



MCB Bank Ltd

Unconsolidated Condensed  
Interim Financial Statement  
March 31, 2008

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**MCB Bank Limited**  
**Unconsolidated Condensed Interim Balance Sheet**  
*As at March 31, 2008*

	<i>Note</i>	<b>Unaudited March 31, 2008</b>	Audited December 31, 2007
----- (Rupees in '000) -----			
<b>Assets</b>			
Cash and balances with treasury banks		<b>37,885,071</b>	39,683,883
Balances with other banks		<b>1,565,124</b>	3,807,519
Lendings to financial institutions	7	<b>5,586,228</b>	1,051,372
Investments - net	8	<b>85,831,943</b>	113,089,261
Advances - net	9	<b>229,835,976</b>	218,960,598
Operating fixed assets		<b>16,210,788</b>	16,024,123
Deferred tax assets - net		-	-
Other assets - net		<b>19,770,952</b>	17,868,761
		<b>396,686,082</b>	410,485,517
<b>Liabilities</b>			
Bills payable		<b>9,506,255</b>	10,479,058
Borrowings	10	<b>15,435,553</b>	39,406,831
Deposits and other accounts	11	<b>301,670,698</b>	292,098,066
Sub-ordinated loan		-	479,232
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	<b>962,178</b>	1,180,162
Other liabilities		<b>13,082,270</b>	11,722,493
		<b>340,656,954</b>	355,365,842
<b>Net assets</b>		<b>56,029,128</b>	55,119,675
<b>Represented by:</b>			
Share capital		<b>6,282,768</b>	6,282,768
Reserves		<b>34,428,261</b>	34,000,638
Un-appropriated profit		<b>5,709,448</b>	5,130,750
		<b>46,420,477</b>	45,414,156
Surplus on revaluation of assets - net of tax		<b>9,608,651</b>	9,705,519
		<b>56,029,128</b>	55,119,675

**Contingencies and commitments**

13

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

\_\_\_\_\_  
**President and Chief Executive**

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**Director**

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**Director**

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**Director**

# MCB Bank Limited

## Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended March 31, 2008

	<i>Note</i>	Quarter ended March 31, 2008	Quarter ended March 31, 2007
Mark-up / return / interest earned		8,188,185	7,615,771
Mark-up / return / interest expensed		<u>1,992,374</u>	<u>1,568,554</u>
Net mark-up / interest income		6,195,811	6,047,217
Provision / (reversal) against loans and advances		<u>615,220</u>	192,900
Bad debts written off directly		-	54
		<u>615,220</u>	<u>192,954</u>
Net mark-up / interest income after provisions		5,580,591	5,854,263
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		<u>753,251</u>	572,753
Dividend income		166,589	163,511
Income from dealing in foreign currencies		146,917	221,345
Gain on sale of securities - net		610,456	235,241
Gain / (loss) on trading in government securities - net		10,913	(33)
Other income		<u>228,362</u>	113,170
Total non mark-up / interest income		<u>1,916,488</u>	<u>1,305,987</u>
		7,497,079	7,160,250
<b>Non-mark-up / interest expenses</b>			
Administrative expenses		<u>1,662,210</u>	1,871,368
Other provisions / (reversal)		-	-
Other charges		<u>76,282</u>	60,043
Total non mark-up/interest expenses		<u>1,738,492</u>	<u>1,931,411</u>
		5,758,587	5,228,839
Extra ordinary / unusual item		-	-
<b>Profit before taxation</b>		<u>5,758,587</u>	<u>5,228,839</u>
Taxation - current period		<u>2,077,240</u>	1,603,929
- prior years		<u>(230,000)</u>	(459,952)
- deferred		<u>(200,786)</u>	357,839
		<u>1,646,454</u>	1,501,816
<b>Profit after taxation</b>		<u>4,112,133</u>	<u>3,727,023</u>
Earnings per share - basic and diluted - Rupees	11	<u>6.55</u>	<u>5.93</u>

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\_\_\_\_\_  
President and Chief Executive

