)	-	126,259,271	146,856,708	189,495,602	-	462,611,581
Total assets	<u>-</u>	<u>126,259,271</u>	<u>146,856,708</u>	<u>189,495,602</u>	<u>-</u>	<u>462,611,581</u>
Segment non performing loans	-	-	5,256,233	8,064,083	-	13,320,316
Segment specific provision required	-	-	3,569,811	5,476,785	-	9,046,596
Segment liabilities	-	112,929,469	122,620,065	159,339,852	-	394,889,386
Deferred tax assets	-	-	-	-	-	271,478
Provision for taxation	-	-	-	-	-	1,888,476
Total liabilities - net	<u>-</u>	<u>112,929,469</u>	<u>122,620,065</u>	<u>159,339,852</u>	<u>-</u>	<u>397,049,340</u>
Segment return on assets (ROA) (%)	-	7.19%	1.44%	5.71%	-	3.42%
Segment cost of fund (%)	-	4.72%	2.61%	3.86%	-	2.76%

**Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009**

17 RELATED PARTY TRANSACTIONS

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

Transactions between the bank and its related parties are carried out at an arm's length basis under the comparable uncontrolled price method. However, the transactions between the bank and one of its subsidiary MNET Services (Private) Limited are carried out on 'cost plus' method. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. There are no transactions with key management personnel other than under their terms of employment. Remuneration to the executives and key management personnel are determined in accordance with the terms of their employment.

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

	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	Nine months ended September 30, 2009	Year ended Dec 31, 2008	Nine months ended September 30, 2009	Year ended Dec 31, 2008	Nine months ended September 30, 2009	Year ended Dec 31, 2008	Nine months ended September 30, 2009	Year ended Dec 31, 2008
(Rupees in '000)								
Deposits								
Deposits at beginning of the period / year	425,898	17,980	301,929	275,826	29,774	9,719	7,060,632	209,716
Deposits received during the period / year	13,989,280	10,910,613	51,727,629	302,979,123	410,440	687,935	27,243,469	50,640,762
Deposits repaid during the period / year	(14,367,895)	(10,502,695)	(51,776,386)	(302,953,020)	(421,556)	(667,880)	(23,463,235)	(43,789,846)
Deposits at the end of the period / year	47,283	425,898	253,172	301,929	18,658	29,774	10,840,866	7,060,632
Advances (secured)								
Balance at beginning of the period / year	-	-	-	-	1,640	2,116	-	1,661,869
Loan granted during the period / year	-	-	-	-	-	-	-	524,153
Repayment during the period / year	-	-	-	-	(368)	(476)	-	(2,186,022)
Balance at end of the period / year	-	-	-	-	1,272	1,640	-	-

Receivable from Pension Fund

	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
(Rupees in '000)								
							8,213,275	5,399,019

Adamjee Insurance Company Limited

Insurance premium paid	-	-	182,058	74,624	-	-	-	-
Insurance claim settled	-	-	76,061	72,897	-	-	-	-
Dividend income	-	-	78,917	44,670	-	-	-	-
Rent income received	-	-	8,846	5,625	-	-	-	-

Mayban International Trust (Labuan) Berhad

Dividend paid	-	-	942,415	376,966	-	-	-	-
Bonus shares issued	-	-	125,655	-	-	-	-	-
Forward foreign exchange contracts (Notional)	-	-	4,142,157	1,423,891	-	-	-	-
Unrealized loss on forward foreign exchange contracts	-	-	40,589	6,399	-	-	-	-

MNET Services (Private) Limited

Dividend received	-	-	-	-	-	4,998	-	-
Outsourcing service expenses	-	-	-	-	69,477	64,755	-	-
Networking service expenses	-	-	-	-	2,840	499	-	-
Receivable from holding company	-	-	-	-	12,700	-	-	-
Payable for trade debts	-	-	-	-	42,488	-	-	-

MCB Asset Management Company Limited

- Dividend received	-	-	-	-	-	29,998	-	-
- Markup paid	-	-	-	-	69	1,295	-	-
- Markup payable	-	-	-	-	18	339	-	-
- Others	-	-	-	-	897	681	-	-

MCB Trade Services

- Dividend received	-	-	-	-	11,315	10,918	-	-
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MCB Employees Foundation

- Service expenses	-	-	-	-	-	-	12,462	13,257
- Cash sorting expenses	-	-	-	-	-	-	14,840	12,999
- Cash in transit expenses	-	-	-	-	-	-	780	5,863

Others

- Remuneration of key management personnel	52,326	34,863	-	-	-	-	188,477	185,056
- Miscellaneous expenses	-	-	-	-	-	-	31,888	56,827
- Contribution to provident fund	-	-	-	-	-	-	111,174	99,440

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

**Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009**

18 ISLAMIC BANKING BUSINESS

The balance sheet of the bank's Islamic Banking Branches as at September 30, 2009 is as follows:

