

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

As at June 30, 2007

	(Unaudited) June 30, 2007	(Audited) December 31, 2006
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	36,581,502	32,465,976
Balances with other banks	5,816,751	6,649,659
Lendings to financial institutions	7 9,511,405	21,081,800
Investments - net	8 116,018,841	64,450,761
Advances - net	9 193,914,033	198,236,682
Other assets - net	13,834,392	11,044,909
Operating fixed assets	10,403,239	9,073,276
Deferred tax assets - net	12 -	174,886
	386,080,163	343,177,949
LIABILITIES		
Bills payable	7,322,445	7,089,679
Borrowings from financial institutions	10 15,752,409	23,943,476
Deposits and other accounts	11 300,829,662	257,185,110
Sub-ordinated loan	958,464	1,597,440
Liabilities against assets subject to finance lease	-	-
Other liabilities	11,547,207	11,177,125
Deferred tax liabilities - net	12 362,962	-
	336,773,149	300,992,830
NET ASSETS	49,307,014	42,185,119
REPRESENTED BY:		
Shareholders Equity		
Share capital	13 6,282,768	5,463,276
Reserves	30,201,166	24,662,446
Un-appropriated profit	5,437,452	6,278,593
	41,921,386	36,404,315
Minority Interest	55	52
	41,921,441	36,404,367
Surplus on revaluation of assets - net of tax	7,385,573	5,780,752
	49,307,014	42,185,119

CONTINGENCIES AND COMMITMENTS

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

President and
Chief Executive

Director

Director

Director

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

For the half year ended June 30, 2007

	Note	Quarter ended June 30, 2007	Half year ended June 30, 2007	Quarter ended June 30, 2006 (Restated)	Half year ended June 30, 2006 (Restated)
----- (Rupees in '000) -----					
Mark-up / return / interest earned		7,998,727	15,616,065	6,180,935	12,012,644
Mark-up / return / interest expensed		2,200,422	3,765,160	1,038,120	1,900,970
Net mark-up / interest income		<u>5,798,305</u>	<u>11,850,905</u>	5,142,815	<u>10,111,674</u>
Provision / (reversal) against loans and advances		995,406	1,188,306	(92,409)	140,626
Provision / (reversal) for diminution in the value of investments		(25,973)	(25,973)	20,851	20,851
Bad debts written off directly		100	154	1,075	1,129
		<u>969,533</u>	<u>1,162,487</u>	<u>(70,483)</u>	<u>162,606</u>
Net mark-up / interest income after provisions		<u>4,828,772</u>	<u>10,688,418</u>	5,213,298	9,949,068
NON MARK-UP/INTEREST INCOME					
Fee, commission and brokerage income		783,235	1,361,823	520,338	1,118,591
Income earned as trustees to various funds		451	679	130	130
Dividend income		29,364	141,109	36,402	141,537
Income from dealing in foreign currencies		191,356	412,701	252,011	394,053
Gain on sale of securities		744,855	980,886	104,380	435,755
Gain / (loss) on trading in government securities - net		(17)	(50)	(2)	33
Other income - net		122,543	235,713	169,430	281,226
Total non mark-up / interest income		<u>1,871,787</u>	<u>3,132,861</u>	1,082,689	2,371,325
		<u>6,700,559</u>	<u>13,821,279</u>	6,295,987	12,320,393
NON MARK-UP/INTEREST EXPENSE					
Administrative expenses	15	719,821	2,603,826	1,778,625	3,618,957
Other provisions / (reversal)		(9,452)	(9,452)	9,910	9,910
Other charges		113,750	173,793	1,435	2,645
Total non mark-up / interest expenses		<u>824,119</u>	<u>2,768,167</u>	1,789,970	3,631,512
Share of profit of associated undertaking		196,025	353,685	92,124	326,277
		<u>6,072,465</u>	<u>11,406,797</u>	4,598,141	9,015,158
Extra ordinary / unusual item		-	-	-	-
PROFIT BEFORE TAXATION		<u>6,072,465</u>	<u>11,406,797</u>	4,598,141	9,015,158
Taxation - current period		1,740,730	3,346,253	1,500,528	2,747,850
- prior years		-	(459,952)	173,698	173,698
- deferred		197,622	554,165	85,799	50,866
Share of tax of Associated undertaking		20,924	36,853	19,301	23,377
		<u>1,959,276</u>	<u>3,477,319</u>	1,779,326	2,995,791
PROFIT AFTER TAXATION		<u>4,113,189</u>	<u>7,929,478</u>	2,818,815	6,019,367
Share of profit attributable to minority interest		(2)	(3)	(1)	(1)
PROFIT AFTER TAX AVAILABLE TO GROUP		<u>4,113,187</u>	<u>7,929,475</u>	2,818,814	6,019,366
Earnings per share - Basic and Diluted	16	<u>6.55</u>	<u>12.62</u>	4.75	10.14

