

MCB Bank Limited and Subsidiary Companies
Condensed Interim Balance Sheet (Unaudited)

As at September 30, 2007

	Note	(Unaudited) September 30, 2007	(Audited) December 31, 2006
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		34,405,452	32,465,976
Balances with other banks		4,285,342	6,649,659
Lendings to financial institutions	7	2,913,274	21,081,800
Investments - net	8	125,322,446	64,450,761
Advances - net	9	190,522,094	198,236,682
Other assets - net		16,052,930	11,044,909
Operating fixed assets		11,274,436	9,073,276
Deferred tax assets - net	12	-	174,886
		384,775,974	343,177,949
LIABILITIES			
Bills payable		9,109,923	7,089,679
Borrowings from financial institutions	10	23,569,661	23,943,476
Deposits and other accounts	11	287,910,822	257,185,110
Sub-ordinated loan		479,232	1,597,440
Liabilities against assets subject to finance lease		-	-
Other liabilities		13,015,474	11,177,125
Deferred tax liabilities - net	12	406,695	-
		334,491,807	300,992,830
NET ASSETS		50,284,167	42,185,119
REPRESENTED BY:			
Shareholders Equity			
Share capital	13	6,282,768	5,463,276
Reserves		30,555,912	24,662,446
Un-appropriated profit		7,175,985	6,278,593
		44,014,665	36,404,315
Minority Interest		57	52
		44,014,722	36,404,367
Surplus on revaluation of assets - net of tax		6,269,445	5,780,752
		50,284,167	42,185,119

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

President and Chief Executive

Director

Director

Director

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

For nine months ended September 30, 2007

	Note	Quarter ended September 30, 2007	Nine months ended September 30, 2007	Quarter ended September 30, 2006	Nine months ended September 30, 2006
----- (Rupees in '000) -----					
Mark-up / return / interest earned		8,082,859	23,698,924	6,559,068	18,571,712
Mark-up / return / interest expensed		1,984,563	5,749,723	1,145,785	3,046,755
Net mark-up / interest income		6,098,296	17,949,201	5,413,283	15,524,957
Provision / (reversal) against loans and advances		253,407	1,441,713	144,956	285,582
Provision / (reversal) for diminution in the value of investments		156,886	130,913	100,347	121,198
Bad debts written off directly		45	199	6	1,135
		410,338	1,572,825	245,309	407,915
Net mark-up / interest income after provisions		5,687,958	16,376,376	5,167,974	15,117,042
NON MARK-UP/INTEREST INCOME					
Fee, commission and brokerage income		692,619	2,054,442	570,593	1,689,184
Income earned as trustees to various funds		1,674	2,353	177	307
Dividend income		382,843	523,952	338,150	479,687
Income from dealing in foreign currencies		139,956	552,657	109,416	503,469
Gain on sale of securities		304,770	1,285,656	105,203	540,958
Gain / (loss) on trading in government securities - net		(71)	(121)	-	33
Other income - net		131,028	366,741	112,463	393,689
Total non mark-up / interest income		1,652,819	4,785,680	1,236,002	3,607,327
		7,340,777	21,162,056	6,403,976	18,724,369
NON MARK-UP/INTEREST EXPENSE					
Administrative expenses	15	2,017,264	4,621,090	2,135,164	5,754,122
Other provisions / (reversal)		-	(9,452)	-	9,910
Other charges		5,642	179,435	380	3,025
Total non mark-up / interest expenses		2,022,906	4,791,073	2,135,544	5,767,057
Share of profit of associated undertaking		15,509	369,194	62,996	389,273
		5,333,380	16,740,177	4,331,428	13,346,585
Extra ordinary / unusual item		-	-	-	-
PROFIT BEFORE TAXATION		5,333,380	16,740,177	4,331,428	13,346,585
Taxation - current period		1,622,583	4,968,836	1,390,916	4,138,766
- prior years		-	(459,952)	407	174,105
- deferred		85,088	639,253	2,070	52,936
Share of tax of Associated undertaking		(39,283)	(2,430)	1,385	24,762
		1,668,388	5,145,707	1,394,778	4,390,569
PROFIT AFTER TAXATION		3,664,992	11,594,470	2,936,650	8,956,016
Share of profit attributable to minority interest		(2)	(5)	(1)	(1)
PROFIT AFTER TAX AVAILABLE TO GROUP		3,664,990	11,594,465	2,936,649	8,956,015
Earnings per share - Basic and Diluted	16	5.83	18.45	4.95	15.08