	September 30, 2009	December 31, 2008
(Rupees in '000)		
Assets		
Cash and balances with treasury banks	334,588	185,177
Investments - net	1,699,313	1,781,727
Financing and receivables		
- Murabaha	1,213,137	2,573,116
- Ijara	837,281	1,197,762
- Islamic export refinance	847,253	978,303
Deferred tax assets	1,778	-
Other assets	2,472,893	2,561,843
	7,406,243	9,277,928
Liabilities		
Bills payable	18,689	73,540
Deposits and other accounts		
- Current accounts	224,007	175,350
- Saving accounts	1,261,365	1,110,499
- Term deposits	273,067	75,740
- Others	1,974	2,681
Borrowing from SBP	845,200	966,500
Due to head office	3,100,000	5,750,000
Deferred tax liability	-	6,650
Other liabilities	655,126	244,697
	6,379,428	8,405,657
Net assets	1,026,815	872,271

Liabilities

Bills payable

Deposits and other accounts

- Current accounts

- Saving accounts

- Term deposits

- Others

Borrowing from SBP

Due to head office

Deferred tax liability

Other liabilities

Net assets

Represented by:

Islamic Banking Fund

Unappropriated profit

Surplus / (deficit) on revaluation of assets - net of tax

Remuneration to Shariah Advisor / Board

Charity fund

Opening balance

Additions during the period / year

Payments/ utilization during the period / year

Closing balance

	850,000	650,000
	180,118	209,921
	1,030,118	859,921
	(3,303)	12,350
	1,026,815	872,271
	623	560
	2,093	4,227
	1,287	1,566
	(1,500)	(3,700)
	1,880	2,093

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the nine months period ended September 30, 2009

The profit and loss account of the bank's Islamic banking Branches for the nine months period ended September 30, 2009 is as follows:

	Nine months ended September 30, 2009	Nine months ended September 30, 2008
----- (Rupees in '000) -----		
Income / return / profit earned	799,493	596,076
Income / return / profit expensed	526,066	395,888
Net Income / Profit	273,427	200,188
Provision against loans and advances - net	37,756	9,361
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	37,756	9,361
Net profit / income after provisions	235,671	190,827
Other income		
Fees, commission and brokerage income	6,419	4,359
Dividend income	-	-
Income from dealing in foreign currencies	4,785	1,156
Other Income	41,936	11,574
Total other income	53,140	17,089
	288,811	207,916
Other expenses		
Administrative expenses	108,472	54,807
Other provisions / write offs	-	-
Other charges (Penalty paid to SBP)	221	666
Total other expenses	108,693	55,473
Extra ordinary / unusual items	-	-
Profit before taxation	180,118	152,443

19 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- Comparative figures have been rearranged and reclassified wherever necessary for the purposes of comparison.

20 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 23, 2009 has announced cash dividend in respect of the nine months period ended September 30, 2009 of Rs. 2.50 per share (September 30, 2008: Rs 3.00 per share). These unconsolidated condensed interim financial statements for the nine months period ended September 30, 2009 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

21 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on October 23, 2009 .


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Dato' Mohammed Hussein
Director


Tariq Rafi
Director



MCB BANK LIMITED

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

MCB Bank Limited & Subsidiary Companies



Consolidated Condensed Interim Balance Sheet (Un-audited)
As at September 30, 2009

	Note	Unaudited September 30, 2009	Audited December 31, 2008
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		39,232,967	39,631,219
Balances with other banks		2,973,337	4,106,526
Lendings to financial institutions	7	4,813,908	4,100,079
Investments - net	8	145,123,050	97,790,391
Advances - net	9	238,290,750	262,508,830
Operating fixed assets		17,703,636	17,320,485
Deferred tax assets - net		-	-
Other assets - net		23,094,089	19,828,228
		471,231,737	445,285,758
Liabilities			
Bills payable		8,391,834	10,551,468
Borrowings	10	12,792,927	22,663,840
Deposits and other accounts	11	362,097,405	330,245,080
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	25,540	440,295
Other liabilities		17,875,078	21,252,942
		401,182,784	385,153,625
Net assets		70,048,953	60,132,133
Represented by:			
Share capital		6,911,045	6,282,768
Reserves		37,997,343	36,772,321
Un-appropriated profit		16,698,180	11,065,723
		61,606,568	54,120,812
Minority interest		78	69
		61,606,646	54,120,881
Surplus on revaluation of assets - net of tax		8,442,307	6,011,252
		70,048,953	60,132,133

Contingencies and commitments

13

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Dato' Mohammed Hussein
Director

Tariq Rafi
Director



Consolidated Condensed Interim Profit and Loss Account (Un-audited)
For the nine months period ended September 30, 2009

