

**MCB Bank Limited**  
**Condensed Interim Balance Sheet**  
*As at September 30, 2006*

	(Unaudited)	(Audited)
Note	September	December
	30, 2006	31, 2005
	(Rupees in '000)	
		(Restated)
<b>ASSETS</b>		
Cash and balances with treasury banks	29,822,237	23,665,549
Balances with other banks	1,420,082	1,469,333
Lendings to financial institutions	19,348,756	9,998,828
Investments - net	7 65,347,373	69,481,487
Advances - net	8 183,581,850	180,322,753
Other assets - net	9,235,103	5,464,426
Operating fixed assets	8,698,994	8,182,454
Deferred tax assets - net	153,578	191,967
	<b>317,607,973</b>	<b>298,776,797</b>
<b>LIABILITIES</b>		
Bills payable	8,223,506	8,536,674
Borrowings from financial institutions	14,719,098	27,377,502
Deposits and other accounts	251,092,100	229,345,178
Sub-ordinated loan	1,597,440	1,598,080
Liabilities against assets subject to finance lease	-	-
Other liabilities	11,434,571	8,185,067
Deferred tax liabilities - net	-	-
	<b>287,066,715</b>	<b>275,042,501</b>
<b>NET ASSETS</b>	<b>30,541,258</b>	<b>23,734,296</b>
<b>REPRESENTED BY:</b>		
<b>Shareholders Equity</b>		
Share capital	5,118,392	4,265,327
Reserves	15,925,377	9,054,940
Unappropriated profit	3,474,325	4,990,260
	<b>24,518,094</b>	<b>18,310,527</b>
Surplus on revaluation of assets - net of tax	6,023,164	5,423,769
	<b>30,541,258</b>	<b>23,734,296</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
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The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

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**President and  
Chief Executive**

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**Director**

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**Director**

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**Director**

**MCB Bank Limited**  
**Condensed Interim Profit and Loss Account (Unaudited)**  
*For the nine months period ended September 30, 2006*

Note	Quarter ended Sep 30, 2006	Nine months ended Sep 30, 2006	Quarter ended Sep 30, 2005 (Restated)	Nine months ended Sep 30, 2005 (Restated)
----- (Rupees in '000) -----				
Mark-up / return / interest earned	6,559,308	18,569,877	5,035,932	12,222,779
Mark-up / return / interest expensed	1,151,082	3,058,693	805,033	1,945,989
Net mark-up / interest income	5,408,226	15,511,184	4,230,899	10,276,790
Provision against non-performing loans and advances - net	144,956	285,582	309,082	739,916
Provision / (Reversal) for diminution in the value of investments	100,347	121,198	(91,000)	(91,000)
Bad debts written off directly	6	1,135	102	1,983
	245,309	407,915	218,184	650,899
Net mark-up / interest income after provisions	5,162,917	15,103,269	4,012,715	9,625,891
<b>NON MARK-UP/INTEREST INCOME</b>				
Fee, commission and brokerage income	568,028	1,679,429	640,231	1,783,949
Dividend income	366,846	543,342	204,825	316,420
Income from dealing in foreign currencies	109,416	503,469	165,180	381,044
Income / gain on investments	105,203	540,958	84,995	646,063
Gain on trading in government securities	-	33	514	852
Other income	112,464	393,502	115,369	350,415
Total non mark-up / interest income	1,261,957	3,660,733	1,211,114	3,478,743
	6,424,874	18,764,002	5,223,829	13,104,634
<b>NON MARK-UP/INTEREST EXPENSE</b>				
Administrative expenses	2,129,339	5,746,943	1,691,673	5,433,492
Other provisions	-	9,910	4,919	(87,593)
Other charges - net	380	3,025	20,711	24,981
Total non mark-up/interest expenses	2,129,719	5,759,878	1,717,303	5,370,880
	4,295,155	13,004,124	3,506,526	7,733,754
Exceptional Item	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	4,295,155	13,004,124	3,506,526	7,733,754
Taxation - current	1,391,021	4,133,859	1,152,453	2,584,059
- prior years	-	174,105	-	-
- deferred	2,477	53,343	10,813	(233,179)
	1,393,498	4,361,307	1,163,266	2,350,880
<b>PROFIT AFTER TAXATION</b>	2,901,657	8,642,817	2,343,260	5,382,874
Unappropriated profit brought forward	2,885,405	4,990,260	1,278,819	502,388
Transfer from surplus on revaluation of fixed assets - net of tax	1,108	32,486	4,482	31,512
	2,886,513	5,022,746	1,283,301	533,900
<b>Profit available for appropriation</b>	5,788,170	13,665,563	3,626,561	5,916,774
<b>APPROPRIATIONS</b>				
Transfer to:				
Statutory reserve	290,166	864,282	234,326	538,287
Capital reserves	-	-	-	-
General reserve	1,000,000	6,000,000	1,000,000	2,000,000
Reserve for issue of bonus shares 2005 @ 20% (2004: 10%)	-	853,065	-	337,180
Final cash dividend 2005 @ Re 1 per share - (2004: Re. Nil)	-	426,533	-	-
Interim cash dividend - March 2006 @ Rs 2 per share - (2005: Rs 1.75)	-	1,023,679	-	649,072
Interim cash dividend - June 2006 @ Rs 2 per share	1,023,679	1,023,679	-	-
	2,313,845	10,191,238	1,234,326	3,524,539
Unappropriated profit carried forward	3,474,325	3,474,325	2,392,235	2,392,235
Earnings per share - Basic and Diluted	5.67	16.89	4.58	10.52

