

MCB Bank Limited
Unconsolidated Condensed Interim Balance Sheet
As at September 30, 2007

	<i>Note</i>	Unaudited September 30, 2007	Audited December 31, 2006
----- (Rupees '000) -----			
Assets			
Cash and balances with treasury banks		34,405,452	32,465,976
Balances with other banks		4,210,982	6,577,017
Lendings to financial institutions	7	2,913,274	21,081,800
Investments - net	8	123,318,412	63,486,316
Advances - net	9	190,524,312	198,239,155
Other assets - net		16,005,203	11,031,450
Operating fixed assets		11,215,878	9,054,156
Deferred tax assets - net	12	-	172,373
		382,593,513	342,108,243
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	287,921,856	257,461,838
Sub-ordinated loan		479,232	1,597,440
Liabilities against assets subject to finance lease		-	-
Other liabilities		12,978,236	11,171,496
Deferred tax liabilities - net	12	405,414	-
		334,464,322	301,263,929
Net assets		48,129,191	40,844,314
Represented by:			
Share capital	13	6,282,768	5,463,276
Reserves		30,555,925	24,662,426
Un-appropriated profit		6,081,280	5,530,973
		42,919,973	35,656,675
Surplus on revaluation of assets - net of tax		5,209,218	5,187,639
		48,129,191	40,844,314
Contingencies and commitments	14		

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

President and Chief Executive

Director

Director

Director

MCB Bank Limited

Unconsolidated 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 '000) -----				
Mark-up / return / interest earned	8,081,786	23,689,445	6,559,308	18,569,877
Mark-up / return / interest expensed	1,985,722	5,750,881	1,151,082	3,058,693
Net mark-up / interest income	<u>6,096,064</u>	<u>17,938,564</u>	5,408,226	15,511,184
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
	<u>410,338</u>	<u>1,572,825</u>	245,309	407,915
Net mark-up / interest income after provisions	<u>5,685,726</u>	<u>16,365,739</u>	5,162,917	15,103,269
Non mark-up / interest income				
Fee, commission and brokerage income	644,167	1,973,581	568,028	1,679,429
Dividend income	382,843	577,493	366,846	543,342
Income from dealing in foreign currencies	139,956	552,657	109,416	503,469
Gain on sale of securities - net	299,669	1,273,968	105,203	540,958
Gain / (loss) on trading in government securities - net	(71)	(121)	-	33
Other income-net	130,701	366,114	112,464	393,502
Total non mark-up / interest income	<u>1,597,265</u>	<u>4,743,692</u>	1,261,957	3,660,733
	<u>7,282,991</u>	<u>21,109,431</u>	6,424,874	18,764,002
Non-mark-up / interest expenses				
Administrative expenses	1,997,409	4,558,484	2,129,339	5,746,943
Other provisions / (reversal)	-	(9,452)	-	9,910
Other charges	5,642	179,435	380	3,025
Total non mark-up/interest expenses	<u>2,003,051</u>	<u>4,728,467</u>	2,129,719	5,759,878
	<u>5,279,940</u>	<u>16,380,964</u>	4,295,155	13,004,124
Extra ordinary / unusual item	-	-	-	-
Profit before taxation	<u>5,279,940</u>	<u>16,380,964</u>	4,295,155	13,004,124
Taxation				
- current period	1,615,178	4,958,076	1,391,021	4,133,859
- prior years	-	(459,952)	-	174,105
- deferred	80,510	635,460	2,477	53,343
	<u>1,695,688</u>	<u>5,133,584</u>	1,393,498	4,361,307
Profit after taxation	<u>3,584,252</u>	<u>11,247,380</u>	2,901,657	8,642,817
Earnings per share - basic and diluted - Rupees	<u>5.70</u>	<u>17.90</u>	4.89	14.56

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

President and Chief Executive

Director

Director

Director

MCB Bank Limited

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For nine months ended September 30, 2007