Note	Quarter ended September 30, 2009	Nine months ended September 30, 2009	Quarter ended September 30, 2008	Nine months ended September 30, 2008	
	----- (Rupees in '000) -----				
Mark-up / return / interest earned	12,352,280	38,293,738	11,151,809	28,089,531	
Mark-up / return / interest expensed	3,830,720	11,661,235	3,432,428	7,780,323	
Net mark-up / interest income	8,521,560	26,632,503	7,719,381	20,309,208	
Provision against loans and advances - net	854,575	4,228,337	754,723	1,996,410	
Provision for diminution in the value of investments - net	232,426	751,079	-	209,209	
Bad debts written off directly	33,305	34,525	690	1,487	
	1,120,306	5,013,941	755,413	2,207,106	
Net mark-up / interest income after provisions	7,401,254	21,618,562	6,963,968	18,102,102	
Non mark-up / interest income					
Fee, commission and brokerage income	798,614	2,531,750	632,674	2,228,757	
Income from trustee ship	4,477	12,635	5,724	16,663	
Dividend income	107,096	256,025	283,556	402,439	
Income from dealing in foreign currencies	(37,122)	264,157	581,440	533,292	
Gain / (loss) on sale of securities - net	143,322	265,072	(23,980)	742,428	
Unrealized gain / (loss) on revaluation of investments classified as held for trading	(21,280)	7,151	2,354	(43,678)	
Other income	204,732	655,571	251,216	785,551	
Total non mark-up / interest income	1,199,839	3,992,361	1,732,984	4,665,452	
	8,601,093	25,610,923	8,696,952	22,767,554	
Non-mark-up / interest expenses					
Administrative expenses	2,420,043	7,345,485	2,747,160	5,883,189	
Other provisions	5,240	113,156	5,001	13,103	
Other charges	216,844	503,702	217,932	528,070	
Total non mark-up/interest expenses	2,642,127	7,962,343	2,970,093	6,424,362	
Share of profit of associated undertaking	514,610	734,654	12,225	850,555	
	6,473,576	18,383,234	5,739,084	17,193,747	
Extra ordinary / unusual item	-	-	-	-	
Profit before taxation	6,473,576	18,383,234	5,739,084	17,193,747	
Taxation - current period	2,286,042	6,897,362	1,955,884	5,542,584	
- prior years	-	(85,600)	(204,500)	(834,769)	
- deferred	(357,195)	(945,228)	(15,216)	135	
Share of tax of associated undertaking	13,546	65,227	(4,548)	(35,259)	
	1,942,393	5,931,761	1,731,620	4,672,691	
Profit after taxation	4,531,183	12,451,473	4,007,464	12,521,056	
Share of profit attributable to minority interest	(4)	(9)	(6)	(11)	
Profit attributable to ordinary shareholders	4,531,179	12,451,464	4,007,458	12,521,045	
Earnings per share - basic and diluted - Rupees	14	6.56	18.02	5.80	18.12

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 8.4.

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Director

Dato' Mohammed Hussein
Director

Tariq Rafi
Director



Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2009

	September 30, 2009	September 30, 2008
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	18,383,234	17,193,747
Less: Dividend income and share of profit in associated undertaking	(990,679)	(1,252,994)
	17,392,555	15,940,753
Adjustments for non-cash charges		
Depreciation	673,925	610,806
Amortization	114,637	104,443
Provision against loans and advances - net	4,228,337	1,996,410
Provision for diminution in the value of investments - net	751,079	210,431
Other provisions	113,156	13,103
Bad debts written off directly	34,525	1,487
Gain on disposal of fixed assets	(20,337)	(20,132)
Unrealized gain / (loss) on revaluation of investments classified as held for trading	7,151	20,680
	5,902,473	2,937,228
	23,295,028	18,877,981
(Increase) / decrease in operating assets		
Lendings to financial institutions	(713,829)	(17,649,835)
Net investment in held for trading securities	151,100	17,897
Advances - net	19,955,218	(31,832,373)
Other assets - net	(3,422,102)	(2,709,225)
	15,970,387	(52,173,536)
Increase / (decrease) in operating liabilities		
Bills payable	(2,159,634)	(3,164,672)
Borrowings	(9,870,913)	(21,002)
Deposits and other accounts	31,852,325	31,852,415
Other liabilities	(8,747,648)	13,752,269
	11,074,130	42,419,010
	50,339,545	9,123,455
Income tax paid	(1,467,790)	(4,126,123)
Net cash flows from operating activities	48,871,755	4,997,332
Cash flows from investing activities		
Net investments in available-for-sale securities	(48,048,574)	22,491,018
Net investments in held-to-maturity securities	3,388,955	(5,119,610)
Dividend income received	241,907	198,751
Investment in operating fixed assets - net of disposals	(1,151,376)	(1,478,498)
Net cash flows from investing activities	(45,569,088)	16,091,661
Cash flows from financing activities		
Payment of sub-ordinated loan	-	(479,232)
Dividend paid	(4,878,618)	(6,828,569)
Net cash flows from financing activities	(4,878,618)	(7,307,801)
Exchange difference on translation of net investment in foreign branches	44,510	271,744
Increase in cash and cash equivalents	(1,531,441)	14,052,936
Cash and cash equivalents at January 1	43,737,745	43,551,474
Cash and cash equivalents at September 30	42,206,304	57,604,410

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Dato' Mohammed Hussein
Director