The annexed notes 1 to 19 form an integral part of these 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**  
**Condensed Interim Cash Flow Statement (Unaudited)**  
**For the nine months period ended September 30, 2006**

	<b>September 30, 2006</b>	<b>September 30, 2005 (Restated)</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	13,004,124	7,733,754
Less: Dividend income	<u>(543,342)</u>	<u>(316,420)</u>
	12,460,782	7,417,334
Adjustments for non-cash charges		
Depreciation / Amortization	577,613	452,941
Provision against non-performing loans and advances	285,582	739,916
Provision for diminution in the value of investments	121,198	(91,000)
Provision against fixed assets	-	22,610
Provision / (Reversal) of provision on other assets	9,910	(87,593)
Bad debts written off directly	1,135	1,983
Gain on disposal of fixed assets	(20,605)	(5,789)
Surplus on revaluation of held-for-trading securities	8,421	-
	<u>983,254</u>	<u>1,033,068</u>
	13,444,036	8,450,402
(Increase) / decrease in operating assets		
Lendings to financial institutions	(9,349,928)	7,271,456
Held-for-trading securities	4,869	(19,841)
Advances - net	(3,545,814)	(11,320,506)
Other assets -net	<u>(3,391,478)</u>	<u>(576,635)</u>
	(16,282,351)	(4,645,526)
Increase / (decrease) in operating liabilities		
Bills payable	(313,168)	1,307,943
Borrowings from financial institutions	(12,658,404)	7,788,344
Deposits	21,746,922	4,832,446
Other liabilities	<u>1,216,083</u>	<u>331,635</u>
	<u>9,991,433</u>	<u>14,260,368</u>
	7,153,118	18,065,244
Income tax paid	<u>(2,349,832)</u>	<u>(328,120)</u>
<b>Net cash flows from operating activities</b>	<u>4,803,286</u>	<u>17,737,124</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(16,411,587)	(32,295,634)
Net investments in held-to-maturity securities	21,328,120	11,875,773
Net investments in subsidiary companies	(299,980)	-
Dividend income received	199,035	254,992
Investments in operating fixed assets - net of disposals	<u>(1,073,548)</u>	<u>(733,674)</u>
<b>Net cash flows from investing activities</b>	<u>3,742,040</u>	<u>(20,898,543)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Redemption of sub-ordinated loan	(640)	(640)
Proceeds from issue of right shares	-	1,390,868
Dividend paid	<u>(2,443,404)</u>	<u>(263,627)</u>
<b>Net cash flows from financing activities</b>	<u>(2,444,044)</u>	<u>1,126,601</u>
Exchange difference on translation of net investments in foreign branches	<u>6,155</u>	<u>6,194</u>
<b>Increase in cash and cash equivalents</b>	<u>6,107,437</u>	<u>(2,028,624)</u>
Cash and cash equivalents at beginning of the period	<u>25,134,882</u>	<u>29,541,576</u>
Cash and cash equivalents at end of the period	<u><u>31,242,319</u></u>	<u><u>27,512,952</u></u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

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**Director**

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**Director**

MCB Bank Limited  
Condensed Interim Statement of Changes in Equity (Unaudited)  
For the nine months period ended September 30, 2006