	September 30, 2007	September 30, 2006
----- (Rupees '000) -----		
Cash flows from operating activities		
Profit before taxation	16,380,964	13,004,124
Less: Dividend income	(577,493)	(543,342)
	<u>15,803,471</u>	<u>12,460,782</u>
Adjustments for non-cash charges		
Depreciation	394,068	498,888
Amortisation	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>
	<u>17,904,517</u>	<u>13,444,036</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	18,168,526	(9,349,928)
Held for trading securities	(47,654)	4,869
Advances - net	6,272,931	(3,545,814)
Other assets - net	(4,964,301)	(3,391,478)
	<u>19,429,502</u>	<u>(16,282,351)</u>
Increase / (decrease) in operating liabilities		
Bills payable	2,020,244	(313,168)
Borrowings from financial institutions	(373,815)	(12,658,404)
Deposits	30,460,018	21,746,922
Other liabilities	535,714	1,216,083
	<u>32,642,161</u>	<u>9,991,433</u>
	<u>69,976,180</u>	<u>7,153,118</u>
Payments of provision against off-balance sheet obligations	-	-
Income tax paid	(4,485,209)	(2,349,832)
Net cash flows from operating activities	<u>65,490,971</u>	<u>4,803,286</u>
Cash flows from investing activities		
Net investments in available-for-sale securities	(64,281,862)	(16,411,587)
Net investments in held-to-maturity securities	4,343,179	21,328,120
Investments in subsidiary companies	(5,000)	(299,980)
Dividend income received	577,493	199,035
Investment in operating fixed assets - net of disposals	(2,699,117)	(1,073,548)
Net cash flows from investing activities	<u>(62,065,307)</u>	<u>3,742,040</u>
Cash flows from financing activities		
Payment of sub-ordinated loan	(1,118,208)	(640)
Dividend paid	(2,702,776)	(2,443,404)
Net cash flows from financing activities	<u>(3,820,984)</u>	<u>(2,444,044)</u>
Exchange difference on translation of net investment in foreign branches	<u>(31,239)</u>	<u>6,155</u>
Increase in cash and cash equivalents	<u>(426,559)</u>	<u>6,107,437</u>
Cash and cash equivalents at January 1	<u>39,042,993</u>	<u>25,134,882</u>
Cash and cash equivalents at September 30	<u>38,616,434</u>	<u>31,242,319</u>

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

President and Chief Executive

Director

Director

Director

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

	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, 2006	4,265,327	1,308,194	853,065	(52,549)	3,999,295	7,300,000	210,662	17,883,994
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
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	4,990,260	18,310,527
Effect of change in accounting policy								
Issuance of bonus shares	-	-	-	-	-	-	-	-
Final cash dividend - December 31, 2005	-	-	-	-	-	-	(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
Exchange differences on translation of net investment in foreign branches	-	-	-	6,155	-	-	-	6,155
Total income recognised directly in equity	-	-	-	6,155	-	-	32,486	38,641
Profit after taxation for nine months period ended September 30, 2006	-	-	-	-	-	-	8,642,817	8,642,817
Total recognised income for the period	-	-	-	6,155	-	-	8,675,303	8,681,458
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)
Interim cash dividend - June 2006	-	-	-	-	-	-	(1,023,679)	(1,023,679)
Balance as at September 30, 2006	5,118,392	1,308,194	-	(46,394)	4,863,577	9,800,000	3,474,325	24,518,094
Changes in equity								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	(320)	(320)
Exchange differences on translation of net investment in foreign branches	-	-	-	(7,243)	-	-	-	(7,243)
Total expense / income recognised directly in equity	-	-	-	(7,243)	-	-	(320)	(7,563)
Profit after taxation for three months period ended December 31, 2006	-	-	-	-	-	-	3,499,581	3,499,581
Total recognised income for the period	-	-	-	(7,243)	-	-	3,499,261	3,492,018
Transferred to statutory reserve	-	-	-	-	349,958	-	(349,958)	-
Interim cash dividend - September 30, 2006	-	-	-	-	-	-	(1,092,655)	(1,092,655)
Issuance of Global Depository Receipts (GDRs)	344,884	8,760,054	-	-	-	-	-	9,104,938
GDRs issuance expense	-	(365,720)	-	-	-	-	-	(365,720)
Balance as at December 31, 2006	5,463,276	9,702,528	-	(53,637)	5,213,535	9,800,000	5,530,973	35,656,675
Changes in equity								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	8,045	8,045
Exchange differences on translation of net investment in foreign branches	-	-	-	(31,239)	-	-	-	(31,239)
Total expense / income recognised directly in equity	-	-	-	(31,239)	-	-	8,045	(23,194)
Profit after taxation for nine months period ended September 30, 2007	-	-	-	-	-	-	11,247,380	11,247,380
Total recognised income for the period	-	-	-	(31,239)	-	-	11,255,425	11,224,186
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)	-
Final cash dividend - December 31, 2006	-	-	-	-	-	-	(819,492)	(819,492)
Interim cash dividend-March 2007	-	-	-	-	-	-	(1,570,692)	(1,570,692)
Interim cash dividend-June 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)
Balance as at September 30, 2007	6,282,768	9,702,528	-	(84,876)	6,338,273	14,600,000	6,081,280	42,919,973