Tariq Rafi
Director



Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2009

	Capital Reserves			Other Reserves		Unappropriated profit	Sub total	Minority Interest	Total
	Share capital	Share premium	Exchange translation reserve	Statutory reserve	General reserve				
(Rupees in '000)									
Balance as at January 01, 2008	6,282,768	9,702,528	(41,692)	6,740,091	17,600,000	7,054,472	47,338,167	63	47,338,230
Change in equity for nine months ended September 30, 2008									
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	15,566	15,566	-	15,566
Exchange differences on translation of net investment in foreign branches	-	-	271,744	-	-	-	271,744	-	271,744
Net income recognised directly in equity	-	-	271,744	-	-	15,566	287,310	-	287,310
Profit after taxation for nine months period ended September 30, 2008	-	-	-	-	-	12,521,056	12,521,056	-	12,521,056
Share of profit attributable to minority interest	-	-	-	-	-	(11)	(11)	11	-
Total comprehensive income for the period ended September 30, 2008	-	-	271,744	-	-	12,536,611	12,808,355	11	12,808,366
Transferred to statutory reserve	-	-	-	1,162,336	-	(1,162,336)	-	-	-
Interim cash dividend	-	-	-	-	-	-	-	(2)	(2)
Transferred to general reserve	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Final cash dividend - December 31, 2007	-	-	-	-	-	(3,141,384)	(3,141,384)	(2)	(3,141,386)
Interim cash dividend - March 31, 2008	-	-	-	-	-	(1,884,831)	(1,884,831)	-	(1,884,831)
Interim cash dividend - June 30, 2008	-	-	-	-	-	(1,884,831)	(1,884,831)	-	(1,884,831)
Balance as at September 30, 2008	6,282,768	9,702,528	230,052	7,902,427	18,600,000	10,517,701	53,235,476	70	53,235,546
Change in equity for three months ended December 31, 2008									
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	5,807	5,807	-	5,807
Exchange differences on translation of net investment in foreign branches	-	-	(37,810)	-	-	-	(37,810)	-	(37,810)
Net income recognised directly in equity	-	-	(37,810)	-	-	5,807	(32,003)	-	(32,003)
Profit after taxation for three months period ended December 31, 2008	-	-	-	-	-	2,802,171	2,802,171	-	2,802,171
Share of profit attributable to minority interest	-	-	-	-	-	(1)	(1)	1	-
Total comprehensive income for the period ended December 31, 2008	-	-	(37,810)	-	-	2,807,977	2,770,167	1	2,770,168
Transferred to statutory reserve	-	-	-	375,124	-	(375,124)	-	-	-
Interim cash dividend	-	-	-	-	-	-	-	(2)	(2)
Interim cash dividend - September 30, 2008	-	-	-	-	-	(1,884,831)	(1,884,831)	-	(1,884,831)
Balance as at December 31, 2008	6,282,768	9,702,528	192,242	8,277,551	18,600,000	11,065,723	54,120,812	69	54,120,881
Change in equity for nine months ended September 30, 2009									
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	16,028	16,028	-	16,028
Exchange differences on translation of net investment in foreign branches	-	-	44,510	-	-	-	44,510	-	44,510
Net income recognised directly in equity	-	-	44,510	-	-	16,028	60,538	-	60,538
Profit after taxation for nine months period ended September 30, 2009	-	-	-	-	-	12,451,473	12,451,473	-	12,451,473
Share of profit attributable to minority interest	-	-	-	-	-	(9)	(9)	9	-
Total comprehensive income for the period ended September 30, 2009	-	-	44,510	-	-	12,467,492	12,512,002	9	12,512,011
Transferred to statutory reserve	-	-	-	1,180,512	-	(1,180,512)	-	-	-
Issue of bonus shares - December 31, 2008	628,277	-	-	-	-	(628,277)	-	-	-
Final cash dividend - December 31, 2008	-	-	-	-	-	(1,570,692)	(1,570,692)	-	(1,570,692)
Interim cash dividend - March 31, 2009	-	-	-	-	-	(1,727,781)	(1,727,781)	-	(1,727,781)
Interim cash dividend - June 30, 2009	-	-	-	-	-	(1,727,773)	(1,727,773)	-	(1,727,773)
Balance as at September 30, 2009	6,911,045	9,702,528	236,752	9,458,063	18,600,000	16,698,180	61,606,568	78	61,606,646

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Dato' Mohammed Hussein
Director

Tariq Rafi
Director



Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months period ended September 30, 2009

	Quarter ended September 30, 2009	Nine months ended September 30, 2009	Quarter ended September 30, 2008	Nine months ended September 30, 2008
----- (Rupees '000') -----				
Profit after tax for the period	4,531,183	12,451,473	4,007,464	12,521,056
Other comprehensive income				
Effect of translation of net investment in foreign branches	34,503	44,510	157,735	271,744
Surplus on revaluation of fixed assets relating to incremental depreciation	8,217	24,658	1,043	23,948
Income tax relating to incremental depreciation on revaluation of fixed assets	(2,876)	(8,630)	(365)	(8,382)
Total comprehensive income for the period	4,571,027	12,512,011	4,165,877	12,808,366

Surplus/ deficit on revaluation of 'Available for sale' securities and 'fixed assets' are presented under a separate head below equity 'surplus/ deficit on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan vide its BSD circular 20 dated 04 August 2000 and BSD circular 10 dated 13 July 2004 and Companies Ordinance, 1984 respectively.

