



**MCB Bank Limited
&
Subsidiary Companies**

Consolidated Financial Information
Half Year Ended June 30, 2008

MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Balance Sheet (Un-audited)
As at June 30, 2008

	<i>Note</i>	Unaudited June 30, 2008	Audited December 31, 2007
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		60,649,271	39,683,883
Balances with other banks		14,724,059	3,867,591
Lendings to financial institutions	7	14,312,695	1,051,372
Investments - net	8	102,131,136	115,358,590
Advances - net	9	228,973,789	218,959,786
Operating fixed assets		16,828,640	16,082,781
Deferred tax assets - net		-	-
Other assets - net		15,572,494	17,896,838
		453,192,084	412,900,841
Liabilities			
Bills payable		7,722,767	10,479,058
Borrowings	10	14,498,554	39,406,831
Deposits and other accounts	11	350,701,203	292,088,347
Sub-ordinated loan		-	479,232
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	731,508	1,183,586
Other liabilities		20,751,309	11,716,465
		394,405,341	355,353,519
Net assets		58,786,743	57,547,322
Represented by:			
Share capital		6,282,768	6,282,768
Reserves		35,882,626	34,000,927
Un-appropriated profit		8,789,042	7,054,472
		50,954,436	47,338,167
Minority interest		64	63
		50,954,500	47,338,230
Surplus on revaluation of assets - net of tax		7,832,243	10,209,092
		58,786,743	57,547,322

Contingencies and commitments

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

President and Chief Executive

Director

Director

Director

MCB Bank Limited & Subsidiary Companies
 Consolidated Condensed Interim Profit and Loss Account (Un-audited)
 For the Half year ended June 30, 2008

Note	Quarter ended June 30, 2008	Half year ended June 30, 2008	Quarter ended June 30, 2007	Half year ended June 30, 2007
----- (Rupees in '000) -----				
Mark-up / return / interest earned	8,749,555	16,939,131	7,998,727	15,616,065
Mark-up / return / interest expensed	2,346,904	4,339,278	2,200,422	3,765,160
Net mark-up / interest income	6,402,651	12,599,853	5,798,305	11,850,905
Provision / (reversal) against loans and advances	626,467	1,241,687	995,406	1,188,306
Provision / (reversal) for diminution in the value of investments	210,431	210,431	(25,973)	(25,973)
Bad debts written off directly	-	-	100	154
	836,898	1,452,118	969,533	1,162,487
Net mark-up / interest income after provisions	5,565,753	11,147,735	4,828,772	10,688,418
Non mark-up / interest income				
Fee, commission and brokerage income	794,723	1,547,974	783,235	1,361,823
Income earned as trustee to various funds	5,762	10,939	451	679
Dividend income	31,960	118,883	29,364	141,109
Income from dealing in foreign currencies	(189,174)	(42,257)	191,356	412,701
Gain on sale of securities - net	127,978	738,434	744,855	980,886
Gain / (loss) on trading in government securities - net	(32,998)	(17,730)	(17)	(50)
Other income	285,742	578,046	237,916	458,383
Total non mark-up / interest income	1,023,993	2,934,289	1,987,160	3,355,531
	6,589,746	14,082,024	6,815,932	14,043,949
Non-mark-up / interest expenses				
Administrative expenses	1,477,498	3,174,403	835,194	2,826,496
Other provisions / (reversal)	-	-	(9,452)	(9,452)
Other charges	216,235	291,288	113,750	173,793
Total non mark-up/interest expenses	1,693,733	3,465,691	939,492	2,990,837
Share of profit of associated undertaking	811,733	838,330	196,025	353,685
	5,707,746	11,454,663	6,072,465	11,406,797
Extra ordinary / unusual item	-	-	-	-
Profit before taxation	5,707,746	11,454,663	6,072,465	11,406,797
Taxation - current period	1,497,744	3,586,700	1,740,730	3,346,253
- prior years	(400,269)	(630,269)	-	(459,952)
- deferred	136,997	15,351	197,622	554,165
Share of tax of associated undertaking	(33,743)	(30,711)	20,924	36,853
	1,200,729	2,941,071	1,959,276	3,477,319
Profit after taxation	4,507,017	8,513,592	4,113,189	7,929,478
Share of profit attributable to minority interest	(2)	(5)	(2)	(3)
Profit attributable to ordinary shareholders	4,507,015	8,513,587	4,113,187	7,929,475
Earnings per share - basic and diluted - Rupees	11 <u>7.17</u>	<u>13.55</u>	<u>6.55</u>	<u>12.62</u>