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Director

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Director

# MCB Bank Limited

## Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended March 31, 2008

	March 31, 2008	March 31, 2007
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Profit before taxation	5,758,587	5,228,839
Less: Dividend income	(166,589)	(163,511)
	<u>5,591,998</u>	<u>5,065,328</u>
Adjustments for non-cash charges		
Depreciation	186,746	149,157
Amortisation	48,000	46,500
Provision against loans and advances	615,220	192,900
Bad debts written off directly	-	54
Un realized (gain) / loss on revaluation of 'held-for-trading' securities	(11,335)	-
	<u>838,631</u>	<u>388,611</u>
	<u>6,430,629</u>	<u>5,453,939</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,534,856)	4,051,606
Held for trading securities	93,990	-
Advances - net	(11,490,598)	11,227,105
Other assets - net	(1,833,939)	(2,883,373)
	<u>(17,765,403)</u>	<u>12,395,338</u>
Increase / (decrease) in operating liabilities		
Bills payable	(972,803)	25,538
Borrowings from financial institutions	(23,971,278)	(6,227,039)
Deposits	9,572,632	23,268,222
Other liabilities	(846,095)	(223,158)
	<u>(16,217,544)</u>	<u>16,843,563</u>
	<u>(27,552,318)</u>	<u>34,692,840</u>
Payments of provision against off-balance sheet obligations	-	-
Income tax paid	(1,115,563)	(1,669,213)
<b>Net cash flows from operating activities</b>	<u>(28,667,881)</u>	<u>33,023,626</u>
<b>Cash flows from investing activities</b>		
Net investments in available-for-sale securities	27,010,046	(36,439,409)
Net investments in held-to-maturity securities	69,714	2,542,903
Investments in subsidiary companies	-	(250,000)
Dividend income received	98,337	49,998
Investment in operating fixed assets - net of disposals	(421,411)	(568,721)
<b>Net cash flows from investing activities</b>	<u>26,756,686</u>	<u>(34,665,229)</u>
<b>Cash flows from financing activities</b>		
Payment of sub-ordinated loan	(479,232)	(638,976)
Dividend paid	(1,667,190)	(539,313)
<b>Net cash flows from financing activities</b>	<u>(2,146,422)</u>	<u>(1,178,289)</u>
Exchange difference on translation of net investment in foreign branches	16,410	(7,069)
<b>Increase in cash and cash equivalents</b>	<u>(4,041,207)</u>	<u>(2,826,960)</u>
Cash and cash equivalents at January 1	<u>43,491,402</u>	<u>39,042,993</u>
Cash and cash equivalents at March 31	<u><u>39,450,195</u></u>	<u><u>36,216,033</u></u>

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

\_\_\_\_\_  
President and Chief Executive

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Director

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Director

MCB Bank Limited  
Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)  
For the three months period ended March 31, 2008