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Dato' Mohammed Hussein
Director

Tariq Rafi
Director



Notes to the consolidated Condensed Interim Financial statements (Un-audited)
For the nine months period ended September 30, 2009

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company
- MCB Bank Limited

Subsidiary Companies

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

"Percentage holding of
MCB Bank Limited"

99.99%
99.95%
100%
99.99%

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's registered office and principal office are situated at MCB Building, Jinnah Avenue, Islamabad and MCB 15-Main, Gulberg, Lahore, respectively. The Bank operates 1,052 branches including 11 Islamic banking branches (December 31, 2008: 1,040 branches including 11 Islamic banking branches) with in Pakistan and 7 (December 31, 2008: 7) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

- In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- The financial results of the Islamic banking branches have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 18 to these consolidated condensed interim financial statements.
- The consolidated condensed financial statements include the financial statements of MCB Bank Limited and its subsidiary companies and associates.
- Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the unaudited financial statements for the period ended September 30, 2009 and the carrying value of investments held by the bank is eliminated against the subsidiaries' shareholders' equity in these consolidated condensed interim financial statements. Material intra-Group balances and transactions have been eliminated.
- Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associate. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associate has been accounted for based on the financial statements for the period ended September 30, 2009.
- Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

3 STATEMENT OF COMPLIANCE

- These consolidated condensed interim financial statements have been prepared in accordance with 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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.



Notes to the consolidated Condensed Interim Financial statements (Un-audited)
For the nine months period ended September 30, 2009

- The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan.
- The disclosures made in these consolidated condensed interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the disclosure required for full annual financial statements and these consolidated condensed interim financial statements should be read in conjunction with the financial statements of the Group for the year ended December 31, 2008.
- During the current period, International Accounting Standard 1 (Revised), Presentation of Financial Statements (IAS 1) became effective from January 1, 2009. The application of this standards has resulted in certain increased disclosures only.

4 BASIS OF MEASUREMENT

- These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts, certain investments, commitments in respect of certain forward foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.
- These consolidated condensed interim financial statements are presented in Pak Rupees, which is the Banks's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

- The accounting polices adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2008.
- The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2008.

6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

7. LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
Call money lendings	1,100,000	1,700,000
Repurchase agreement lendings	3,713,908	2,400,079
	<u>4,813,908</u>	<u>4,100,079</u>

8 INVESTMENTS - NET

8.1 Investments by types

		September 30, 2009		
		Held by bank	Given as collateral	Total
		----- Rupees in 000 -----		
		272,574	-	272,574
	8.2	130,828,665	919,023	131,747,688
	8.2	13,156,591	-	13,156,591
		<u>144,257,830</u>	<u>919,023</u>	<u>145,176,853</u>
		Associates		
	8.3	3,212,939	-	3,212,939
		63,300	-	63,300
		<u>3,276,239</u>	<u>-</u>	<u>3,276,239</u>
		<u>147,534,069</u>	<u>919,023</u>	<u>148,453,092</u>
		Investments at cost		
		<u>(3,438,855)</u>	<u>-</u>	<u>(3,438,855)</u>
		<u>144,095,214</u>	<u>919,023</u>	<u>145,014,237</u>
		Surplus / (deficit) on revaluation of available for sale securities - net		
		110,330	(8,668)	101,662
		Surplus on revaluation of held-for-trading securities - net		
		7,151	-	7,151
		<u>144,212,695</u>	<u>910,355</u>	<u>145,123,050</u>



Notes to the consolidated Condensed Interim Financial statements (Un-audited)
For the nine months period ended September 30, 2009

	December 31, 2008		
	Held by bank	Given as collateral	Total
	----- Rupees in '000 -----		
Held-for-trading securities	523,205	-	523,205
Available-for-sale securities	77,768,664	6,287,636	84,056,300
Held-to-maturity securities	16,545,546	-	16,545,546
	94,837,415	6,287,636	101,125,051
Associates			
Adamjee Insurance Company Limited	2,511,489	-	2,511,489
First Women Bank Limited	63,300	-	63,300
	2,574,789	-	2,574,789
Investments at cost	97,412,204	6,287,636	103,699,840
Less: Provision for diminution in the value of investments	(3,044,962)	-	(3,044,962)
Investments (net of provisions)	94,367,242	6,287,636	100,654,878
Deficit on revaluation of available for sale securities - net	(2,763,336)	(1,620)	(2,764,956)
Deficit on revaluation of held-for-trading securities - net	(99,531)	-	(99,531)
Investments at revalued amounts - net of provisions	91,504,375	6,286,016	97,790,391

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

8.3 Investment of the Group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) "Accounting for Investment in Associates" The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2009 amounted to Rs. 3,615.162 million (December 31, 2008: Rs. 3,032.786 million).

	September 30, 2009	December 31, 2008
	-----Rs. in '000-----	
Opening Balance	2,511,489	3,277,157
Share of profit before tax of Associated undertaking	734,654	30,843
Dividend from Associate	(78,917)	(89,340)
Share of tax	(65,227)	(25,164)
	590,510	(83,661)
Share of unrealised deficit on investments - net of tax	110,940	(682,007)
Closing balance	3,212,939	2,511,489

8.4 The impairment loss recognized in the profit and loss account has been measured in accordance with State Bank of Pakistan BSD Circular No. 4 dated February 13, 2009 and BSD Circular No. 08 dated August 01, 2009.