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

 President and Chief Executive

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MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the Half year ended June 30, 2008

	June 30, 2008	June 30, 2007
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	11,454,663	11,406,797
Less: Dividend income	(957,213)	(494,794)
	<u>10,497,450</u>	<u>10,912,003</u>
Adjustments for non-cash charges		
Depreciation	356,242	264,740
Amortisation	86,973	93,000
Provision against loans and advances	1,241,687	1,188,306
Provision / (reversal) for diminution in the value of investments	210,431	(25,973)
Provision / (reversal) of in the value of other assets	-	(9,452)
Bad debts written off directly	-	154
(Gain)/Loss on disposal of fixed assets	(13,047)	(6,008)
Un realized (gain) / loss on revaluation of 'held-for-trading' securities	32,810	(3,526)
	<u>1,915,096</u>	<u>1,501,241</u>
	<u>12,412,546</u>	<u>12,413,244</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(13,261,323)	11,570,395
Held for trading securities	(41,588)	(245,618)
Advances - net	(11,255,690)	3,134,189
Other assets - net	2,392,596	(2,767,996)
	<u>(22,166,005)</u>	<u>11,690,970</u>
Increase / (decrease) in operating liabilities		
Bills payable	(2,756,291)	232,766
Borrowings from financial institutions	(24,908,277)	(8,191,067)
Deposits	58,612,856	43,644,552
Other liabilities	8,823,077	810,094
	<u>39,771,365</u>	<u>36,496,345</u>
	<u>30,017,906</u>	<u>60,600,559</u>
Payments of provision against off-balance sheet obligations	-	-
Income tax paid	(2,740,955)	(3,254,521)
Net cash flows from operating activities	<u>27,276,951</u>	<u>57,346,038</u>
Cash flows from investing activities		
Net investments in available-for-sale securities	12,136,398	(52,929,114)
Net investments in held-to-maturity securities	(1,380,686)	3,493,246
Dividend income received	95,301	182,687
Investment in operating fixed assets - net of disposals	(910,958)	(1,681,695)
Net cash flows from investing activities	<u>9,940,055</u>	<u>(50,934,876)</u>
Cash flows from financing activities		
Payment of sub-ordinated loan	(479,232)	(638,976)
Dividend paid	(5,029,927)	(2,461,975)
Net cash flows from financing activities	<u>(5,509,159)</u>	<u>(3,100,951)</u>
Exchange difference on translation of net investment in foreign branches	<u>114,009</u>	<u>(27,593)</u>
Increase in cash and cash equivalents	<u>31,821,856</u>	<u>3,282,618</u>
Cash and cash equivalents at January 1	<u>43,551,474</u>	<u>39,115,635</u>
Cash and cash equivalents at June 30	<u><u>75,373,330</u></u>	<u><u>42,398,253</u></u>

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

President and Chief Executive

Director

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MCB Bank Limited & Subsidiary Companies
Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the Half year ended June 30, 2008