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

President and Chief Executive

Director

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MCB Bank Limited

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

As at September 30, 2007

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. 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

- 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 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 unconsolidated 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 unconsolidated condensed interim financial information.

3 STATEMENT OF COMPLIANCE

This unconsolidated 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 this unconsolidated 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 unconsolidated condensed interim financial information has, 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 these unconsolidated condensed interim financial information should be read in conjunction with the financial information of the Bank for the year ended December 31, 2006.

4 BASIS OF MEASUREMENT

This unconsolidated 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 unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial information of the Bank for the year ended December 31, 2006.

6 SIGNIFICANT ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial information of the Bank 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		Held by	Given as	Total
		bank	collateral	
		----- September 30, 2007 -----		
8.1	Investments by types			
	Held-for-trading securities	47,654	-	47,654
	Available-for-sale securities	100,012,411	10,376,951	110,389,362
	Held-to-maturity securities	10,322,967	-	10,322,967
		<u>110,383,032</u>	<u>10,376,951</u>	<u>120,759,983</u>
	Associates	1,006,900	-	1,006,900
	Subsidiaries	362,532	-	362,532
		<u>1,369,432</u>	<u>-</u>	<u>1,369,432</u>
		<u>111,752,464</u>	<u>10,376,951</u>	<u>122,129,415</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
	Deficit on revaluation of held-for-trading securities - net	(278)	-	(278)
	Investments - net	<u>112,953,926</u>	<u>10,364,486</u>	<u>123,318,412</u>
		Held by bank	Given as collateral	Total
		----- December 31, 2006 -----		
	Held-for-trading securities	-	-	-
	Available-for-sale securities	34,849,112	11,298,388	46,147,500
	Held-to-maturity securities	14,666,146	-	14,666,146
		<u>49,515,258</u>	<u>11,298,388</u>	<u>60,813,646</u>
	Associates	1,006,900	-	1,006,900
	Subsidiaries	357,532	-	357,532
		<u>1,364,432</u>	<u>-</u>	<u>1,364,432</u>
		<u>50,879,690</u>	<u>11,298,388</u>	<u>62,178,078</u>
	Less:			
	Provision for diminution in the value of investments	(363,019)	-	(363,019)
	Surplus / (deficit) on revaluation of available for sale securities - net	1,686,295	(15,038)	1,671,257
	Investments - net	<u>52,202,966</u>	<u>11,283,350</u>	<u>63,486,316</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).			
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
			<u>185,569,123</u>	<u>194,644,837</u>
	Net Investment in Finance Lease			
	- In Pakistan		6,705,154	6,082,806
	- Outside Pakistan		69,160	85,865
			<u>6,774,314</u>	<u>6,168,671</u>
	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
			<u>7,727,159</u>	<u>6,033,991</u>
	Advances - gross		<u>200,070,596</u>	<u>206,847,499</u>
	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)
			<u>(9,546,284)</u>	<u>(8,608,344)</u>
	Advances - net of provision		<u>190,524,312</u>	<u>198,239,155</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:

		September 30, 2007			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	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>
December 31, 2006						
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	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, 2007	December 31, 2006
----- (Rupees '000) -----		
In Pakistan	20,252,138	20,304,629
Outside Pakistan	3,317,523	3,638,847
	<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	2,568,335	2,313,030
	<u>7,835,061</u>	<u>9,040,700</u>
Borrowings from other financial institutions	2,840,339	2,932,817
Repurchase agreement borrowings	10,376,952	11,263,929
	<u>13,217,291</u>	<u>14,196,746</u>
	<u>21,052,352</u>	<u>23,237,446</u>
Unsecured		
Overdrawn nostro accounts	477,184	617,027
Call borrowings	2,040,125	89,003
	<u>2,517,309</u>	<u>706,030</u>
	<u>23,569,661</u>	<u>23,943,476</u>

11 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	35,134,491	33,297,203
Savings deposits	151,330,958	136,872,384
Current accounts - non remunerative	94,682,613	81,658,304
Margin accounts	2,546,899	2,447,944
Others	4,169	4,336
	<u>283,699,130</u>	<u>254,280,171</u>

Financial institutions

Remunerative deposits	1,728,421	249,506
Non-remunerative deposits	2,494,305	2,932,161
	<u>4,222,726</u>	<u>3,181,667</u>
	<u>287,921,856</u>	<u>257,461,838</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)	(89,023)
Others	(894)	-
	<u>(1,089,903)</u>	<u>(444,827)</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 post retirement medical benefits	515,092	505,208
Provision for employees compensated absences	-	5,060
	<u>684,489</u>	<u>617,200</u>
	<u>(405,414)</u>	<u>172,373</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

14.1 Transaction-related contingent liabilities / commitments

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

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
	<u>14,378,891</u>	<u>8,000,132</u>

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
	<u>97,691,739</u>	<u>91,709,802</u>

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.

Nine months ended

September 30, September 30,
2007 2006

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

16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders		<u>11,247,380</u>	<u>8,642,817</u>
Weighted average number of shares outstanding during the period	<i>Number of shares</i>	<u>628,276,843</u>	<u>593,788,443</u>
Earnings per share	<i>Rupees</i>	<u>17.90</u>	<u>14.56</u>

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					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Eliminations	Total
	------(Rupees '000)-----					
Total income	168,507	9,409,726	10,989,647	8,124,379	(259,122)	28,433,137
Total expenses	(11,873)	(1,772,416)	(8,814,252)	(1,712,754)	259,122	(12,052,173)
Income tax expense	-	-	-	-	-	(5,133,584)
Net income	156,635	7,637,310	2,175,395	6,411,625	-	11,247,380
Segment assets - (gross)	14	145,365,653	124,201,566	113,026,280	-	382,593,513
Deferred tax assets	-	-	-	-	-	-
Total assets	14	145,365,653	124,201,566	113,026,280	-	382,593,513
Segment non performing loans	-	313,039	4,665,231	4,568,014	-	9,546,284
Segment specific provision required	-	112,511	3,692,903	2,860,599	-	6,666,013
Segment liabilities	(160,804)	128,813,350	101,961,463	101,064,421	-	331,678,430
Deferred tax liabilities - net	-	-	-	-	-	405,414
Provision for taxation	-	-	-	-	-	2,380,478
Segment equity	160,817	15,493,809	21,335,718	11,138,847	-	48,129,191
Total liabilities - net	13	144,307,159	123,297,180	112,203,268	-	382,593,513
Segment return on assets (ROA) (%)	0.00%	5.25%	1.75%	5.67%	0.00%	2.94%
Segment cost of fund (%)	0.00%	7.53%	2.09%	3.16%	0.00%	2.29%
	Nine months ended September 30, 2006					
Total income	66,717	6,153,883	9,118,265	7,166,804	(275,059)	22,230,610
Total expenses	(22,713)	(1,085,586)	(7,772,837)	(620,409)	275,059	(9,226,486)
Income tax expense	-	-	-	-	-	(4,361,307)
Net income	44,004	5,068,297	1,345,428	6,546,395	-	8,642,817
Segment assets - (gross)	6	95,241,456	111,639,723	110,573,209	-	317,454,395
Deferred tax assets	-	-	-	-	-	153,578
Total assets	6	95,241,456	111,639,723	110,573,209	-	317,607,973
Segment non performing loans	-	399,397	3,463,160	4,280,334	-	8,142,891
Segment specific provision required	-	142,032	2,530,119	2,499,849	-	5,172,000
Segment liabilities (including segment equity)	(49,781)	86,338,614	94,695,150	103,147,051	-	284,131,034
Provision for taxation	-	-	-	-	-	2,935,681
Segment equity	49,787	8,028,585	15,972,797	6,490,088	-	30,541,258
Total liabilities - net	6	94,367,199	110,667,947	109,637,140	-	317,607,973
Segment return on assets (ROA) (%)	0.00%	5.32%	1.21%	5.92%	0.00%	2.72%
Segment cost of fund (%)	0.00%	1.71%	1.12%	1.73%	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		Subsidiary companies		Other Related Parties	
	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended
	September 30, 2007	Dec 31, 2006	September 30, 2007	Dec 31, 2006	September 30, 2007	Dec 31, 2006	September 30, 2007	Dec 31, 2006
	----- (Rupees '000) -----							
Deposits								
Deposits at beginning of the period / year	19,099	61,996	522,641	785,634	279,729	5,311	314,045	214,191
Deposits received during the period / year	350,637	572,767	90,980,887	33,568,048	703,411	653,980	5,667,485	17,714,493
Deposits repaid during the period / year	(358,982)	(615,664)	(91,143,424)	(33,831,041)	(951,703)	(379,562)	(5,790,309)	(17,614,639)
Deposits at the end of the period / year	<u>10,754</u>	<u>19,099</u>	<u>360,104</u>	<u>522,641</u>	<u>31,437</u>	<u>279,729</u>	<u>191,221</u>	<u>314,045</u>