	Capital Reserves			Other Reserves		Unappropriated profit	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, 2007	5,463,276	9,702,528	-	(53,637)	5,213,535	9,800,000	5,530,973	35,656,675
<b>Change in Equity</b>								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	5,227	5,227
Exchange differences on translation of net investment in foreign branches	-	-	-	(7,069)	-	-	-	(7,069)
Total income recognised directly in equity	-	-	-	(7,069)	-	-	5,227	(1,842)
Profit after taxation for three months period ended March 31, 2007	-	-	-	-	-	-	3,727,023	3,727,023
Total recognised income for the period	-	-	-	(7,069)	-	-	3,732,250	3,725,181
Transferred to statutory reserve	-	-	-	-	372,702	-	(372,702)	-
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)
Balance as at March 31, 2007	6,282,768	9,702,528	-	(60,706)	5,586,237	14,600,000	2,451,537	38,562,364
<b>Changes in equity</b>								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	6,628	6,628
Exchange differences on translation of net investment in foreign branches	-	-	-	18,725	-	-	-	18,725
Total expense / income recognised directly in equity	-	-	-	18,725	-	-	6,628	25,353
Profit after taxation for nine months period ended December 31, 2007	-	-	-	-	-	-	11,538,539	11,538,539
Total recognised income for the period	-	-	-	18,725	-	-	11,545,167	11,563,892
Transferred to statutory reserve	-	-	-	-	1,153,854	-	(1,153,854)	-
Transferred to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-
Interim cash dividend - March 31, 2007	-	-	-	-	-	-	(1,570,692)	(1,570,692)
Interim cash dividend - June 30, 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)
Interim cash dividend - September 31, 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)
Balance as at December 31, 2007	6,282,768	9,702,528	-	(41,981)	6,740,091	17,600,000	5,130,750	45,414,156
<b>Changes in equity</b>								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	19,162	19,162
Exchange differences on translation of net investment in foreign branches	-	-	-	16,410	-	-	-	16,410
Total expense / income recognised directly in equity	-	-	-	16,410	-	-	19,162	35,572
Profit after taxation for three months period ended March 31, 2008	-	-	-	-	-	-	4,112,133	4,112,133
Total recognised income for the period	-	-	-	16,410	-	-	4,131,295	4,147,705
Transferred to statutory reserve	-	-	-	-	411,213	-	(411,213)	-
Final cash dividend - December 31, 2007	-	-	-	-	-	-	(3,141,384)	(3,141,384)
<b>Balance as at March 31, 2008</b>	<b>6,282,768</b>	<b>9,702,528</b>	<b>-</b>	<b>(25,571)</b>	<b>7,151,304</b>	<b>17,600,000</b>	<b>5,709,448</b>	<b>46,420,477</b>

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

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President and Chief Executive

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Director

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Director

# MCB Bank Limited

## Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)

As at March 31, 2008

### 1 STATUS AND NATURE OF BUSINESS

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (each representing four ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. However, effective from April 10, 2008, each GDR represents two ordinary equity shares of the bank. 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 1,020 branches including 8 Islamic banking branches (March 31, 2007: 988 branches) inside Pakistan and 6 (March 31, 2007: 6) 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 this 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 this 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 this unconsolidated condensed interim financial statements.

### 3 STATEMENT OF COMPLIANCE

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

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.

The disclosures made in these unconsolidated condensed interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the statements required for full annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2007.

### 4 BASIS OF MEASUREMENT

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

### 5 SIGNIFICANT ACCOUNTING POLICIES

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

### 6 SIGNIFICANT ACCOUNTING ESTIMATES

The basis for accounting estimates 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, 2007.

### 7. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Call money lendings	2,149,424	1,051,372
Repurchase agreement lendings	3,436,804	-
	<u>5,586,228</u>	<u>1,051,372</u>

8 INVESTMENTS - Net		Held by bank	Given as collateral	Total
		----- March 31, 2008 -----		
8.1 Investments by types				
Held-for-trading securities		136,762	-	136,762
Available-for-sale securities	8.2	68,405,992	3,683,388	72,089,380
Held-to-maturity securities		11,032,309	-	11,032,309
		<u>79,575,063</u>	<u>3,683,388</u>	<u>83,258,451</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>
		<u>80,959,495</u>	<u>3,683,388</u>	<u>84,642,883</u>
Less:				
Provision for diminution in the value on investments		(468,288)	-	(468,288)
Surplus / (deficit) on revaluation of available for sale securities - net		1,665,197	(6,079)	1,659,118
Deficit on revaluation of held-for-trading securities - net		(1,770)	-	(1,770)
<b>Investments - net</b>		<u><b>82,154,634</b></u>	<u><b>3,677,309</b></u>	<u><b>85,831,943</b></u>