	Capital Reserves				Other Reserves			Sub Total	Minority Interest	Total
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit			
(Rupees in '000)										
Balance as at January 01, 2007	5,463,276	9,702,528	-	(53,617)	5,213,535	9,800,000	6,278,593	36,404,315	52	36,404,367
Change in Equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	5,373	5,373	-	5,373
Exchange differences on translation of net investment in foreign branches	-	-	-	(27,593)	-	-	-	(27,593)	-	(27,593)
Total income recognised directly in equity	-	-	-	(27,593)	-	-	5,373	(22,220)	-	(22,220)
Profit after taxation for six months period ended June 30, 2007	-	-	-	-	-	-	7,929,478	7,929,478	-	7,929,478
Share of profit attributable to minority interest	-	-	-	-	-	-	(3)	(3)	3	-
Total recognised income for the period	-	-	-	(27,593)	-	-	7,934,848	7,907,255	3	7,907,258
Transferred to statutory reserve	-	-	-	-	766,313	-	(766,313)	-	-	-
Transferred to general reserve	-	-	-	-	-	4,800,000	(4,800,000)	-	-	-
Issue of bonus shares - December 31, 2007	819,492	-	-	-	-	-	(819,492)	-	-	-
Final cash dividend - December 31, 2007	-	-	-	-	-	-	(819,492)	(819,492)	-	(819,492)
Interim Cash Dividend - March 2007	-	-	-	-	-	-	(1,570,692)	(1,570,692)	-	(1,570,692)
Balance as at June 30, 2007	6,282,768	9,702,528	-	(81,210)	5,979,848	14,600,000	5,437,452	41,921,386	55	41,921,441
Changes in equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	6,487	6,487	-	6,487
Exchange differences on translation of net investment in foreign branches	-	-	-	39,518	-	-	-	39,518	-	39,518
Total expense / income recognised directly in equity	-	-	-	39,518	-	-	6,487	46,005	-	46,005
Profit after taxation for six months period ended December 31, 2007	-	-	-	-	-	-	8,512,192	8,512,192	-	8,512,192
Share of profit attributable to minority interest	-	-	-	-	-	-	(8)	(8)	8	-
Total recognised income for the period	-	-	-	39,518	-	-	8,518,671	8,558,189	8	8,558,197
Transferred to statutory reserve	-	-	-	-	760,243	-	(760,243)	-	-	-
Transferred to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-
Interim cash dividend - June 30, 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)	-	(1,570,704)
Interim cash dividend - September 31, 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)	-	(1,570,704)
Balance as at December 31, 2007	6,282,768	9,702,528	-	(41,692)	6,740,091	17,600,000	7,054,472	47,338,167	63	47,338,230
Changes in equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	14,888	14,888	-	14,888
Exchange differences on translation of net investment in foreign branches	-	-	-	114,009	-	-	-	114,009	-	114,009
Total expense / income recognised directly in equity	-	-	-	114,009	-	-	14,888	128,897	-	128,897
Profit after taxation for six months period ended June 30, 2008	-	-	-	-	-	-	8,513,592	8,513,592	-	8,513,592
Share of profit attributable to minority interest	-	-	-	-	-	-	(5)	(5)	5	-
Total recognised income for the period	-	-	-	114,009	-	-	8,528,475	8,642,484	5	8,642,489
Transferred to statutory reserve	-	-	-	-	767,690	-	(767,690)	-	-	-
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)
Balance as at June 30, 2008	6,282,768	9,702,528	-	72,317	7,507,781	18,600,000	8,789,042	50,954,436	64	50,954,500

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

President and Chief Executive

Director

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MCB Bank Limited & Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial statements (Un-audited)
As at June 30, 2008

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	99.997%
- MNET Services (Private) Limited	99.95%
- MCB Trade Services Limited	100%
- MCB Asset Management Company Limited	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 1,023 branches including 8 Islamic banking branches (December 31, 2007: 1020 branches including 8 Islamic banking branches) inside Pakistan and 7 (December 31, 2007: 6) branches outside the country (including the Karachi Export Processing Zone Branch). During the period Malayan Banking Berhad (Maybank) of Malaysia acquired 94,241,527 shares representing 15% stake in the Bank through Mayban International Trust (Labuan) Berhad.

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 this consolidated condensed interim financial information 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 this consolidated 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 18 to this consolidated condensed interim financial information.
- 2.3** The consolidated condensed financial information include the financial statements 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 statements for the period ended June 30, 2008 and the carrying value of investments held by the bank is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim 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 statements for the period ended June 30, 2008.