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

**President and
Chief Executive**

Director

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MCB Bank Limited and Subsidiary Companies
Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2007

	June 30, 2007	June 30, 2006
	(Rupees '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,406,797	9,015,158
Less: Dividend income and share of profit in associated undertaking	<u>(494,794)</u>	<u>(467,814)</u>
	10,912,003	8,547,344
Adjustments for non-cash charges		
Depreciation	264,740	326,422
Amortisation	93,000	51,525
Provision against loans and advances	1,188,306	140,626
Provision / (reversal) for diminution in the value of investments	(25,973)	20,851
Provision / (reversal) of in the value of other assets	(9,452)	9,910
Bad debts written off directly	154	1,129
(Gain) / loss on disposal of fixed assets	(6,008)	(12,457)
Un realized gain / (loss) on revaluation of 'held-for-trading' securities	<u>(3,526)</u>	<u>40,795</u>
	1,501,241	578,801
	12,413,244	9,126,145
(Increase) / decrease in operating assets		
Lendings to financial institutions	11,570,395	(11,260,915)
Held-for-trading securities	(245,618)	(198,097)
Advances - net	3,134,189	(5,176,210)
Other assets -net	<u>(2,767,996)</u>	<u>(3,078,471)</u>
	11,690,970	(19,713,693)
Increase / (decrease) in operating liabilities		
Bills payable	232,766	(623,243)
Borrowings from financial institutions	(8,191,067)	(14,630,237)
Deposits	43,644,552	26,370,481
Other liabilities	<u>810,094</u>	<u>130,650</u>
	36,496,345	11,247,651
	60,600,559	660,103
Income tax paid	<u>(3,254,521)</u>	<u>(2,177,343)</u>
Net cash flows from operating activities	57,346,038	(1,517,240)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(52,929,114)	(9,471,295)
Net investments in held-to-maturity securities	3,493,246	16,398,868
Dividends income received	182,687	154,747
Investments in operating fixed assets - net of disposals	<u>(1,681,695)</u>	<u>(773,925)</u>
Net cash flows from investing activities	(50,934,876)	6,308,395
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of sub-ordinated loan	(638,976)	(320)
Proceed from issue of shares to minority interest	-	20
Dividend paid	<u>(2,461,975)</u>	<u>(1,437,811)</u>
Net cash flows from financing activities	(3,100,951)	(1,438,111)
Exchange difference on translation of net investments in foreign branches	<u>(27,593)</u>	<u>669</u>
Increase in cash and cash equivalents	3,282,618	3,353,713
Cash and cash equivalents at January 1	<u>39,115,635</u>	<u>25,188,032</u>
Cash and cash equivalents at June 30	42,398,253	28,541,745

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

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MCB Bank Limited and Subsidiary Companies
Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended June 30, 2007