	Capital Reserves				Other Reserves		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, 2005	3,371,800	473,673	337,180	(56,354)	3,107,054	1,800,000	165,208	9,198,561
Effect of change in accounting policy								
Transferred to reserve for issue of bonus shares - final	-	-	(337,180)	-	-	-	337,180	-
Balance as at January 01, 2005 - restated	3,371,800	473,673	-	(56,354)	3,107,054	1,800,000	502,388	9,198,561
Effect of change in accounting policy								
Transferred to reserve for issue of bonus shares - final	-	-	337,180	-	-	-	(337,180)	-
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	31,512	31,512
Profit after taxation for nine months period ended September 30, 2005	-	-	-	-	-	-	5,382,874	5,382,874
Exchange difference on translation of net investments in foreign branches	-	-	-	6,194	-	-	-	6,194
Total recognised income and expense for the period				6,194			5,414,386	5,420,580
Transferred to statutory reserve	-	-	-	-	538,287	-	(538,287)	-
Transferred to general reserve	-	-	-	-	-	2,000,000	(2,000,000)	-
Issue of bonus shares	337,180	-	(337,180)	-	-	-	-	-
Interim cash dividend - March 2005	-	-	-	-	-	-	(649,072)	(649,072)
Issue of right shares	556,347	834,521	-	-	-	-	-	1,390,868
Balance as at September 30, 2005 - restated	4,265,327	1,308,194	-	(50,160)	3,645,341	3,800,000	2,392,235	15,360,937
Interim cash dividend - September 2005	-	-	-	-	-	-	(639,799)	(639,799)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	52,237	52,237
Profit after taxation for three months period ended December 31, 2005	-	-	-	-	-	-	3,539,541	3,539,541
Exchange difference on translation of net investments in foreign branches	-	-	-	(2,389)	-	-	-	(2,389)
Total recognised income and expense for the period				(2,389)			3,591,778	3,589,389
Transferred to statutory reserve	-	-	-	-	353,954	-	(353,954)	-
Transferred to general reserve	-	-	-	-	-	-	-	-
Interim cash dividend	-	-	-	-	-	-	-	-
Transferred to reserve for issue of bonus shares - final	-	-	-	-	-	-	-	-
Balance as at December 31, 2005 - restated	4,265,327	1,308,194	-	(52,549)	3,999,295	3,800,000	4,990,260	18,310,527
Proposed cash dividend - final	-	-	-	-	-	-	(426,533)	(426,533)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	32,486	32,486
Profit after taxation for nine months period ended September 30, 2006	-	-	-	-	-	-	8,642,817	8,642,817
Exchange difference on translation of net investments in foreign branches	-	-	-	6,155	-	-	-	6,155
Total recognised income and expense 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	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

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

President and  
Chief Executive

Director

Director

Director

# MCB Bank Limited

## Notes to the Condensed Interim Financial Statements (Unaudited)

*For the nine months period ended September 30, 2006*

### **1. STATUS AND NATURE OF BUSINESS**

MCB Bank Limited is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The bank is listed on all the stock exchanges in Pakistan. 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 973 branches including 5 Islamic banking branches (September 30, 2005: 942) inside Pakistan and 5 (September 30, 2005: 5) branches outside Pakistan (including the Karachi Export Processing Zone Branch).

### **2. BASIS OF PRESENTATION**

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

The financial results of the Islamic banking branches have been consolidated in these financial statements for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 15 to these financial statements.

### **3. STATEMENT OF COMPLIANCE**

These 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 and the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Approved accounting standards comprise of such International Accounting Standards 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 Securities and Exchange Commission of Pakistan and the State Bank of Pakistan 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 disclosures made in these condensed interim financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, 'Interim Financial Reporting'.

#### 4. BASIS OF MEASUREMENT

These 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 and certain staff retirement benefits are carried at present value.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these 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, 2005 except for the following:

During the period the institute of Chartered Accountants of Pakistan issued a circular number 06-2006 dated June 19, 2006 which requires that all declarations of dividend to holders of equity instruments including declaration of bonus issues and other appropriations except appropriations which are required by law after the balance sheet date should not be recognised as liabilities or change in reserves at the balance sheet date. Previously all declarations of dividends to holders of equity instruments and transfers to reserves relating to profit for the year although declared subsequent to year end, were accounted for in the year to which those related. This change has been applied retrospectively and comparatives have been restated. The change in accounting policy had following impact on these condensed interim financial statements:

	<b>September 30, 2006</b>	December 31, 2005
	<b>(Rupees in '000)</b>	
- Decrease in General Reserve	-	3,500,000
- Decrease in Reserve for Issue of Bonus Shares	-	853,065
- Increase in unappropriated profit	-	4,779,598
- Decrease in other liabilities (proposed cash dividend)	-	426,533

The effect of change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy has not resulted in any change in the profit for the current period.