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 consolidated condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance 1984 and Banking Companies Ordinance, 1962. In case requirements differ, the provisions of and directives given in Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 shall prevail.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Accordingly, the requirements of these standards have not been considered in the preparation of this consolidated 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 consolidated 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 statements, and this consolidated condensed interim financial information should be read in conjunction with the financial statements of the Group for the year ended December 31, 2007.

4 BASIS OF MEASUREMENT

This consolidated 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 AND RISK MANAGEMENT

5.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2007.

5.2 The risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2007.

6 SIGNIFICANT ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2007.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	June 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Call money lendings	2,050,000	1,051,372
Repurchase agreement lendings	12,262,695	-
	<u>14,312,695</u>	<u>1,051,372</u>

8 INVESTMENTS - Net

8.1 Investments by types

	Held by bank	Given as collateral	Total
	----- June 30, 2008 -----		
Held-for-trading securities	560,677	-	560,677
Available-for-sale securities	85,166,947	1,799,173	86,966,120
Held-to-maturity securities	12,482,709	-	12,482,709
	<u>98,210,333</u>	<u>1,799,173</u>	<u>100,009,506</u>
Associates	3,701,172	-	3,701,172
Subsidiaries	-	-	-
	<u>3,701,172</u>	<u>-</u>	<u>3,701,172</u>
	<u>101,911,505</u>	<u>1,799,173</u>	<u>103,710,678</u>
Less:			
Provision for diminution in the value on investments	(666,811)	-	(666,811)
Surplus / (deficit) on revaluation of available for sale securities - net	(875,863)	(729)	(876,592)
Deficit on revaluation of held-for-trading securities - net	(36,139)	-	(36,139)
Investments - net	<u>100,332,692</u>	<u>1,798,444</u>	<u>102,131,136</u>
	Held by bank	Given as collateral	Total
	----- December 31, 2007 -----		
Held-for-trading securities	519,089	-	519,089
Available-for-sale securities	72,117,556	26,996,870	99,114,426
Held-to-maturity securities	11,102,023	-	11,102,023
	<u>83,738,668</u>	<u>26,996,870</u>	<u>110,735,538</u>
Associates	3,277,157	-	3,277,157
Adamjee Insurance Company Limited	63,300	-	63,300
First Women Bank Limited	<u>3,340,457</u>	<u>-</u>	<u>3,340,457</u>
	<u>87,079,125</u>	<u>26,996,870</u>	<u>114,075,995</u>
Less:			
Provision for diminution in the value of investments	(468,288)	-	(468,288)
Surplus / (deficit) on revaluation of available for sale securities - net	1,790,202	(35,990)	1,754,212
Deficit on revaluation of held-for-trading securities - net	(3,329)	-	(3,329)
Investments - net	<u>88,397,710</u>	<u>26,960,880</u>	<u>115,358,590</u>

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2007: 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, 2007: 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 of the group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment as at June 30, 2008 amounted to Rs. 8,062.018 million (December 31, 2007: Rs. 10,671.631 million).

	June 30, 2008	December 31, 2007
	Rs. in '000	
Opening Balance	3,277,157	2,259,550
Share of profits	838,330	1,223,633
Dividend from Associate	(44,670)	(98,274)
Share of tax	30,711	(15,769)
	824,371	1,109,590
Share of unrealised surplus on investments	(463,655)	(91,983)
Closing balance	<u>3,637,873</u>	<u>3,277,157</u>

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

9 ADVANCES - net

	June 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	218,349,062	208,588,318
- Outside Pakistan	7,757,329	6,989,947
	226,106,391	215,578,265
Net Investment in Finance Lease		
- In Pakistan	6,282,938	6,902,283
- Outside Pakistan	57,857	67,710
	6,340,795	6,969,993
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	2,951,173	2,949,228
- Payable outside Pakistan	4,779,184	4,234,574
	7,730,357	7,183,802
Advances - gross	240,177,543	229,732,060
Less: Provision against loans and advances		
- Specific provision	(8,038,081)	(7,326,953)
- General provision	(2,411,649)	(2,749,815)
- General provision against consumer loans	(745,063)	(688,665)
- General Provision for potential lease losses (in Srilanka Operations)	(8,961)	(6,841)
	(11,203,754)	(10,772,274)
Advances - net of provision	<u>228,973,789</u>	<u>218,959,786</u>