	Capital Reserves			Other Reserves			Sub Total	Minority Interest	Total	
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve	Statutory reserve	General reserve				Unappropriated profit
	(Rupees in '000)									
Balance as at January 01, 2006	4,265,327	1,308,194	853,065	(52,549)	3,999,295	7,300,000	559,804	18,233,136	29	18,233,165
Effect of change in accounting policy										
Transferred to reserve for issuance of bonus shares - final December 31, 2005	-	-	(853,065)	-	-	-	853,065	-	-	-
Final cash dividend - December 31, 2005	-	-	-	-	-	-	426,533	426,533	-	426,533
Transfer to General Reserve	-	-	-	-	-	(3,500,000)	3,500,000	-	-	-
Balance as at January 01, 2006 - restated	4,265,327	1,308,194	-	(52,549)	3,999,295	3,800,000	5,339,402	18,659,669	29	18,659,698
Effect of change in accounting policy										
Final cash dividend - December 31, 2005	-	-	-	-	-	-	(426,533)	(426,533)	-	(426,533)
Change in Equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	31,378	31,378	-	31,378
Exchange differences on translation of net investment in foreign branches	-	-	-	669	-	-	-	669	-	669
Total income recognised directly in equity	-	-	-	669	-	-	31,378	32,047	-	32,047
Issue of shares to Minority Interest	-	-	-	-	-	-	-	-	20	20
Profit after taxation for six months period ended June 30, 2006	-	-	-	-	-	-	6,019,367	6,019,367	-	6,019,367
Profit attributable to minority interest	-	-	-	-	-	-	(1)	(1)	1	-
Total recognised income for the period	-	-	-	669	-	-	6,050,744	6,051,413	21	6,051,434
Transferred to statutory reserve	-	-	-	-	574,116	-	(574,116)	-	-	-
Transferred to general reserve	-	-	-	-	-	5,000,000	(5,000,000)	-	-	-
Issue of bonus shares - December 31, 2005	853,065	-	-	-	-	-	(853,065)	-	-	-
Interim cash dividend	-	-	-	-	-	-	(1,023,679)	(1,023,679)	-	(1,023,679)
Balance as at June 30, 2006	5,118,392	1,308,194	-	(51,880)	4,573,411	8,800,000	3,512,753	23,260,870	50	23,260,920
Changes in equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	788	788	-	788
Exchange differences on translation of net investment in foreign branches	-	-	-	(1,737)	-	-	-	(1,737)	-	(1,737)
Total expense / income recognised directly in equity	-	-	-	(1,737)	-	-	788	(949)	-	(949)
Profit after taxation for six months period ended December 31, 2006	-	-	-	-	-	-	6,521,512	6,521,512	-	6,521,512
Profit attributable to minority interest	-	-	-	-	-	-	(2)	(2)	2	-
Total recognised income for the period	-	-	-	(1,737)	-	-	6,522,298	6,520,561	2	6,520,563
Transferred to statutory reserve	-	-	-	-	640,124	-	(640,124)	-	-	-
Transferred to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Interim cash dividend - June 30, 2006	-	-	-	-	-	-	(1,023,679)	(1,023,679)	-	(1,023,679)
Interim cash dividend - September 30, 2006	-	-	-	-	-	-	(1,092,655)	(1,092,655)	-	(1,092,655)
Issuance of Global Depository Receipts (GDRs)	344,884	8,760,054	-	-	-	-	-	9,104,938	-	9,104,938
GDRs issuance expense	-	(365,720)	-	-	-	-	-	(365,720)	-	(365,720)
Balance as at December 31, 2006	5,463,276	9,702,528	-	(53,617)	5,213,535	9,800,000	6,278,593	36,404,315	52	36,404,367
Changes in equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	5,373	5,373	-	5,373
Exchange differences on translation of net investment in foreign branches	-	-	-	(27,593)	-	-	-	(27,593)	-	(27,593)
Total expense / income recognised directly in equity	-	-	-	(27,593)	-	-	5,373	(22,220)	-	(22,220)
Profit after taxation for six months period ended June 30, 2007	-	-	-	-	-	-	7,929,478	7,929,478	-	7,929,478
Profit attributable to minority interest	-	-	-	-	-	-	(3)	(3)	3	-
Total recognised income for the period	-	-	-	(27,593)	-	-	7,934,848	7,907,255	3	7,907,258
Transferred to statutory reserve	-	-	-	-	766,313	-	(766,313)	-	-	-
Transferred to general reserve	-	-	-	-	-	4,800,000	(4,800,000)	-	-	-
Interim cash dividend-March 2007	-	-	-	-	-	-	(1,570,692)	(1,570,692)	-	(1,570,692)
Issue of Bonus Shares - Final December 31, 2006	819,492	-	-	-	-	-	(819,492)	-	-	-
Final cash dividend - December 31, 2006	-	-	-	-	-	-	(819,492)	(819,492)	-	(819,492)
Balance as at June 30, 2007	6,282,768	9,702,528	-	(81,210)	5,979,848	14,600,000	5,437,452	41,921,386	55	41,921,441

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

**President and
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Director

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MCB Bank Limited and Subsidiary Companies

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

For the half year ended June 30, 2007

1 STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company
- MCB Bank Limited

"Percentage holding of
MCB Bank Limited"

Subsidiary Companies

- Muslim Commercial Financial Services (Private) Limited	99.99%
- MNET Services (Private) Limited	99.95%
- MCB Trade Services Limited	100%
- MCB Asset Management Company Limited	99.99%

MCB Bank Limited is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depositary Receipts (GDRs) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's registered office and principal office are situated at MCB Building, Jinnah Avenue, Islamabad and MCB Tower, I.I Chundrigar Road, Karachi respectively. The Bank operates 997 branches including 6 Islamic banking branches (June 30, 2006: 959 branches) inside Pakistan and 6 (June 30, 2006: 5) branches outside the country (including the Karachi Export Processing Zone Branch).