#### 6. SIGNIFICANT ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of these 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, 2005.

## 7. INVESTMENTS - NET

		<b>Held by bank</b>	<b>Given as collateral</b>	<b>Total</b>
----- (Rupees in '000) -----				
As on September 30, 2006	7.1	59,681,558	5,665,815	65,347,373
As on December 31, 2005		49,963,020	19,518,467	69,481,487

### 7.1 INVESTMENTS BY TYPES

----- September 30, 2006 -----				
Held-for-trading securities		61,187	-	61,187
Available-for-sale securities	7.2	43,546,691	5,679,920	49,226,611
Held-to-maturity securities		12,681,771	-	12,681,771
		56,289,649	5,679,920	61,969,569
Associates	7.3	1,006,900	-	1,006,900
Subsidiaries		357,532	-	357,532
		1,364,432	-	1,364,432
		57,654,081	5,679,920	63,334,001
Less: Provision for diminution in the value of investments		(363,019)	-	(363,019)
Surplus on revaluation of investments		2,397,283	(14,105)	2,383,178
Deficit on revaluation of held-for-trading investments		(6,787)	-	(6,787)
<b>Investments - net</b>		<b>59,681,558</b>	<b>5,665,815</b>	<b>65,347,373</b>

7.2 Investments include Pakistan Investment bonds amounting to Rs 232.600 million (December 31, 2005: 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 by the bank. In addition, Pakistan Investment Bonds amounting to Rs 5 million (December 31, 2005: 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 Dollar 29 Million (Face Value) are earmarked by Mashreqbank PSC against loan obtained by the bank.

7.3 Investment in Admajee Insurance Company Limited has been carried at cost amounting to Rs 943.600 million as at September 30, 2006 (December 31, 2005: Rs 943.600 million). The market value of the investment as at September 30, 2006 amounted to Rs 3,320.911 million (December 31, 2005: Rs 3,296.847 million).

**8. ADVANCES - NET**

**September 30,      December 31,**  
**2006                      2005**  
**(Rupees in '000)**

Loans, cash credits, running finances, etc

- In Pakistan	<b>174,807,595</b>	174,625,232
- Outside Pakistan	<b>4,168,082</b>	3,755,036
	<b>178,975,677</b>	178,380,268

Net Investment in finance lease

- In Pakistan	<b>5,908,307</b>	3,897,184
- Outside Pakistan	<b>89,248</b>	93,330
	<b>5,997,555</b>	3,990,514

Bills discounted and purchased (excluding treasury bills)

- Payable in Pakistan	<b>2,066,965</b>	2,386,952
- Payable outside Pakistan	<b>4,417,475</b>	3,381,943
	<b>6,484,440</b>	5,768,895

	<b>191,457,672</b>	188,139,677
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Less: Provision for non - performing loans and advances

- Specific provision	<b>(5,172,000)</b>	(5,534,376)
- General provision	<b>(2,391,084)</b>	(2,098,053)
- Potential lease losses	<b>(3,934)</b>	(3,941)
General provision against consumer loans	<b>(308,804)</b>	(180,554)
	<b>(7,875,822)</b>	(7,816,924)

	<b>183,581,850</b>	180,322,753
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**8.1** Advances include Rs 8,142.891 million (December 31, 2005: Rs 8,395.989 million) which have been placed under non-performing status as detailed below:

Category of Classification	Domestic	Overseas	Total	Provision required	Provision held
----- Rupees in '000 -----					
Other Assets Especially Mentioned      8.1.1	99,354	-	99,354	-	-
Substandard	276,392	-	276,392	62,612	62,612
Doubtful	450,113	-	450,113	212,941	212,941
Loss	4,639,938	2,677,094	7,317,032	4,896,447	4,896,447
	<b>5,465,797</b>	<b>2,677,094</b>	<b>8,142,891</b>	<b>5,172,000</b>	<b>5,172,000</b>