		Held by bank	Given as collateral	Total
		----- December 31, 2007 -----		
Held-for-trading securities		230,752	-	230,752
Available-for-sale securities	8.2	72,102,556	26,996,870	99,099,426
Held-to-maturity securities		11,102,023	-	11,102,023
		<u>83,435,331</u>	<u>26,996,870</u>	<u>110,432,201</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>
		<u>84,819,763</u>	<u>26,996,870</u>	<u>111,816,633</u>
Less:				
Provision for diminution in the value of investments		(468,288)	-	(468,288)
Surplus / (deficit) on revaluation of available for sale securities - net		1,790,011	(35,990)	1,754,021
Deficit on revaluation of held-for-trading securities - net		(13,105)	-	(13,105)
<b>Investments - net</b>		<u><b>86,128,381</b></u>	<u><b>26,960,880</b></u>	<u><b>113,089,261</b></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 in Adamjee Insurance Company Limited has been carried at cost amounting to Rs. 943.600 million (December 31, 2007: Rs. 943.600 million). The market value of the investment as at March 31, 2008 amounted to Rs. 11,375.926 million (December 31, 2007: Rs. 10,671.631 million).

## 9 ADVANCES - net

		March 31,	December 31,
		2008	2007
----- (Rupees in '000) -----			
Loans, cash credits, running finances, etc			
- In Pakistan		220,152,192	208,587,014
- Outside Pakistan		6,761,004	6,989,947
		<u>226,913,196</u>	<u>215,576,961</u>
Net Investment in Finance Lease			
- In Pakistan		6,633,370	6,904,399
- Outside Pakistan		66,265	67,710
		<u>6,699,635</u>	<u>6,972,109</u>
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		2,873,767	2,949,228
- Payable outside Pakistan		4,526,074	4,234,574
		<u>7,399,841</u>	<u>7,183,802</u>
Advances - gross		<u>241,012,672</u>	<u>229,732,872</u>
Less: Provision against loans and advances			
- Specific provision	9.1	(7,868,726)	(7,326,953)
- General provision		(2,572,726)	(2,749,815)
- General provision against consumer loans		(726,283)	(688,665)
- General Provision for potential lease losses (in Srilanka Operations)		(8,961)	(6,841)
		<u>(11,176,696)</u>	<u>(10,772,274)</u>
<b>Advances - net of provision</b>		<u><b>229,835,976</b></u>	<u><b>218,960,598</b></u>

9.1 Advances include Rs. 11,655.780 million (December 31, 2007: Rs. 10,725.308 million) which have been placed under non-performing status as detailed below:

		March 31, 2008			Specific Provision Required	Specific Provision Held
Category of Classification		Classified Advances				
		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other Assets Especially						
Mentioned (OAEM)	9.1.1	111,851	-	111,851	-	-
Substandard		1,109,512	-	1,109,512	261,651	261,651
Doubtful		2,037,114	5,016	2,042,130	1,005,219	1,005,219
Loss		5,689,159	2,703,128	8,392,287	6,601,856	6,601,856
		<u>8,947,636</u>	<u>2,708,144</u>	<u>11,655,780</u>	<u>7,868,726</u>	<u>7,868,726</u>
December 31, 2007						
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other Assets Especially						
Mentioned (OAEM)	9.1.1	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

	March 31, 2008	December 31, 2007
----- (Rupees in '000) -----		
In Pakistan	15,183,678	35,497,881
Outside Pakistan	251,875	3,908,950
	<u>15,435,553</u>	<u>39,406,831</u>

### 10.1 Details of borrowings (secured / unsecured)

#### Secured

Borrowings from State Bank of Pakistan		
Export refinance scheme	5,117,639	5,593,462
Long term financing - export oriented products scheme	2,347,495	2,473,077
	<u>7,465,134</u>	<u>8,066,539</u>
Borrowings from other financial institutions	-	2,932,600
Repurchase agreement borrowings	3,434,404	26,931,342
	<u>3,434,404</u>	<u>29,863,942</u>
	<u>10,899,538</u>	<u>37,930,481</u>
<b>Unsecured</b>		
Overdrawn nostro accounts	240,754	976,350
Call borrowings	4,295,261	500,000
	<u>4,536,015</u>	<u>1,476,350</u>
	<u>15,435,553</u>	<u>39,406,831</u>