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

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

4 BASIS OF MEASUREMENT

These condensed interim financial information 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 condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2006.

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 Group for the year ended December 31, 2006.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	June 30, 2007	December 31, 2006
	----- (Rupees '000) -----	
Call money lendings	3,600,000	9,050,000
Repurchase agreement lendings	5,911,405	12,031,800
	<u>9,511,405</u>	<u>21,081,800</u>

8 INVESTMENTS - Net

8.1 Investments by types

		Held by bank	Given as collateral	Total
		----- June 30, 2007 -----		
Held-for-trading securities		245,618	-	245,618
Available-for-sale securities	8.2	97,118,145	1,965,765	99,083,910
Held-to-maturity securities		11,172,900	-	11,172,900
		<u>108,536,663</u>	<u>1,965,765</u>	<u>110,502,428</u>
Associates				
Adamjee Insurance Company Limited	8.3	3,257,255	-	3,257,255
First Women Bank Limited		63,300	-	63,300
		<u>3,320,555</u>	<u>-</u>	<u>3,320,555</u>
		<u>111,857,218</u>	<u>1,965,765</u>	<u>113,822,983</u>
Less:				
Provision for diminution in the value on investments		(337,046)	-	(337,046)
Surplus / (deficit) on revaluation of available for sale securities - net		2,530,875	(1,497)	2,529,378
Surplus/ (deficit) on revaluation of held-for-trading securities - net		3,526	-	3,526
Investments - net		<u>114,054,573</u>	<u>1,964,268</u>	<u>116,018,841</u>
		Held by bank	Given as collateral	Total
		----- December 31, 2006 -----		
Held-for-trading securities		-	-	-
Available-for-sale securities	8.2	34,856,408	11,298,388	46,154,796
Held-to-maturity securities		14,666,146	-	14,666,146
		<u>49,522,554</u>	<u>11,298,388</u>	<u>60,820,942</u>
Associates				
Adamjee Insurance Company Limited	8.3	2,259,550	-	2,259,550
First Women Bank Limited		63,300	-	63,300
		<u>2,322,850</u>	<u>-</u>	<u>2,322,850</u>
		<u>51,845,404</u>	<u>11,298,388</u>	<u>63,143,792</u>
Less:				
Provision for diminution in the value of investments		(363,019)	-	(363,019)
Surplus / (deficit) on revaluation of available for sale securities - net		1,685,026	(15,038)	1,669,988
Investments - net		<u>53,167,411</u>	<u>11,283,350</u>	<u>64,450,761</u>

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

- 8.3 Investment in Adamjee Insurance Company Limited has been carried at cost amounting to Rs. 943.600 million (December 31, 2006: Rs. 943.600 million). The market value of the investment as at June 30, 2007 amounted to Rs. 9,706.762 million (December 31, 2006: Rs. 4,481.877 million).

	June 30, 2007	December 31, 2006
Rs. in '000		
Opening Balance	2,259,550	1,869,045
Share of profits	353,685	474,030
Dividend from Associates	(53,604)	(62,568)
Share of tax	(36,853)	(25,675)
	263,228	385,787
Share of unrealised surplus on investments	734,477	4,718
Closing balance	<u>3,257,255</u>	<u>2,259,550</u>

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

9 **ADVANCES - net**

	June 30, 2007	December 31, 2006
----- (Rupees '000) -----		
Loans, cash credits, running finances, etc		
- In Pakistan	184,559,206	189,472,034
- Outside Pakistan	5,698,913	5,172,803
	190,258,119	194,644,837
Net Investment in Finance Lease		
- In Pakistan	6,559,197	6,080,333
- Outside Pakistan	75,205	85,865
	6,634,402	6,166,198
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	1,956,485	1,761,803
- Payable outside Pakistan	4,470,180	4,272,188
	6,426,665	6,033,991
Advances - gross	203,319,186	206,845,026
Less: Provision against loans and advances		
- Specific provision	(6,633,167)	(5,953,234)
- General provision	(2,236,536)	(2,277,467)
- General Provision for potential lease losses (in Srilanka Operations)	-	(3,820)
- General provision against consumer loans	(535,450)	(373,823)
	(9,405,153)	(8,608,344)
Advances - net of provision	<u>193,914,033</u>	<u>198,236,682</u>