**8.1.1** 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 State Bank of Pakistan.

<b>9. CONTINGENCIES AND COMMITMENTS</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2006</b>	<b>2005</b>
	<b>(Rupees in '000)</b>	
<b>9.1 Transaction-related Contingent Liabilities / Commitments</b>		
Guarantees in favour of:		
- Government	3,764,580	3,864,070
- Banks and financial institutions	20,881	37,673
- Others	3,051,970	1,901,102
Suppliers credit / payee guarantee	1,554,430	1,428,642
	<b>8,391,861</b>	<b>7,231,487</b>
<b>9.2 Trade-related Contingent Liabilities</b>	<b>42,274,395</b>	<b>39,189,177</b>
<b>9.3 Other Contingencies</b>	<b>218,625</b>	<b>492,420</b>
<b>9.4 Commitments to extend credit</b>		

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.

<b>9.5 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	34,148,545	13,646,165
Sale	38,483,033	16,263,722
	<b>72,631,578</b>	<b>29,909,887</b>
<b>9.6 Commitments for the acquisition of operating fixed assets</b>	<b>2,631,102</b>	<b>587,242</b>
<b>9.7 Commitments in respect of:</b>		
Forward Lending	-	-
Forward Borrowing	-	-
	-	-

## 10. 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.

## 11. OTHER INCOME

Other income includes claim of the bank amounting to Rs 44.802 million (September 30 2005: Nil) in respect of compensation on de section 171 of the Income Tax Ordinance, 2001 (parallel to section 102 of the repealed Income Tax Ordinance, 1979) for the assessment years 1992-93 to 2002-03 and tax year 2004. This compensation has been calculated at the rate of 6-15 percent per annum on the amount of the refund for the period commencing at the end of three months of refund becoming due to the bank and ending on the date of payment / adjustment by the income tax authorities.

## 12. STAFF RETRENCHMENT COST

During the period 689 employees in the Non-clerical staff cadre were retrenched with effect from June 01, 2006. The bank has incurred an expense of Rs 443.620 million, in addition to payments under the staff retirement funds.

	<b>September 30,</b>	<b>September 30,</b>
	<b>2006</b>	<b>2005</b>
	<b>(Rupees in '000)</b>	
<b>13. EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit after taxation attributable to ordinary shareholders	<b>8,642,817</b>	<b>5,382,874</b>
	<b>(Number of shares)</b>	
Weighted average number of shares outstanding during the period	<b>511,839,290</b>	<b>511,839,290</b>
	<b>(Rupees)</b>	
Earnings per share	<b>16.89</b>	<b>10.52</b>

#### 14. RELATED PARTY TRANSACTIONS

The bank has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, and its directors and executive officers (including their associates).

Banking transactions between the bank and its related parties are executed substantially on commercial terms.

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 appointment.

Details of transactions with related parties except those under the terms of employment 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 period ended September 30, 2006	Year ended Dec 31, 2005	Nine months period ended September 30, 2006	Year ended Dec 31, 2005	Nine months period ended September 30, 2006	Year ended Dec 31, 2005	Nine months period ended September 30, 2006	Year ended Dec 31, 2005
----- (Rupees in '000) -----								
<b>Deposits</b>								
Deposits at the beginning of the period / year	61,996	2,030	785,634	227,631	5,311	5,239	211,409	270,188
Deposits received during the period / year	235,849	697,586	10,170,069	7,274,635	342,811	60,941	12,547,154	23,140,725
Deposits repaid during the period / year	(286,282)	(637,620)	(10,497,478)	(6,716,632)	(44,460)	(60,869)	(12,442,423)	(23,199,504)
Deposits at the end of the period / year	<u>11,563</u>	<u>61,996</u>	<u>458,225</u>	<u>785,634</u>	<u>303,662</u>	<u>5,311</u>	<u>316,140</u>	<u>211,409</u>

**September 30, 2006**      December 31, 2005  
(Rupees in '000)

Receivable from Pension Fund

**3,348,267**      1,973,998

	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
----- (Rupees '000) -----								

##### Adamjee Insurance Company Limited

- Insurance premium paid	-	-	71,599	75,504	-	-	-	-
- Insurance claim settled	-	-	15,264	38,326	-	-	-	-
- Dividend Received	-	-	62,568	-	-	-	-	-
- Rent Income Received	-	-	1,564	1,264	-	-	-	-