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

President and Chief Executive

Director

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MCB Bank Limited and Subsidiary Companies
Condensed Interim Cash Flow Statement (Un-audited)
For nine months ended September 30, 2007

	September 30, 2007	September 30, 2006
	(Rupees '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,740,177	13,346,585
Less: Dividend income and share of profit in associated undertaking	<u>(893,146)</u>	<u>(868,960)</u>
	15,847,031	12,477,625
Adjustments for non-cash charges		
Depreciation	394,068	498,888
Amortization	143,327	78,725
Provision against loans and advances	1,441,713	285,582
Provision / (reversal) for diminution in the value of investments	130,913	121,198
Provision / (reversal) in the value of other assets	(9,452)	9,910
Bad debts written off directly	199	1,135
(Gain) / loss on disposal of fixed assets	-	(20,605)
Un realized gain / (loss) on revaluation of 'held-for-trading' securities	278	8,421
	<u>2,101,046</u>	<u>983,254</u>
	17,948,077	13,460,879
(Increase) / decrease in operating assets		
Lendings to financial institutions	18,168,526	(9,349,928)
Held-for-trading securities	(314,405)	4,869
Advances - net	6,272,676	(3,545,814)
Other assets -net	<u>(4,998,569)</u>	<u>(3,395,950)</u>
	19,128,228	(16,286,823)
Increase / (decrease) in operating liabilities:		
Bills payable	2,020,244	(313,168)
Borrowings from financial institutions	(373,815)	(12,658,404)
Deposits	30,725,712	21,745,150
Other liabilities	557,984	1,213,890
	<u>32,930,125</u>	<u>9,987,468</u>
	70,006,430	7,161,524
Income tax paid	<u>(4,486,629)</u>	<u>(2,353,321)</u>
Net cash flows from operating activities	65,519,801	4,808,203
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities:	(64,274,566)	(16,411,586)
Net investments in held-to-maturity securities:	4,343,179	21,328,120
Dividends income received	577,556	197,948
Investments in operating fixed assets - net of disposals	<u>(2,738,555)</u>	<u>(1,088,185)</u>
Net cash flows from investing activities	(62,092,386)	4,026,297
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of sub-ordinated loan	(1,118,208)	(640)
Proceed from issue of shares to minority interest	-	20
Dividend paid	<u>(2,702,776)</u>	<u>(2,443,404)</u>
Net cash flows from financing activities	(3,820,984)	(2,444,024)
Exchange difference on translation of net investments in foreign branches:	<u>(31,272)</u>	<u>6,173</u>
Increase in cash and cash equivalents	(424,841)	6,396,649
Cash and cash equivalents at January 1	<u>39,115,635</u>	<u>25,188,032</u>
Cash and cash equivalents at September 30	<u>38,690,794</u>	<u>31,584,681</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information

President and Chief Executive

Director

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MCB Bank Limited and Subsidiary Companies
Condensed Interim Statement of Changes in Equity (Un-audited)
For nine months ended September 30, 2007