The recognition of impairment loss based on the market values as at September 30, 2009 would have had the following effect on these consolidated condensed interim financial statements:

	September 30, 2009
	(Rupees in '000)
Increase in 'Impairment Loss' in Profit and Loss Account	611,877
Decrease in tax charge for the period	214,157
Decrease in profit for the period - after tax	397,720
	Rupees
Decrease in earnings per share - after tax	0.58



Notes to the consolidated Condensed Interim Financial statements (Un-audited)
For the nine months period ended September 30, 2009

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
9 ADVANCES - NET		
Loans, cash credits, running finances, etc		
- In Pakistan	234,564,031	252,387,594
- Outside Pakistan	6,590,189	8,910,253
	241,154,220	261,297,847
Net Investment in finance lease		
- In Pakistan	4,294,510	5,356,835
- Outside Pakistan	74,250	90,733
	4,368,760	5,447,568
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	3,438,669	2,364,211
- Payable outside Pakistan	4,205,286	4,111,059
	7,643,955	6,475,270
Advances - gross	253,166,935	273,220,685
Less: Provision against loans and advances		
- Specific provision	(14,048,363)	(9,895,889)
- General provision	(253,168)	(273,222)
- General provision against consumer loans	(544,386)	(533,693)
- General Provision for potential lease losses (in Srilanka Operations)	(30,268)	(9,051)
	(14,876,185)	(10,711,855)
Advances - net of provision	238,290,750	262,508,830

9.1 Advances include Rs. 21,854.131 million (December 31, 2008: Rs. 18,268.877 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2009			Specific Provision Required	Specific Provision Held
	Classified Advances				
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other Assets Especially Mentioned (OAEM)	227,357	-	227,357	-	-
Substandard	3,543,046	15,092	3,558,138	841,952	841,952
Doubtful	3,193,928	1,231	3,195,159	1,444,738	1,444,738
Loss	10,959,390	3,914,087	14,873,477	11,761,673	11,761,673
	17,923,721	3,930,410	21,854,131	14,048,363	14,048,363
	December 31, 2008			Specific Provision Required	Specific Provision Held
	Classified Advances				
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other Assets Especially Mentioned (OAEM)	100,447	-	100,447	-	-
Substandard	5,440,860	-	5,440,860	897,768	897,768
Doubtful	2,595,782	501	2,596,283	1,186,556	1,186,556
Loss	6,457,011	3,674,276	10,131,287	7,811,565	7,811,565
	14,594,100	3,674,777	18,268,877	9,895,889	9,895,889

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



Notes to the consolidated Condensed Interim Financial statements (Un-audited)
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10 BORROWINGS

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
In Pakistan	11,272,152	17,742,776
Outside Pakistan	1,520,775	4,921,064
	<u>12,792,927</u>	<u>22,663,840</u>

10.1 Details of borrowings (secured / unsecured)

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
Secured		
Borrowings from State Bank of Pakistan		
Export refinance scheme	7,450,709	9,217,004
Long term financing - export oriented products scheme	2,110,958	2,100,751
	<u>9,561,667</u>	<u>11,317,755</u>
Borrowings from other financial institutions	634,053	-
Repurchase agreement borrowings	995,866	6,325,021
	<u>1,629,919</u>	<u>6,325,021</u>
	<u>11,191,586</u>	<u>17,642,776</u>
Unsecured		
Overdrawn nostro accounts	468,748	4,418,990
Call borrowings	1,132,593	602,074
	<u>1,601,341</u>	<u>5,021,064</u>
	<u>12,792,927</u>	<u>22,663,840</u>

11 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2009	December 31, 2008
Customers		
Fixed deposits	58,339,860	61,680,332
Savings deposits	171,513,509	150,925,503
Current accounts - non remunerative	122,734,674	105,376,753
Margin accounts	2,809,449	3,137,434
Others	514	563
	<u>355,398,006</u>	<u>321,120,585</u>
Financial institutions		
Remunerative deposits	1,828,497	5,197,969
Non-remunerative deposits	4,870,902	3,926,526
	<u>6,699,399</u>	<u>9,124,495</u>
	<u>362,097,405</u>	<u>330,245,080</u>

12 DEFERRED TAX LIABILITY / (ASSET) - NET

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

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
Taxable temporary differences on:		
Surplus on revaluation of operating fixed assets	508,446	517,120
Accelerated tax depreciation	688,354	685,838
Net investment in finance lease	301,189	436,823
Others	5,985	-
	<u>1,503,974</u>	<u>1,639,781</u>
Deductible temporary differences on:		
Deficit on revaluation of securities	(131,492)	(661,966)
Provision for contributory benevolent scheme	(51,722)	(79,121)
Provision for post retirement medical benefits	(411,464)	(455,587)
Provision for gratuity	(2,260)	(2,260)
Provision for bad debts	(881,496)	-
Others	-	(552)
	<u>(1,478,434)</u>	<u>(1,199,486)</u>
	<u>25,540</u>	<u>440,295</u>



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12.1 The Finance Act, 2009 has made significant amendments in the Seventh Schedule to Income Tax Ordinance, 2001. The deduction for provisions for doubtful and loss categories of advances and off balance sheet items is now allowable up to a maximum of 1% of total advances. The amount of bad debts classified as substandard under Prudential Regulation issued by State Bank of Pakistan would not be allowed as an expense. Provisioning in excess of 1% of total advances can be carried over to succeeding years. However the management, based on the projections prepared by the Bank, is of the view that it would be able to get deduction of provision in excess of 1% of total advances and accordingly has recognised deferred tax amounting to Rs. 881.496 million on such provisions.