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	-	-	-	-	2,473	-	2,240,038	1,297,320
Loan granted during the period / year	-	-	-	-	-	2,810	1,237,123	2,062,460
Repayment during the period / year	-	-	-	-	(256)	(337)	(1,878,977)	(1,119,742)
Balance at end of the period / year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,217</u>	<u>2,473</u>	<u>1,598,184</u>	<u>2,240,038</u>

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

Adamjee Insurance Company Limited

Insurance premium paid	-	-	67,865	71,599	-	-	-	-
Insurance claim settled	-	-	32,102	15,264	-	-	-	-
Dividend received	-	-	53,604	62,568	-	-	-	-
Rent income received	-	-	1,764	1,564	-	-	-	-

MNET Services (Private) Limited

Outsourcing service expenses	-	-	-	-	47,018	22,798	-	-
Networking service expenses	-	-	-	-	4,712	2,906	-	-

Muslim Commercial Financial Services (Private) Limited

- Capital injection	-	-	-	-	5,000	-	-	-
- Custodian charges revenue	-	-	-	-	3	-	-	-

MCB Asset Management Company Limited

- Capital injection	-	-	-	-	-	299,980	-	-
- Markup paid	-	-	-	-	15,840	-	-	-
- Sale of Property	-	-	-	-	30,750	-	-	-
- Sale of car	-	-	-	-	1,600	-	-	-
- Markup payable to	-	-	-	-	687	6,621	-	-
- Others	-	-	-	-	469	-	-	-

MCB Trade Services

- Markup Paid	-	-	-	-	8,410	-	-	-
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MCB Employees Foundation

- Service expenses	-	-	-	-	-	-	14,415	11,582
- Cash sorting expenses	-	-	-	-	-	-	13,516	5,799
- Cash in transit expenses	-	-	-	-	-	-	1,781	2,502

MCB Employees Security System & Services (Private) Limited

- Security guard expenses	-	-	-	-	-	-	78,991	62,110
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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	91,468
- Miscellaneous expenses	-	-	-	-	-	-	51,457	42,469
- Contribution / (expense) on provident fund	-	-	-	-	-	-	80,899	71,617

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
	516,612	368,190

Net assets**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 unconsolidated 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 unconsolidated 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