##### MNET Services (Private) Limited

- Outsourcing service expenses	-	-	-	-	22,798	15,108	-	-
- Networking service expenses	-	-	-	-	2,906	6,442	-	-

##### Muslim Commercial Financial Services (Private) Limited

- Custodian charges	-	-	-	-	-	6,920	-	-
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##### MCB Asset Management Company Limited

- Capital injection	-	-	-	-	299,980	-	-	-
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##### MCB Employees Foundation

- Service expenses	-	-	-	-	-	-	11,582	10,195
- Cash sorting expenses	-	-	-	-	-	-	5,799	5,282
- Cash in transit expenses	-	-	-	-	-	-	2,502	2,760

##### MCB Employees Security System & Services (Private) Limited

- Security guard expenses	-	-	-	-	-	-	62,110	55,672
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Details of remuneration, including all benefits to key management personnels i.e. Chief Executive, Directors and Senior Management, as at the period-end were as follows:

	<b>Nine months period ended September 30, 2006</b>		
	<b>Chief Executive</b>	<b>Directors</b>	<b>Senior Management</b>
	----- (Rupees in '000)-----		
Fees	15	75	-
Managerial remuneration	13,650	1,076	67,036
Retirement benefits	498	-	2,808
Rent and house maintenance	2,871	-	15,167
Utilities	598	-	3,371
Medical	332	-	491
Conveyance	289	-	2,595
	<u>18,253</u>	<u>1,151</u>	<u>91,468</u>
Number of persons	<u>1</u>	<u>9</u>	<u>11</u>

The Chief Executive and Senior Management are provided with free use of the bank's maintained cars and household equipment in accordance with the terms of their appointment.

**15. ISLAMIC BANKING BRANCHES**

	<b>September 30, 2006</b>	<b>December 31, 2005</b>
	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	89,942	87,027
Investments	800,000	-
Advances - net	2,287,201	2,287,561
Other assets - net	635,786	63,484
Operating fixed assets	-	21,019
	<u>3,812,929</u>	<u>2,459,091</u>
<b>LIABILITIES</b>		
Bills payable	22,761	4,644
Borrowings from MCB Bank Limited	2,827,636	1,600,000
Deposits and other accounts	524,172	443,501
Other liabilities	143,272	163,484
	<u>3,517,841</u>	<u>2,211,629</u>
<b>NET ASSETS</b>	<u><u>295,088</u></u>	<u><u>247,462</u></u>
<b>REPRESENTED BY</b>		
Islamic Banking Fund	230,000	230,000
Retained earnings	65,088	17,462
	<u>295,088</u>	<u>247,462</u>
Surplus on revaluation of assets - net of tax	-	-
	<u><u>295,088</u></u>	<u><u>247,462</u></u>

**16. POST BALANCE SHEET EVENT**

Subsequent to the period end, the Bank has raised US\$ 149.9 million, through the issue of 8,622,100 Global Depository Receipts (GDRs) listed on the London Stock Exchange. Each GDR represents four underlying equity shares and is priced at US\$ 17.397 equivalent to Rs 1,056 of underlying four equity shares (PKR 264 per equity share). As a result of this transaction, the paid-up capital, share premium reserve and equity of the Bank shall be increased to Rs 5,463.3 million, Rs 10,068.3 million and Rs 33,623.1 million respectively.

The event does not provide evidence of conditions that existed at the balance sheet date hence condensed interim financial statements have not been adjusted to reflect non-adjusting event after the balance sheet date.

**17. CORESPONDING FIGURES**

Comparative information has been restated to give effect to the change in accounting policy as disclosed in note 5 to these condensed interim financial statements. Further, certain other corresponding figures have been reclassified for the purpose of comparison.

**18. GENERAL**

**18.1** The Board of Directors in its meeting held on October 26, 2006 has approved third interim cash dividend at Rs 2.00 per share (September 30, 2005: cash dividend of Rs 1.5 per share) resulting in total distribution of Rs 1,092.655 million. The condensed interim financial statements for the nine months period ended September 30, 2006 do not include the effect of these appropriations which will be accounted for in the annual financial statements for the year ending December 31, 2006.

**18.2** Figures have been rounded off to the nearest thousand rupees.

**19. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on October 26, 2006 by the Board of Directors of the bank.

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**President and  
Chief Executive**

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**Director**

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**Director**

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**Director**