## 11 DEPOSITS AND OTHER ACCOUNTS

#### Customers

Fixed deposits	28,518,637	32,202,230
Savings deposits	163,392,838	151,555,718
Current accounts - non remunerative	97,161,587	95,966,877
Margin accounts	4,060,199	2,589,309
Others	2,178	4,288
	<u>293,135,439</u>	<u>282,318,422</u>
<b>Financial institutions</b>		
Remunerative deposits	6,929,854	9,233,602
Non-remunerative deposits	1,605,405	546,042
	<u>8,535,259</u>	<u>9,779,644</u>
	<u>301,670,698</u>	<u>292,098,066</u>

**12 DEFERRED TAX ASSETS / (LIABILITY) - net**

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

**Taxable temporary differences on:**

Surplus on revaluation of operating fixed assets	(458,598)	(468,916)
On net investment in finance lease	(499,174)	(599,174)
Accelerated tax depreciation	(561,852)	(561,852)
Surplus on revaluation of Securities	(139,502)	(156,700)
Others	(1,524)	(1,524)
	<u>(1,660,650)</u>	<u>(1,788,166)</u>

**Deductible temporary differences on:**

Provision for contributory benevolent scheme	98,706	98,706
Provision for bad debts	90,468	-
Provision for employees compensated absences	509,298	509,298
	<u>698,472</u>	<u>608,004</u>
	<u>(962,178)</u>	<u>(1,180,162)</u>

**13 CONTINGENCIES AND COMMITMENTS**

March 31, December 31,  
2008 2007

**13.1 Transaction-related contingent liabilities / commitments**

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

Guarantees in favour of:

- Government	6,159,580	5,283,799
- Banks and financial institutions	79,970	376,773
- Others	7,750,079	7,247,043
Suppliers credit / payee guarantee	1,965,540	1,809,117
	<u>15,955,169</u>	<u>14,716,732</u>

**13.2 Trade-related contingent liabilities**

63,825,465 61,677,285

**13.3 Other contingencies**

Claims against the Bank not acknowledged as debts 135,080 134,079

**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	78,155,715	62,077,338
Sale	83,863,498	69,362,417

**13.6 Commitments for the acquisition of fixed assets**

107,520 78,670

**13.7 Other commitments**

Cross currency swaps (notional amount)	1,790,874	1,845,484
FX Options (notional amount)		
- Purchase	121,528	351,702
- Sale	121,528	351,702
Interest rate swaps (notional amount)	1,031,623	2,721,698
Forward outright sale of Government Securities	71,769	-