13 CONTINGENCIES AND COMMITMENTS

13.1 Transaction-related contingent liabilities / commitments

Guarantees in favour of:

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
- Government	5,415,466	5,743,838
- Banks and financial institutions	13,770	36,030
- Others	14,958,014	15,148,692
Suppliers credit / payee guarantee	2,341,416	2,255,011
	<u>22,728,666</u>	<u>23,183,571</u>
	<u>55,061,938</u>	<u>54,869,480</u>

13.2 Trade-related contingent liabilities

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
Claims against the Bank not acknowledged as debts	469,040	226,246

13.3 Other contingencies

Claims against the Bank not acknowledged as debts

13.4 Commitments to extend credit

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

13.5 Commitments in respect of forward foreign exchange contracts

	September 30, 2009	December 31, 2008
Purchase	38,832,015	69,708,932
Sale	34,355,140	67,476,228

13.6 Commitments for the acquisition of fixed assets

	-	557,810
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13.7 Other commitments

	September 30, 2009	December 31, 2008
Cross currency swaps (notional amount)	287,972	346,254
Interest rate swaps (notional amount)	250,000	2,410,797
Forward outright sale of Government Securities	-	20,827,530
Outright purchase of Government Securities from SBB	-	26,644,450

13.8 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.

14 BASIC AND DILUTED EARNINGS PER SHARE - AFTER TAX

	Nine months ended	
	September 30, 2009	September 30, 2008
	----- (Rupees in '000) -----	
Profit after taxation	12,451,473	12,521,056
	<i>Number of shares</i>	
Weighted average number of shares outstanding during the period	691,104,527	691,104,527
	<i>Rupees</i>	
Basic and diluted Earnings per share - after tax	18.02	18.12

15 CREDIT RATING

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



Notes to the consolidated Condensed Interim Financial statements (Un-audited)
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16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2009						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Eliminations	Total
	(Rupees in '000)						
Total income	87,932	7,681,701	21,821,328	13,394,601	138,744	(103,553)	43,020,753
Total expenses	(27,520)	(1,828,830)	(20,288,869)	(2,522,216)	(73,637)	103,553	(24,637,519)
Income tax expense	-	-	-	-	-	-	(5,931,761)
Net income	60,412	5,852,871	1,532,459	10,872,385	65,107	-	12,451,473
Segment assets - (Gross of NPLs Provisions)	25,736	164,373,477	119,357,306	201,531,170	481,939	(489,527)	485,280,101
Total assets	25,736	164,373,477	119,357,306	201,531,170	481,939	(489,527)	485,280,101
Segment non performing loans	-	-	7,807,295	14,046,836	-	-	21,854,131
Segment specific provision required	-	-	5,018,718	9,029,645	-	-	14,048,363
Segment liabilities	-	143,966,927	87,490,553	164,863,624	46,308	(489,527)	395,877,885
Deferred tax liabilities - net	-	-	-	-	-	-	25,540
Provision for taxation	-	-	-	-	-	-	5,279,359
Total liabilities - net	-	143,966,927	87,490,553	164,863,624	-	(489,527)	401,182,784
Segment return on assets (ROA) (%)	312.98%	4.75%	1.79%	7.53%	18.01%	-	3.52%
Segment cost of fund (%)	-	2.01%	3.80%	4.54%	-	-	3.82%
	Nine months ended September 30, 2008						
Total income	86,890	7,911,209	15,203,609	10,449,536	206,110	(251,816)	33,605,538
Total expenses	(26,087)	(892,683)	(13,344,411)	(2,280,746)	(119,680)	251,816	(16,411,791)
Income tax expense	-	-	-	-	-	-	(4,672,691)
Net income	60,803	7,018,526	1,859,198	8,168,790	86,430	-	12,521,056
Segment assets - (Gross of NPLs provision)	24,748	126,996,278	144,119,106	185,092,101	477,682	(456,561)	456,253,354
Total assets	24,748	126,996,278	144,119,106	185,092,101	477,682	(456,561)	456,253,354
Segment non performing loans	-	-	5,256,233	8,064,083	-	-	13,320,316
Segment specific provision required	-	-	3,569,811	5,476,785	-	-	9,046,596
Segment liabilities	-	113,030,971	122,740,025	159,494,562	67,185	(456,561)	394,876,182
Deferred tax assets	-	-	-	-	-	-	272,964
Provision for taxation	-	-	-	-	-	-	1,944,144
Total liabilities - net	-	113,030,971	122,740,025	159,494,562	67,185	(456,561)	397,093,290
Segment return on assets (ROA) (%)	327.58%	7.37%	1.72%	5.88%	24.12%	-	3.66%
Segment cost of fund (%)	-	4.72%	2.61%	3.86%	-	-	2.76%



Notes to the consolidated Condensed Interim Financial statements (Un-audited)
For the nine months period ended September 30, 2009