- 9.1 Advances include Rs. 9,404.588 million (December 31, 2006: Rs. 8,570.813 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2007				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially					
Mentioned (OAEM)	87,182	-	87,182	-	-
Substandard	562,059	-	562,059	130,129	130,129
Doubtful	936,300	15,878	952,178	460,007	460,007
Loss	5,121,034	2,682,135	7,803,169	6,043,031	6,043,031
	<u>6,706,575</u>	<u>2,698,013</u>	<u>9,404,588</u>	<u>6,633,167</u>	<u>6,633,167</u>

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

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

10 BORROWINGS FROM FINANCIAL INSTITUTIONS

	June 30, 2007	December 31, 2006
	----- (Rupees '000) -----	
In Pakistan	12,054,286	20,304,629
Outside Pakistan	3,698,123	3,638,847
	<u>15,752,409</u>	<u>23,943,476</u>

10.1 Details of borrowings (secured / unsecured)

Secured

Borrowings from State Bank of Pakistan	7,881,225	6,727,670
Export refinance scheme	1,969,091	2,313,030
Long term financing - export oriented products scheme	9,850,316	9,040,700
Borrowings from other financial institutions	3,356,572	2,932,817
Repurchase agreement borrowings	1,953,970	11,263,929
	<u>5,310,542</u>	<u>14,196,746</u>
	15,160,858	23,237,446

Unsecured

Overdrawn nostro accounts	341,551	617,027
Call borrowings	250,000	89,003
	591,551	706,030
	<u>15,752,409</u>	<u>23,943,476</u>

11 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	36,763,390	33,296,703
Savings deposits	163,705,295	136,613,835
Current accounts - non remunerative	92,871,818	81,640,625
Margin accounts	3,188,754	2,447,944
Others	4,201	4,336
	<u>296,533,458</u>	<u>254,003,443</u>

Financial institutions

Remunerative deposits	3,596,224	249,506
Non-remunerative deposits	699,980	2,932,161
	<u>4,296,204</u>	<u>3,181,667</u>
	<u>300,829,662</u>	<u>257,185,110</u>

12 DEFERRED TAX ASSETS - net

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

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets	(185,505)	(188,398)
On net investment in finance lease	(626,234)	(167,406)
Accelerated tax depreciation	(191,775)	(89,962)
Others	(894)	-
	<u>(1,004,408)</u>	<u>(445,766)</u>

Deductible temporary differences on:

Provision for contributory benevolent scheme	97,381	92,589
Deficit on revaluation of securities	30,669	14,343
Provision for Gratuity Scheme	628	638
Provision for post retirement medical benefits	510,107	505,208
Provision for employee's compensated absences	-	5,060
Others	2,661	2,814
	<u>641,446</u>	<u>620,652</u>
	<u>(362,962)</u>	<u>174,886</u>

13 SHARE CAPITAL

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

14 CONTINGENCIES AND COMMITMENTS

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

14.1 Transaction-related contingent liabilities / commitments

Guarantees in favour of:

- Government
- Banks and financial institutions
- Others
- Suppliers credit / payee guarantee

4,664,334	3,810,101
801,632	13,441
2,687,246	2,570,648
1,626,439	1,605,942
9,779,651	8,000,132

14.2 Trade-related contingent liabilities

	43,699,217	42,035,977
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14.3 Other contingencies

Claims against the Bank not acknowledged as debts

	130,482	197,848
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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
Sale

34,455,007	41,288,941
43,697,322	50,420,861
78,152,329	91,709,802

14.6 Commitments for the acquisition of fixed assets

	925,940	1,400,787
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14.7 Commitments in respect of:

Forward Lending

	-	1,853,461
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14.8 Other commitments

Cross currency swaps (notional amount)

	456,667	95,000
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FX Options (notional amount)

- Purchase

	132,466	155,641
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- Sale

	132,466	155,641
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Interest rate swaps (notional amount)

	2,990,483	3,223,485
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Forward outright sale of Government Securities

	-	5,107,030
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Outright purchase of Government Securities from the SBP

	1,667,229	6,942,230
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15 ADMINISTRATIVE EXPENSES

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

16 EARNINGS PER SHARE

- BASIC AND DILUTED (after minority interest)

Profit after taxation attributable to ordinary shareholders

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

	7,929,475	6,019,366
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Weighted average number of shares outstanding during the period

	<i>Number of shares</i>	
	628,276,843	593,788,443

Earnings per share

	<i>Rupees</i>	
	12.62	10.14

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.