Three months ended  
March 31, March 31,  
2008 2007

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

**14 EARNINGS PER SHARE - BASIC AND DILUTED**

Profit after taxation attributable to ordinary shareholders 4,112,133 3,727,023

Weighted average number of shares outstanding during the period

Number of shares  
628,276,843 628,276,843

Earnings per share

Rupees  
6.55 5.93

**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.

16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows

Three months period ended March 31, 2008						
Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Eliminations	Total	
------(Rupees in '000)-----						
Total income	26,902	2,313,740	5,861,411	1,959,476	(56,856)	<b>10,104,673</b>
Total expenses	(4,688)	(173,728)	(3,851,604)	(372,922)	56,856	<b>(4,346,086)</b>
Income tax expense	-	-	-	-	-	<b>(1,646,454)</b>
<b>Net income</b>	<b>22,214</b>	<b>2,140,012</b>	<b>2,009,807</b>	<b>1,586,554</b>	<b>-</b>	<b>4,112,133</b>
Segment assets - (Gross of NPLs Provisions)	-	107,836,344	152,294,691	144,423,773	-	<b>404,554,808</b>
<b>Total assets</b>	<b>-</b>	<b>107,836,344</b>	<b>152,294,691</b>	<b>144,423,773</b>	<b>-</b>	<b>404,554,808</b>
Segment non performing loans	-	-	<b>5,656,911</b>	<b>5,998,869</b>	-	<b>11,655,780</b>
Segment specific provision required	-	-	<b>3,818,937</b>	<b>4,049,789</b>	-	<b>7,868,726</b>
Segment liabilities	-	91,159,987	125,105,373	121,352,426	-	<b>337,617,786</b>
Deferred tax liabilities - net	-	-	-	-	-	<b>962,178</b>
Provision for taxation	-	-	-	-	-	<b>2,076,990</b>
<b>Total liabilities - net</b>	<b>-</b>	<b>91,159,987</b>	<b>125,105,373</b>	<b>121,352,426</b>	<b>-</b>	<b>340,656,954</b>
Segment return on assets (ROA) (%)	-	<b>7.94%</b>	<b>5.41%</b>	<b>4.52%</b>	-	<b>5.69%</b>
Segment cost of fund (%)	-	<b>9.62%</b>	<b>2.06%</b>	<b>3.06%</b>	-	<b>2.16%</b>
Three months period ended March 31, 2007						
Total income	47,366	1,850,006	5,067,981	2,018,980	(62,575)	8,921,758
Total expenses	(6,184)	(225,736)	(3,205,322)	(318,252)	62,575	(3,692,919)
Income tax expense	-	-	-	-	-	(1,501,816)
<b>Net income</b>	<b>41,182</b>	<b>1,624,270</b>	<b>1,862,659</b>	<b>1,700,728</b>	<b>-</b>	<b>3,727,023</b>
Segment assets - (Gross of NPLs provision)	-	132,481,517	124,980,802	109,844,222	-	367,306,541
<b>Total assets</b>	<b>-</b>	<b>132,481,517</b>	<b>124,980,802</b>	<b>109,844,222</b>	<b>-</b>	<b>367,306,541</b>
Segment non performing loans	-	-	4,385,277	4,307,236	-	8,692,513
Segment specific provision required	-	-	2,982,827	2,929,745	-	5,912,572
Segment liabilities	-	115,719,510	105,075,572	94,586,038	-	315,381,120
Deferred tax assets	-	-	-	-	-	175,810
Provision for taxation	-	-	-	-	-	1,842,338
<b>Total liabilities - net</b>	<b>-</b>	<b>115,719,510</b>	<b>105,075,572</b>	<b>94,586,038</b>	<b>-</b>	<b>317,399,268</b>
Segment return on assets (ROA) (%)	-	4.90%	6.11%	6.36%	-	4.06%
Segment cost of fund (%)	-	1.09%	1.82%	2.34%	-	1.91%

## 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 the executives and key management personnel are determined in accordance with the terms of their employment.

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

Type of related party	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	Quarter ended	Year ended	Quarter ended	Year ended	Quarter ended	Year ended	Quarter ended	Year ended
	March 31, 2008	Dec 31, 2007	March 31, 2008	Dec 31, 2007	March 31, 2008	Dec 31, 2007	March 31, 2008	Dec 31, 2007
----- (Rupees in '000) -----								
<b>Deposits</b>								
Deposits at beginning of the period / year	17,980	19,099	275,826	522,641	9,719	279,729	209,716	314,045
Deposits received during the period / year	77,823	447,772	20,574,522	124,757,792	159,934	699,420	3,179,379	14,776,866
Deposits repaid during the period / year	(79,499)	(448,891)	(20,445,138)	(125,004,607)	(138,480)	(969,430)	(3,210,651)	(14,881,195)
Deposits at the end of the period / year	16,304	17,980	405,210	275,826	31,173	9,719	178,444	209,716

### Advances (secured)

Balance at beginning of the period / year	-	-	-	-	2,116	2,473	1,661,869	2,240,038
Loan granted during the period / year	-	-	-	-	-	-	246,000	1,442,020
Repayment during the period / year	-	-	-	-	(140)	(357)	(264,324)	(2,020,189)
Balance at end of the period / year	-	-	-	-	1,976	2,116	1,643,545	1,661,869

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 2007: Pension Fund at 6 month KIBOR + 0.3% and Provident Fund at 6 month KIBOR +0.3%) per annum. At March 31, 2008, interest receivable from the above funds amounted to Rs. NIL million ( December 31, 2007: 37.636 million).