	Capital Reserves				Other Reserves		Unappropriated profit	Sub Total	Minority Interest	Total
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve	Statutory reserve	General reserve				
	(Rupees in '000)									
Balance as at January 01, 2006	4,265,327	1,308,194	853,065	(52,549)	3,999,295	7,300,000	559,804	18,233,136	29	18,233,165
Effect of change in accounting policy										
Transferred to reserve for issuance of bonus shares - final December 31, 2005	-	-	(853,065)	-	-	-	853,065	-	-	-
Final cash dividend - December 31, 2005	-	-	-	-	-	-	426,533	426,533	-	426,533
Transfer to General Reserve	-	-	-	-	-	(3,500,000)	3,500,000	-	-	-
Balance as at January 01, 2006 - restated	4,265,327	1,308,194	-	(52,549)	3,999,295	3,800,000	5,339,402	18,659,669	29	18,659,698
Effect of change in accounting policy										
Final cash dividend - December 31, 2005	-	-	-	-	-	-	(426,533)	(426,533)	-	(426,533)
Change in Equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	32,486	32,486	-	32,486
Exchange differences on translation of net investment in foreign branches	-	-	-	6,173	-	-	-	6,173	-	6,173
Total income recognised directly in equity	-	-	-	6,173	-	-	32,486	38,659	-	38,659
Issue of shares to Minority Interest	-	-	-	-	-	-	-	-	20	20
Profit after taxation for nine months period ended June 30, 2006	-	-	-	-	-	-	8,956,016	8,956,016	-	8,956,016
Profit attributable to minority interest	-	-	-	-	-	-	(1)	(1)	1	-
Total recognised income for the period	-	-	-	6,173	-	-	8,988,501	8,994,674	21	8,994,695
Transferred to statutory reserve	-	-	-	-	864,282	-	(864,282)	-	-	-
Transferred to general reserve	-	-	-	-	-	6,000,000	(6,000,000)	-	-	-
Issue of bonus shares - December 31, 2005	853,065	-	-	-	-	-	(853,065)	-	-	-
Interim cash dividend - March 2006	-	-	-	-	-	-	(1,023,679)	(1,023,679)	-	(1,023,679)
Interim cash dividend - June 2006	-	-	-	-	-	-	(1,023,679)	(1,023,679)	-	(1,023,679)
Balance as at September 30, 2006	5,118,392	1,308,194	-	(46,376)	4,863,577	9,800,000	4,136,665	25,180,452	50	25,180,502
Changes in equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(320)	(320)	-	(320)
Exchange differences on translation of net investment in foreign branches	-	-	-	(7,241)	-	-	-	(7,241)	-	(7,241)
Total expense / income recognised directly in equity	-	-	-	(7,241)	-	-	(320)	(7,561)	-	(7,561)
Profit after taxation for three months period ended December 31, 2006	-	-	-	-	-	-	3,584,863	3,584,863	-	3,584,863
Profit attributable to minority interest	-	-	-	-	-	-	(2)	(2)	2	-
Total recognised income for the period	-	-	-	(7,241)	-	-	3,584,541	3,577,300	2	3,577,302
Transferred to statutory reserve	-	-	-	-	349,958	-	(349,958)	-	-	-
Interim cash dividend - September 30, 2006	-	-	-	-	-	-	(1,092,655)	(1,092,655)	-	(1,092,655)
Issuance of Global Depository Receipts (GDRs)	344,884	8,760,054	-	-	-	-	-	9,104,938	-	9,104,938
GDRs issuance expense	-	(365,720)	-	-	-	-	-	(365,720)	-	(365,720)
Balance as at December 31, 2006	5,463,276	9,702,528	-	(53,617)	5,213,535	9,800,000	6,278,593	36,404,315	52	36,404,367
Changes in equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	8,045	8,045	-	8,045
Exchange differences on translation of net investment in foreign branches	-	-	-	(31,272)	-	-	-	(31,272)	-	(31,272)
Total expense / income recognised directly in equity	-	-	-	(31,272)	-	-	8,045	(23,227)	-	(23,227)
Profit after taxation for nine months period ended September 30, 2007	-	-	-	-	-	-	11,594,470	11,594,470	-	11,594,470
Profit attributable to minority interest	-	-	-	-	-	-	(5)	(5)	5	-
Total recognised income for the period	-	-	-	(31,272)	-	-	11,602,510	11,571,238	5	11,571,243
Transferred to statutory reserve	-	-	-	-	1,124,738	-	(1,124,738)	-	-	-
Transferred to general reserve	-	-	-	-	-	4,800,000	(4,800,000)	-	-	-
Issue of Bonus Shares - Final December 31, 2006	819,492	(819,492)	-	-	-	-	(819,492)	-	-	-
Final cash dividend - December 31, 2006	-	-	-	-	-	-	(819,492)	(819,492)	-	(819,492)
Interim cash dividend-March 2007	-	-	-	-	-	-	(1,570,692)	(1,570,692)	-	(1,570,692)
Interim cash dividend-June 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)	-	(1,570,704)
Balance as at September 30, 2007	6,282,768	9,702,528	-	(84,889)	6,338,273	14,600,000	7,175,985	44,014,665	57	44,014,722