- 9.1 Advances include Rs. 11,987.718 million (December 31, 2007: Rs. 10,725.308 million) which have been placed under non-performing status as detailed below:

		June 30, 2008				
		Classified Advances			Specific Provision Required	Specific Provision Held
Category of Classification		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	105,594	-	105,594	-	-
Substandard		1,721,701	2,235	1,723,936	408,749	408,749
Doubtful		1,448,903	1,214	1,450,117	712,878	712,878
Loss		6,004,772	2,703,299	8,708,071	6,916,454	6,916,454
		<u>9,280,970</u>	<u>2,706,748</u>	<u>11,987,718</u>	<u>8,038,081</u>	<u>8,038,081</u>
		December 31, 2007				
		Classified Advances			Specific Provision Required	Specific Provision Held
Category of Classification		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	101,910	-	101,910	-	-
Substandard		842,804	11,438	854,242	205,291	205,291
Doubtful		1,691,207	8,373	1,699,580	836,809	836,809
Loss		5,374,166	2,695,410	8,069,576	6,284,853	6,284,853
		<u>8,010,087</u>	<u>2,715,221</u>	<u>10,725,308</u>	<u>7,326,953</u>	<u>7,326,953</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

June 30, December 31,
2008 2007
----- (Rupees in '000) -----

In Pakistan	10,029,848	35,497,881
Outside Pakistan	4,468,706	3,908,950
	14,498,554	39,406,831

10.1 Details of borrowings (secured / unsecured)**Secured**

Borrowings from State Bank of Pakistan		
Export refinance scheme	6,072,657	5,593,462
Long term financing - export oriented products scheme	2,254,871	2,473,077
	8,327,528	8,066,539

Borrowings from other financial institutions	-	2,932,600
Repurchase agreement borrowings	1,798,447	26,931,342
	1,798,447	29,863,942

10,125,975 37,930,481

Unsecured

Overdrawn nostro accounts	250,098	976,350
Call borrowings	4,122,481	500,000
	4,372,579	1,476,350
	14,498,554	39,406,831

11 DEPOSITS AND OTHER ACCOUNTS**Customers**

Fixed deposits	29,969,113	32,202,230
Savings deposits	202,033,488	151,554,958
Current accounts - non remunerative	100,718,788	95,957,918
Margin accounts	4,162,241	2,589,309
Others	1,270	4,288
	336,884,900	282,308,703

Financial institutions

Remunerative deposits	5,450,669	9,233,602
Non-remunerative deposits	8,365,634	546,042
	13,816,303	9,779,644
	350,701,203	292,088,347

12 DEFERRED TAX LIABILITY - net

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

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets	520,023	469,482
On net investment in finance lease	541,015	599,216
Accelerated tax depreciation	613,921	568,718
Surplus on revaluation of Securities	-	156,767
Others	3,272	-
	1,678,231	1,794,183

Deductible temporary differences on:

Provision for contributory benevolent scheme	(86,365)	(98,706)
Surplus on revaluation of Securities	(374,211)	-
Provision for gratuity	-	(1,197)
Provision for employees compensated absences	(486,147)	(509,298)
Others	-	(1,396)
	(946,723)	(610,597)
	731,508	1,183,586