	March 31, 2008	December 31, 2007
Receivable from Pension Fund	11,971,047	10,651,047

	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
	----- (Rupees in '000) -----							

### Adamjee Insurance Company Limited

Insurance premium paid	-	-	-	556	-	-	-	-
Insurance claim settled	-	-	21,367	7,206	-	-	-	-
Dividend received	-	-	44,670	53,604	-	-	-	-
Rent income received	-	-	292	588	-	-	-	-

### MNET Services (Private) Limited

Dividend received	-	-	-	-	4,997	-	-	-
Outsourcing service expenses	-	-	-	-	31,368	15,320	-	-
Networking service expenses	-	-	-	-	445	-	-	-

### MCB Asset Management Company Limited

- Dividend received	-	-	-	-	29,998	-	-	-
- Markup paid	-	-	-	-	-	6,667	-	-
- Sale of Property	-	-	-	-	-	1,600	-	-
- Sale of car	-	-	-	-	-	432	-	-
- Markup payable to	-	-	-	-	209	-	-	-
- Others	-	-	-	-	-	27	-	-

### MCB Employees Foundation

- Service expenses	-	-	-	-	-	-	4,462	4,902
- Cash sorting expenses	-	-	-	-	-	-	4,141	4,121
- Cash in transit expenses	-	-	-	-	-	-	1,028	-

### Others

- Remuneration of key management personnel	1,694	406	-	-	-	-	117,330	84,813
- Miscellaneous expenses	-	-	-	-	-	-	16,259	11,971
- Contribution / (expense) on provident fund	-	-	-	-	-	-	172,971	26,391

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**

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

**Assets**

Cash and balances with treasury banks	140,531	601,665
Investments - net	1,419,000	1,419,000
Financing and receivables		
- Murabaha	3,199,893	2,406,402
- Ijara	1,398,447	1,585,202
- Islamic export refinance	806,732	738,178
Other Assets	298,892	764,036
	<b>7,263,495</b>	<b>7,514,483</b>

**Liabilities**

Bills payable	306,783	47,115
Deposits and other accounts		
- Current Accounts	292,047	440,567
- Saving Accounts	518,881	907,283
- Term Deposits	72,254	76,382
- Others	6,921	30,256
Borrowing from SBP	651,000	593,000
Due to head office	4,750,000	4,750,000
Deferred tax liability	4,988	4,988
Other liabilities	210,989	113,598
	<b>6,813,863</b>	<b>6,963,189</b>
<b>Net assets</b>	<b>449,632</b>	<b>551,294</b>

**Represented by:**

Islamic Banking Fund	400,000	400,000
Reserves		
Unappropriated profit	35,620	137,282
	<b>435,620</b>	<b>537,282</b>
Surplus on revaluation of assets - net of tax	14,012	14,012
	<b>449,632</b>	<b>551,294</b>
Remuneration to Shariah Advisor / Board	1,422	1,179
<b>Charity Fund</b>		
Opening Balance	4,227	3,244
Additions during the period / year	543	983
Payments/ utilization during the period / year	-	-
Closing Balance	<b>4,770</b>	<b>4,227</b>

**19 General and Non-Adjusting event**

**19.1** The Board of Directors in its meeting held on April 25, 2008 has announced cash dividend in respect of the three months period year ended March 31, 2008 of Rs. 3 per share (March 31, 2007: Rs 2.50 per share). In addition, the board of directors has also approved appropriations to General Reserve amounting to Rs. 1,000 Million (March 31, 2007: nil). These consolidated condensed interim financial statements for the three months period ended March 31, 2008 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**19.2** Figures have been rounded to the nearest thousand rupees whereas corresponding figures have been re-arranged and re-classified, wherever necessary for the purpose of comparison.

**20 DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorised for issue on April 25, 2008 by the Board of Directors of the Bank.

\_\_\_\_\_  
President and Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director