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

President and Chief Executive

Director

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Director

MCB Bank Limited and Subsidiary Companies
Notes to the Condensed Interim Financial Information (Un-audited)
For nine months ended September 30, 2007

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company
- MCB Bank Limited

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

MCB Bank Limited 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) 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 Tower, I.I Chundrigar Road, Karachi respectively. The Bank operates 1,007 branches including 6 Islamic banking branches (September 30, 2006: 973 branches) inside Pakistan and 6 (September 30, 2006: 5) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

- a) In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- b) The financial results of the Islamic banking branches have been consolidated in this condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 20 to this condensed interim financial information.
- c) The consolidated condensed financial information includes the financial information of MCB Bank Limited and its subsidiary companies and associates.
- d) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the unaudited financial information for the period ended June 30, 2007 and the carrying value of investments held by the bank is eliminated against the subsidiaries' shareholders' equity in this consolidated financial information. Material intra-Group balances and transactions have been eliminated.
- e) Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter adjusted for the post-acquisition change in the Group's share of net assets of the associate. The cumulative post-acquisition movements are adjusted in the carrying amount of the investment. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share in associate has been accounted for based on the financial information for the period ended September 30, 2007.
- f) Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Group.

3 STATEMENT OF COMPLIANCE

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

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

The disclosures made in this condensed interim financial information have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial information, and this condensed interim financial information should be read in conjunction with the financial information of the Group for the year ended December 31, 2006.

4 BASIS OF MEASUREMENT

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

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial information of the Group for the year ended December 31, 2006.

6 SIGNIFICANT ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial information of the Group for the year ended December 31, 2006.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2007	December 31, 2006
	----- (Rupees '000) -----	
Call money lendings	250,000	9,050,000
Repurchase agreement lendings	2,663,274	12,031,800
	<u>2,913,274</u>	<u>21,081,800</u>

8 INVESTMENTS - Net

8.1 Investments by types

	Held by bank	Given as collateral	Total
	----- September 30, 2007 -----		
Held-for-trading securities	314,405	-	314,405
Available-for-sale securities	100,012,411	10,376,951	110,389,362
Held-to-maturity securities	10,322,967	-	10,322,967
	<u>110,649,783</u>	<u>10,376,951</u>	<u>121,026,734</u>
Associates			
Adamjee Insurance Company Limited	3,043,415	-	3,043,415
First Women Bank Limited	63,300	-	63,300
	<u>3,106,715</u>	<u>-</u>	<u>3,106,715</u>
	<u>113,756,498</u>	<u>10,376,951</u>	<u>124,133,449</u>
Less:			
Provision for diminution in the value on investments	(453,932)	-	(453,932)
Surplus / (deficit) on revaluation of available for sale securities - net	1,655,672	(12,465)	1,643,207
Surplus/ (deficit) on revaluation of held-for-trading securities - net	(278)	-	(278)
Investments - net	<u>114,957,960</u>	<u>10,364,486</u>	<u>125,322,446</u>
	Held by bank	Given as collateral	Total
	----- December 31, 2006 -----		
Held-for-trading securities	-	-	-
Available-for-sale securities	34,856,408	11,298,388	46,154,796
Held-to-maturity securities	14,666,146	-	14,666,146
	49,522,554	11,298,388	60,820,942
Associates			
Adamjee Insurance Company Limited	2,259,550	-	2,259,550
First Women Bank Limited	63,300	-	63,300
	<u>2,322,850</u>	<u>-</u>	<u>2,322,850</u>
	<u>51,845,404</u>	<u>11,298,388</u>	<u>63,143,792</u>
Less:			
Provision for diminution in the value of investments	(363,019)	-	(363,019)
Surplus / (deficit) on revaluation of available for sale securities - net	1,685,026	(15,038)	1,669,988
Investments - net	<u>53,167,411</u>	<u>11,283,350</u>	<u>64,450,761</u>

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2006: 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, 2006: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account. Further Euro bonds issued by Government of Pakistan amounting to US\$ 29 Million (face value) are earmarked by Mashreqbank PSC against loan obtained by the Bank.