13 CONTINGENCIES AND COMMITMENTS	June 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
13.1 Transaction-related contingent liabilities / commitments		
Guarantees in favour of:		
- Government	7,486,168	5,283,799
- Banks and financial institutions	65,824	376,773
- Others	9,521,705	7,247,043
Suppliers credit / payee guarantee	2,139,494	1,809,117
	19,213,191	14,716,732
13.2 Trade-related contingent liabilities	61,198,531	61,677,285
13.3 Other contingencies		
Claims against the Bank not acknowledged as debts	211,562	134,079
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	104,200,702	62,077,338
Sale	119,690,532	69,362,417
13.6 Commitments for the acquisition of fixed assets	22,670	78,670
13.7 Other commitments		
Cross currency swaps (notional amount)	1,654,609	1,845,484
FX Options (notional amount)		
- Purchase	-	351,702
- Sale	-	351,702
Interest rate swaps (notional amount)	2,425,917	2,721,698
Forward outright sale of Government Securities	-	-
	Half year ended	
	June 30,	March 31,
	2008	2007
	---- (Rupees in '000) ----	
14 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	8,513,587	7,929,475
Weighted average number of shares outstanding during the period	628,276,843	628,276,843
	<i>Rupees</i>	
Earnings per share	13.55	12.62
15 CREDIT RATING		
PACRA through its notification in June 2008 has assigned long-term credit rating of AA+ (double A plus) and short-term credit rating of A1+ (A one plus) to the Bank.		

16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Half year ended June 30, 2008						Total
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Eliminations	
	----- (Rupees in '000) -----						
Total income	59,870	4,125,336	10,612,492	5,951,444	116,746	(154,138)	20,711,750
Total expenses	(19,192)	(634,475)	(7,880,868)	(796,430)	(80,260)	154,138	(9,257,087)
Income tax expense	-	-	-	-	-	-	(2,941,071)
Net income	40,678	3,490,861	2,731,624	5,155,014	36,486	-	8,513,592
Segment assets - (Gross of NPLs Provisions)	23,679	164,137,490	147,203,330	149,868,782	441,981	(445,097)	461,230,165
Total assets	23,679	164,137,490	147,203,330	149,868,782	441,981	(445,097)	461,230,165
Segment non performing loans	-	-	5,453,631	6,534,087	-	-	11,987,718
Segment specific provision required	-	-	3,656,803	4,381,278	-	-	8,038,081
Segment liabilities (Including segment equity)	23,689	163,332,474	142,824,758	144,704,844	441,981	(445,097)	450,882,649
Deferred tax liabilities - net	-	-	-	-	-	-	731,508
Provision for taxation	-	-	-	-	-	-	1,577,927
Total liabilities - net	23,689	163,332,474	142,824,758	144,704,844	441,981	(445,097)	453,192,084
Segment return on assets (ROA) (%)	343.58%	4.25%	3.91%	7.31%	16.51%	-	3.76%
Segment cost of fund (%)	-	5.20%	2.21%	2.77%	-	-	2.35%
	Half year ended June 30, 2007						
Total income	145,393	5,961,498	7,282,751	5,540,325	41,970	130,674	19,102,611
Total expenses	(15,644)	(1,292,640)	(4,883,212)	(1,332,719)	(40,925)	(130,674)	(7,695,814)
Income tax expense	-	-	-	-	-	-	(3,477,319)
Net income	129,749	4,668,858	2,399,539	4,207,606	1,045	-	7,929,478
Segment assets - (Gross of NPLs provision)	16,860	141,664,112	122,374,589	115,078,373	313,062	-	379,446,996
Total assets	16,860	141,664,112	122,374,589	115,078,373	313,062	-	379,446,996
Segment non performing loans	-	310,869	6,308,309	2,785,410	-	-	9,404,588
Segment specific provision required	-	111,753	5,351,270	1,170,144	-	-	6,633,167
Segment liabilities (Including segment equity)	16,758	140,901,059	126,937,754	115,531,229	313,062	-	383,699,862
Deferred tax assets	-	-	-	-	-	-	362,962
Provision for taxation	-	-	-	-	-	-	2,017,339
Total liabilities - net	16,758	140,901,059	126,937,754	115,531,229	313,062	-	386,080,163
Segment return on assets (ROA) (%)	765.84%	3.27%	1.85%	3.60%	26.48%	-	2.05%
Segment cost of fund (%)	-	0.00%	0.00%	0.00%	-	-	0.00%

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:

Type of related party	Directors		Associated companies		Other Related Parties	
	Half year ended June 30, 2008	Year ended Dec 31, 2007	Half year ended June 30, 2008	Year ended Dec 31, 2007	Half year ended June 30, 2008	Year ended Dec 31, 2007
----- (Rupees in '000) -----						
Deposits						
Deposits at beginning of the period / year	17,980	19,099	275,826	522,641	209,716	314,045
Deposits received during the period / year	344,922	447,772	70,085,548	124,757,792	5,753,701	14,776,866
Deposits repaid during the period / year	(359,458)	(448,891)	(63,882,573)	(125,004,607)	(5,817,701)	(14,881,195)
Deposits at the end of the period / year	3,444	17,980	6,478,801	275,826	145,716	209,716

Advances (secured)

Balance at beginning of the period / year	-	-	-	-	1,661,869	2,240,038
Loan granted during the period / year	-	-	-	-	524,153	1,442,020
Repayment during the period / year	-	-	-	-	(2,186,022)	(2,020,189)
Balance at end of the period / year	-	-	-	-	-	1,661,869

June 30, 2008 December 31, 2007
----- (Rupees in '000) -----

Receivable from Pension Fund

2,968,377 10,651,047

	Directors		Associated companies		Other Related Parties	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
----- (Rupees in '000) -----						

Adamjee Insurance Company Limited

Insurance premium paid	-	-	-	54,762	-	-
Insurance claim settled	-	-	61,895	18,912	-	-
Dividend received	-	-	44,670	53,604	-	-
Rent income received	-	-	489	1,076	-	-

MCB Employees Foundation

- Service expenses	-	-	-	-	8,747	8,988
- Cash sorting expenses	-	-	-	-	8,142	8,857
- Cash in transit expenses	-	-	-	-	1,182	1,781

Others

- Proceeds from sale of Vehicles to Executives	-	-	-	-	10,886	5,278
- Gain on sale of vehicles to executives	-	-	-	-	(360)	257
- Remuneration of key management personnel	21,982	78,966	-	-	146,778	90,949
- Miscellaneous expenses	-	-	-	-	36,196	33,645
- Contribution / (expense) on provident fund	-	-	-	-	64,564	53,705

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

18 ISLAMIC BANKING BUSINESS

June 30, December 31,
2008 2007

Assets

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

Cash and balances with treasury banks	277,488	601,665
Investments - net	1,695,818	1,419,000
Financing and receivables		
- Murabaha	5,080,616	2,406,402
- Ijara	1,395,435	1,585,202
- Islamic export refinance	695,447	738,178
Other Assets	675,811	764,036
	9,820,615	7,514,483

Liabilities

Bills payable	48,075	47,115
Deposits and other accounts		
- Current Accounts	295,023	440,567
- Saving Accounts	672,334	907,283
- Term Deposits	67,454	76,382
- Others	21,315	30,256
Borrowing from SBP	668,500	593,000
Due to head office	6,750,000	4,750,000
Deferred tax liability	4,988	4,988
Other liabilities	545,005	113,598
	9,072,694	6,963,189
Net assets	747,921	551,294

Represented by:

Islamic Banking Fund	650,000	400,000
Reserves	-	-
Unappropriated profit	83,909	137,282
	733,909	537,282
Surplus on revaluation of assets - net of tax	14,012	14,012
	747,921	551,294

Remuneration to Shariah Advisor / Board

	747	1,179
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Charity Fund

Opening Balance	4,227	3,244
Additions during the period / year	924	983
Payments/ utilization during the period / year	-	-
Closing Balance	5,151	4,227

19 GENERAL

- Figures have been rounded off to the nearest thousand rupees.
- An amount of Rs. 222.67 million on account of postal, SWIFT and other charges recovered has been reclassified as other income. Previously, these charges were netted of with administrative expenses.

20 NON-ADJUSTING EVENT

- 20.1** The Board of Directors in its meeting held on August 22, 2008 has announced interim cash dividend of Rs. 3 per share in respect of the half year ended June 30, 2008 (June 30, 2007: Rs 2.50 per share). This consolidated condensed interim financial information for the period ended June 30, 2008 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

21 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on August 22, 2008 by the Board of Directors of the Bank.

President and Chief Executive

Director

Director

Director