19 Related party transactions

The Bank has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, companies with common directors, Bank's directors and key management personnel including their associates.

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

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

Type of related party	Directors		Associated companies		Other Related Parties	
	Half year ended	Year ended	Half year ended	Year ended	Half year ended	Year ended
	June 30, 2007	Dec 31, 2006	June 30, 2007	Dec 31, 2006	June 30, 2007	Dec 31, 2006
----- (Rupees '000) -----						
Deposits						
Deposits at beginning of the period / year	19,099	61,996	522,641	785,634	314,045	214,191
Deposits received during the period / year	339,461	572,767	65,270,739	33,568,048	6,687,428	17,714,493
Deposits repaid during the period / year	(345,600)	(615,664)	(65,271,502)	(33,831,041)	(6,765,146)	(17,614,639)
Deposits at the end of the period / year	12,960	19,099	521,878	522,641	236,327	314,045

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

Advances (secured)

Balance at beginning of the period / year	-	-	-	-	2,240,038	1,297,320
Loan granted during the period / year	-	-	-	-	1,097,124	2,062,460
Repayment during the period / year	-	-	-	-	(1,878,977)	(1,119,742)
Balance at end of the period / year	-	-	-	-	1,458,185	2,240,038

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

	June 30, 2007	December 31, 2006
	----- (Rupees '000) -----	
Receivable from Pension Fund	7,539,189	4,881,483

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

Adamjee Insurance Company Limited

Insurance premium paid	-	-	54,762	45,475	-	-
Insurance claim settled	-	-	18,912	13,042	-	-
Dividend received	-	-	53,604	36,097	-	-
Rent income received	-	-	1,076	1,176	-	-

MCB Employees Foundation

- Service expenses	-	-	-	-	8,988	7,662
- Cash sorting expenses	-	-	-	-	8,857	4,919
- Cash in transit expenses	-	-	-	-	1,781	1,713

MCB Employees Security System & Services (Private) Limited

- Security guard expenses	-	-	-	-	57,049	38,844
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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	78,966	15,174	-	-	90,949	69,379
- Miscellaneous expenses	-	-	-	-	33,645	28,328
- Contribution / (expense) on provident fund	-	-	-	-	53,705	47,461

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

20 ISLAMIC BANKING BUSINESS

June 30, December 31,
2007 2006

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

Assets

Cash and balances with treasury banks	191,027	92,053
Investments - net	1,169,000	800,000
Financing and receivables	-	-
- Murabaha	2,491,357	1,592,019
- Ijara	1,280,480	1,073,014
- Islamic export refinance	378,215	268,347
Other Assets	387,276	505,909
	5,897,355	4,331,342

Liabilities

Bills payable	23,282	14,517
Deposits and other accounts		
- Current Accounts	443,903	121,102
- Saving Accounts	574,275	264,268
- Term Deposits	82,611	54,439
- Others	8,586	7,968
Borrowing from SBP	582,300	316,782
Due to head office	3,550,000	2,750,000
Deferred tax liability	4,988	-
Other liabilities	149,711	434,076
	5,419,656	3,963,152
Net assets	477,699	368,190

Represented by:

Islamic Banking Fund	400,000	280,000
Reserves	-	-
Unappropriated profit	63,687	88,190
	463,687	368,190
Surplus on revaluation of assets - net of tax	14,012	-
	477,699	368,190
Remuneration to Shariah Advisor / Board	475	935
Charity Fund		
Opening Balance	3,244	2,757
Additions during the period / year	145	487
Payments/ utilization during the period / year	-	-
Closing Balance	3,389	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 August 23, 2007 has announced cash dividend in respect of the half year ended June 30, 2007 of Rs. 2.50 per share (June 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. Nil (June 30, 2006: Rs. 1.000 million). These condensed interim financial information for the period ended June 30, 2007 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

23 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on August 23, 2007 by the Board of Directors of the Bank.

President and Chief Executive

Director

Director

Director