8.3 Investment in Adamjee Insurance Company Limited has been carried at cost amounting to Rs. 943.600 million (December 31, 2006: Rs. 943.600 million). The market value of the investment as at September 30, 2007 amounted to Rs. 10,716.595 million (December 31, 2006: Rs. 4,481.877 million).

	September 30, 2007	December 31, 2006
	Rs. in '000	
Opening Balance	2,259,550	1,869,045
Share of profits	369,194	474,030
Dividend from Associates	(53,604)	(62,568)
Share of tax	2,430	(25,675)
	318,020	385,787
Share of unrealised surplus on investments	465,845	4,718
Closing balance	<u>3,043,415</u>	<u>2,259,550</u>

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

9 ADVANCES - net

	September 30, 2007	December 31, 2006
	----- (Rupees '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	180,109,748	189,472,034
- Outside Pakistan	5,459,375	5,172,803
	185,569,123	194,644,837
Net Investment in Finance Lease		
- In Pakistan	6,702,936	6,080,333
- Outside Pakistan	69,160	85,865
	6,772,096	6,166,198
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	2,793,655	1,761,803
- Payable outside Pakistan	4,933,504	4,272,188
	7,727,159	6,033,991
Advances - gross	200,068,378	206,845,026
Less: Provision against loans and advances		
- Specific provision	9.1 (6,666,013)	(5,953,234)
- General provision	(2,275,926)	(2,277,467)
- General Provision for potential lease losses (in Srilanka Operations)	-	(3,820)
- General provision against consumer loans	(604,345)	(373,823)
	(9,546,284)	(8,608,344)
Advances - net of provision	<u>190,522,094</u>	<u>198,236,682</u>

9.1 Advances include Rs. 9,546.284 million (December 31, 2006: Rs. 8,570.813 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2007				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially					
Mentioned (OAEM)	9.1.1 96,128	-	96,128	-	-
Substandard	732,134	2,371	734,505	173,963	173,963
Doubtful	854,900	14,089	868,989	413,471	413,471
Loss	5,162,777	2,683,885	7,846,662	6,078,579	6,078,579
	<u>6,845,939</u>	<u>2,700,345</u>	<u>9,546,284</u>	<u>6,666,013</u>	<u>6,666,013</u>

Category of Classification	December 31, 2006				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	87,699	-	87,699	-	-
Substandard	487,306	6,927	494,233	109,978	109,978
Doubtful	475,072	-	475,072	231,032	231,032
Loss	4,837,290	2,676,519	7,513,809	5,612,224	5,612,224
	<u>5,887,367</u>	<u>2,683,446</u>	<u>8,570,813</u>	<u>5,953,234</u>	<u>5,953,234</u>

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

10 BORROWINGS FROM FINANCIAL INSTITUTIONS

September 30, December 31,
2007 2006
----- (Rupees '000) -----

In Pakistan	20,252,138	20,304,629
Outside Pakistan	<u>3,317,523</u>	<u>3,638,847</u>
	<u>23,569,661</u>	<u>23,943,476</u>

10.1 Details of borrowings (secured / unsecured)

Secured

Borrowings from State Bank of Pakistan		
Export refinance scheme	5,266,726	6,727,670
Long term financing - export oriented products scheme	<u>2,568,335</u>	<u>2,313,030</u>
	7,835,061	9,040,700
Borrowings from other financial institutions	2,840,339	2,932,817
Repurchase agreement borrowings	<u>10,376,952</u>	<u>11,263,929</u>
	<u>13,217,291</u>	<u>14,196,746</u>
	21,052,352	23,237,446