17 RELATED PARTY TRANSACTIONS

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

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

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

	Directors		Associated companies		Other Related Parties	
	Nine months ended September 30, 2009	Year ended Dec 31, 2008	Nine months ended September 30, 2009	Year ended Dec 31, 2008	Nine months ended September 30, 2009	Year ended Dec 31, 2008
	(Rupees in '000)					
Deposits						
Deposits at beginning of the period / year	425,898	17,980	301,929	275,826	7,060,632	209,716
Deposits received during the period / year	13,989,280	10,910,613	51,727,629	302,979,123	27,243,469	50,640,762
Deposits repaid during the period / year	(14,367,895)	(10,502,695)	(51,776,386)	(302,953,020)	(23,463,235)	(43,789,846)
Deposits at the end of the period / year	47,283	425,898	253,172	301,929	10,840,866	7,060,632
Advances (secured)						
Balance at beginning of the period / year	-	-	-	-	-	1,661,869
Loan granted during the period / year	-	-	-	-	-	524,153
Repayment during the period / year	-	-	-	-	-	(2,186,022)
Balance at end of the period / year	-	-	-	-	-	-
Receivable from Pension Fund					8,213,275	5,399,019
	Directors		Associated companies		Other Related Parties	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
	(Rupees in '000)					
Adamjee Insurance Company Limited						
Insurance premium paid	-	-	182,058	74,624	-	-
Insurance claim settled	-	-	76,061	72,897	-	-
Dividend income	-	-	78,917	44,670	-	-
Rent income received	-	-	8,846	5,625	-	-
Mayban International Trust (Labuan) Berhad						
Dividend paid	-	-	942,415	376,966	-	-
Bonus shares issued	-	-	125,655	-	-	-
Forward foreign exchange contracts (Notional)	-	-	4,142,157	1,423,891	-	-
Unrealized loss on forward foreign exchange contracts	-	-	40,589	6,399	-	-
MCB Employees Foundation						
- Service expenses	-	-	-	-	12,462	13,257
- Cash sorting expenses	-	-	-	-	14,840	12,999
- Cash in transit expenses	-	-	-	-	780	5,863
Others						
- Remuneration of key management personnel	52,326	34,863	-	-	188,477	185,056
- Miscellaneous expenses	-	-	-	-	31,888	56,827
- Contribution to provident fund	-	-	-	-	111,174	99,440

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



Notes to the consolidated Condensed Interim Financial statements (Un-audited)
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18 ISLAMIC BANKING BUSINESS

The balance sheet of the bank's Islamic Banking Branches as at September 30, 2009 is as follows:

	September 30, 2009	December 31, 2008
	----- (Rupees in '000) -----	
Assets		
Cash and balances with treasury banks	334,588	185,177
Investments - net	1,699,313	1,781,727
Financing and receivables		
- Murabaha	1,213,137	2,573,116
- Ijara	837,281	1,197,762
- Islamic export refinance	847,253	978,303
Deferred tax assets	1,778	-
Other assets	2,472,893	2,561,843
	7,406,243	9,277,928
Liabilities		
Bills payable	18,689	73,540
Deposits and other accounts		
- Current accounts	224,007	175,350
- Saving accounts	1,261,365	1,110,499
- Term deposits	273,067	75,740
- Others	1,974	2,681
Borrowing from SBP	845,200	966,500
Due to head office	3,100,000	5,750,000
Deferred tax liability	-	6,650
Other liabilities	655,126	244,697
	6,379,428	8,405,657
Net assets	1,026,815	872,271
Represented by:		
Islamic Banking Fund	850,000	650,000
Unappropriated profit	180,118	209,921
	1,030,118	859,921
Surplus / (deficit) on revaluation of assets - net of tax	(3,303)	12,350
	1,026,815	872,271
Remuneration to Shariah Advisor / Board	623	560
Charity fund		
Opening balance	2,093	4,227
Additions during the period / year	1,287	1,566
Payments/ utilization during the period / year	(1,500)	(3,700)
Closing balance	1,880	2,093



Notes to the consolidated Condensed Interim Financial statements (Un-audited)
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The profit and loss account of the Bank's Islamic Banking Branches for the nine months period ended September 30, 2009 is as follows:

	Nine months ended September 30, 2009	Nine months ended September 30, 2008
	----- (Rupees in '000) -----	
Income / return / profit earned	799,493	596,076
Income / return / profit expensed	526,066	395,888
Net Income / Profit	273,427	200,188
Provision against loans and advances - net	37,756	9,361
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	37,756	9,361
Net profit / income after provisions	235,671	190,827
Other income		
Fees, commission and brokerage income	6,419	4,359
Dividend income	-	-
Income from dealing in foreign currencies	4,785	1,156
Other Income	41,936	11,574
Total other income	53,140	17,089
	288,811	207,916
Other expenses		
Administrative expenses	108,472	54,807
Other provisions / write offs	-	-
Other charges (Penalty paid to SBP)	221	666
Total other expenses	108,693	55,473
Extra ordinary / unusual items	-	-
Profit before taxation	180,118	152,443

19 GENERAL

- Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- Comparative figures have been rearranged and reclassified wherever necessary for the purposes of comparison.


20 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 23, 2009 has announced cash dividend in respect of the nine months period ended September 30, 2009 of Rs. 2.50 per share (September 30, 2008: Rs 3.00 per share). These consolidated condensed interim financial statements for the nine months period ended September 30, 2009 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

21 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on October 23, 2009 .


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Dato' Mohammed Hussein
Director


Tariq Rafi
Director