Unsecured

Overdrawn nostro accounts	477,184	617,027
Call borrowings	<u>2,040,125</u>	<u>89,003</u>
	2,517,309	706,030
	<u>23,569,661</u>	<u>23,943,476</u>

11 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	35,134,491	33,296,703
Savings deposits	151,319,924	136,613,835
Current accounts - non remunerative	94,682,613	81,640,625
Margin accounts	2,546,899	2,447,944
Others	4,169	4,336
	<u>283,688,096</u>	<u>254,003,443</u>

Financial institutions

Remunerative deposits	1,728,421	249,506
Non-remunerative deposits	<u>2,494,305</u>	<u>2,932,161</u>
	4,222,726	3,181,667
	<u>287,910,822</u>	<u>257,185,110</u>

12 DEFERRED TAX ASSETS - 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	(184,066)	(188,398)
On net investment in finance lease	(670,948)	(167,406)
Accelerated tax depreciation	(233,995)	(89,962)
Others	(3,663)	-
	<u>(1,092,672)</u>	<u>(445,766)</u>

Deductible temporary differences on:

Provision for contributory benevolent scheme	97,381	92,589
Deficit on revaluation of securities	72,016	14,343
Provision for Gratuity Scheme	629	638
Provision for post retirement medical benefits	515,092	505,208
Provision for employees' compensated absences	-	5,060
Others	859	2,814
	<u>685,977</u>	<u>620,652</u>
	<u>(406,695)</u>	<u>174,886</u>

13 SHARE CAPITAL

The Bank vide a special resolution dated March 28, 2007 has increased its Authorised Share Capital from Rs. 6,500 million to Rs. 10,000 million.

14 CONTINGENCIES AND COMMITMENTS

September 30, December 31,
2007 2006
----- (Rupees '000) -----

14.1 Transaction-related contingent liabilities / commitments

Guarantees in favour of:

- Government	5,361,617	3,810,101
- Banks and financial institutions	7,174	13,441
- Others	7,289,337	2,570,648
Suppliers credit / payee guarantee	1,720,763	1,605,942
	14,378,891	8,000,132

14.2 Trade-related contingent liabilities

51,184,496 42,035,977

14.3 Other contingencies

Claims against the Bank not acknowledged as debts

133,739 197,848

14.4 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.

14.5 Commitments in respect of forward foreign exchange contracts

Purchase	45,517,958	41,288,941
Sale	52,173,781	50,420,861
	97,691,739	91,709,802

14.6 Commitments for the acquisition of fixed assets

171,110 1,366,761

14.7 Commitments in respect of:

Forward Lending

- 1,853,461

14.8 Other commitments

Cross currency swaps (notional amount)	890,000	95,000
FX Options (notional amount)		
- Purchase	-	155,641
- Sale	-	155,641
Interest rate swaps (notional amount)	1,331,428	3,223,485
Forward outright sale of Government Securities	-	5,107,030
Outright purchase of Government Securities from the SBP	-	6,942,230

15 ADMINISTRATIVE EXPENSES

During the period, donation amounting to Rs 6.075 million was paid to Pakistan Development Market Place (PDM) for 'Fund for circulation of people with disabilities'. Donation was not made to any donee in which the Bank or any of its directors or their spouse had any interest.

16 EARNINGS PER SHARE

- BASIC AND DILUTED (after minority interest)

Profit after taxation attributable to ordinary shareholders

Half year ended
September 30, September 30,
2007 2006
----- (Rupees '000) -----

11,594,465 8,956,015

Weighted average number of shares outstanding during the period

Number of shares **628,276,843 593,788,443**

Earnings per share

Rupees **18.45 15.08**

17 CREDIT RATING

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

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2007						Total
	Corporate Finance	Trading and Sales	Retail & Consumer Bankig	Commercial Banking	Asset Management	Eliminations	
	-----Rupees in '000-----						
Total income	171,577	9,513,224	11,142,540	8,244,616	94,042	(312,201)	28,853,798
Total expenses	(20,961)	(1,772,416)	(8,840,407)	(1,732,211)	(59,827)	312,201	(12,113,621)
Income Tax	-	-	-	-	-	-	(5,145,707)
Net income (loss)	150,616	7,740,808	2,302,133	6,512,405	34,215	-	11,594,470
Segment Assets (Gross)	16,103	146,018,104	124,802,895	113,586,424	352,448	-	384,775,974
Deferred Tax Assets - Unallocated	-	-	-	-	-	-	-
Total Assets	16,103	146,018,104	124,802,895	113,586,424	352,448	-	384,775,974
Segment Non Performing Loans	-	313,039	4,665,231	4,568,014	-	-	9,546,284
Segment Provision Required	-	112,511	3,692,903	2,860,599	-	-	6,666,013
Segment Liabilities	(150,324)	128,801,129	101,954,623	101,061,232	27,163	-	331,693,824
Deferred Tax Liabilities (Net) - Unallocated	-	-	-	-	-	-	406,695
Provision for Taxation	-	-	-	-	-	-	2,391,288
Segment Equity	166,426	16,180,497	21,922,429	11,689,530	325,285	-	50,284,167
Total Liabilities	16,103	144,981,626	123,877,053	112,750,762	352,448	-	384,775,974
Segment Return on net Assets (ROA) (%)	935.33%	5.30%	1.84%	5.73%	9.71%	0.00%	3.01%
Segment Cost of funds (%)	0.00%	7.53%	2.09%	3.16%	0.00%	0.00%	2.29%
	-----Rupees in '000-----						
	Nine months ended September 30, 2006						
Total income	69,188	6,246,407	9,265,282	7,290,044	5,300	(307,909)	22,568,312
Total expenses	(23,057)	(1,085,586)	(7,786,028)	(629,951)	(5,014)	307,909	(9,221,727)
Income Tax	-	-	-	-	-	-	(4,390,569)
Net income (loss)	46,131	5,160,820	1,479,254	6,660,093	286	-	8,956,016
Segment Assets (Gross)	10,213	95,538,671	112,006,381	110,930,651	308,500	-	318,794,416
Deferred Tax Assets - Unallocated	-	-	-	-	-	-	154,380
Total Assets	10,213	95,538,671	112,006,381	110,930,651	308,500	-	318,948,796
Segment Non Performing Loans	-	399,397	3,463,160	4,280,334	-	-	8,142,891
Segment Provision Required	-	142,032	2,530,119	2,499,849	-	-	5,172,000
Segment Liabilities	(49,777)	86,330,243	94,688,373	103,142,932	6,063	-	284,117,834
Provision for Taxation	-	-	-	-	-	-	2,938,226
Segment Equity	59,990	8,333,623	16,345,622	6,851,063	302,437	-	31,892,736
Total Liabilities	10,213	94,663,866	111,033,996	109,993,995	308,500	-	318,948,796
Segment Return on net Assets (ROA) (%)	451.69%	5.40%	1.32%	6.00%	0.09%	0.00%	2.81%
Segment Cost of funds (%)	0.00%	1.71%	1.12%	1.73%	0.00%	0.00%	1.28%

19 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.

Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. There are no transactions with key management personnel other than under their terms of employment. Remuneration to the executives and key management personnel are determined in accordance with the terms of their employment.

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

Type of related party	Directors		Associated companies		Other Related Parties	
	Nine months ended September 30, 2007	Year ended Dec 31, 2006	Nine months ended September 30, 2007	Year ended Dec 31, 2006	Nine months ended September 30, 2007	Year ended Dec 31, 2006
----- (Rupees '000) -----						
Deposits						
Deposits at beginning of the period / year	19,099	61,996	522,641	785,634	314,045	214,191
Deposits received during the period / year	350,637	572,767	90,980,887	33,568,048	5,667,485	17,714,493
Deposits repaid during the period / year	(358,982)	(615,664)	(91,143,424)	(33,831,041)	(5,790,309)	(17,614,639)
Deposits at the end of the period / year	10,754	19,099	360,104	522,641	191,221	314,045

Markup rates on deposits range from 0.1% to 6.75% (31 December 2006: 0.1% to 6.75%) per annum.

Advances (secured)

Balance at beginning of the period / year	-	-	-	-	2,240,038	1,297,320
Loan granted during the period / year	-	-	-	-	1,237,123	2,062,460
Repayment during the period / year	-	-	-	-	(1,878,977)	(1,119,742)
Balance at end of the period / year	-	-	-	-	1,598,184	2,240,038

Profit rates on advances to Pension Fund at 6 month KIBOR + 0.3% and to the Provident Fund at 6 month KIBOR +0.3% (December,31 2006: Pension Fund at 6 month KIBOR + 0.3% and Provident Fund at 6 month KIBOR +0.3%) per annum. At September 30, 2007, interest receivable from the above funds amounted to Rs. NIL million (December 31, 2006: 67.275 million).

	September 30, 2007	December 31, 2006
----- (Rupees '000) -----		
Receivable from Pension Fund	8,189,161	4,881,483

	Directors		Associated companies		Other Related Parties	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
----- (Rupees '000) -----						

Adamjee Insurance Company Limited

Insurance premium paid	-	-	67,865	45,475	-	-
Insurance claim settled	-	-	32,103	13,042	-	-
Dividend received	-	-	53,604	36,097	-	-
Rent income received	-	-	1,764	1,176	-	-

MCB Employees Foundation

- Service expenses	-	-	-	-	14,415	7,662
- Cash sorting expenses	-	-	-	-	13,516	4,919
- Cash in transit expenses	-	-	-	-	1,781	1,713

MCB Employees Security System & Services (Private)

Limited						
- Security guard expenses	-	-	-	-	78,991	38,844

Others

- Proceeds from sale of Vehicles to Executives	-	-	-	-	5,278	1,053
- Gain on sale of vehicles to executives	-	-	-	-	257	819
- Remuneration of key management personnel	102,141	19,404	-	-	108,085	65,149
- Miscellaneous expenses	-	-	-	-	51,457	28,328
- Contribution / (expense) on provident fund	-	-	-	-	80,899	47,461

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.

20 ISLAMIC BANKING BUSINESS

September 30, December 31,
2007 2006
----- (Rupees '000) -----

Assets

Cash and balances with treasury banks	117,033	92,053
Investments - net	1,169,000	800,000
Financing and receivables		
- Murabaha	2,522,541	1,592,019
- Ijara	1,213,818	1,073,014
- Islamic export refinance	110,236	268,347
Other Assets	960,964	505,909
	6,093,592	4,331,342

Liabilities

Bills payable	13,735	14,517
Deposits and other accounts		
- Current Accounts	130,908	121,102
- Saving Accounts	481,990	264,268
- Term Deposits	80,192	54,439
- Others	11,676	7,968
Borrowing from SBP	420,000	316,782
Due to head office	4,150,000	2,750,000
Other liabilities	288,479	434,076
	5,576,980	3,963,152
Net assets	516,612	368,190

Represented by:

Islamic Banking Fund	400,000	280,000
Reserves	-	-
Unappropriated profit	97,612	88,190
	497,612	368,190
Surplus on revaluation of assets - net of tax	19,000	-
	516,612	368,190
Remuneration to Shariah Advisor / Board	811	935
Charity Fund		
Opening Balance	3,244	2,757
Additions during the period / year	563	487
Payments/ utilization during the period / year	-	-
Closing Balance	3,807	3,244

21 GENERAL

Figures have been rounded off to the nearest thousand rupees.

22 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on October 26, 2007 has announced cash dividend in respect of the nine months ended September 30, 2007 of Rs.2.50 per share (September 30, 2006: Rs 2.00 per share). In addition, the Board of Directors has also approved the transfer to general reserve from unappropriated profit amounting to Rs. 3,000.00 million (September 30, 2006: Rs. Nil million). This condensed interim financial information for the period ended September 30, 2007 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

23 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 26, 2007 by the Board of Directors of the Bank.

President and Chief Executive

Director

Director

Director