

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

	<i>Note</i>	Unaudited June 30, 2007	Audited December 31, 2006
----- (Rupees '000) -----			
Assets			
Cash and balances with treasury banks		36,581,502	32,465,976
Balances with other banks		5,759,266	6,577,017
Lendings to financial institutions	7	9,511,405	21,081,800
Investments - net	8	113,878,800	63,486,316
Advances - net	9	193,916,316	198,239,155
Other assets - net		13,809,307	11,031,450
Operating fixed assets		10,343,508	9,054,156
Deferred tax assets - net	12	-	172,373
		383,800,104	342,108,243
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	300,914,980	257,461,838
Sub-ordinated loan		958,464	1,597,440
Liabilities against assets subject to finance lease		-	-
Other liabilities		11,521,329	11,171,496
Deferred tax liabilities - net	12	366,251	-
		336,835,878	301,263,929
Net assets		46,964,226	40,844,314
Represented by:			
Share capital	13	6,282,768	5,463,276
Reserves		30,201,259	24,662,426
Un-appropriated profit		4,423,485	5,530,973
		40,907,512	35,656,675
Surplus on revaluation of assets - net of tax		6,056,714	5,187,639
		46,964,226	40,844,314
Contingencies and commitments	14		

The annexed notes 1 to 23 form an integral part of these 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 the half year ended June 30, 2007

	Quarter ended June 30, 2007	Half year ended June 30, 2007	Quarter ended June 30, 2006	Half year ended June 30, 2006
	----- (Rupees '000) -----			
Mark-up / return / interest earned	7,991,888	15,607,659	6,179,662	12,010,569
Mark-up / return / interest expensed	2,196,605	3,765,159	1,044,761	1,907,611
Net mark-up / interest income	<u>5,795,283</u>	<u>11,842,500</u>	<u>5,134,901</u>	<u>10,102,958</u>
Provision / (reversal) against loans and advances	<u>995,406</u>	<u>1,188,306</u>	(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>	(70,483)	162,606
Net mark-up / interest income after provisions	<u>4,825,750</u>	<u>10,680,013</u>	5,205,384	9,940,352
Non mark-up / interest income				
Fee, commission and brokerage income	<u>756,661</u>	<u>1,329,414</u>	515,437	1,111,401
Dividend income	31,139	194,650	36,401	176,496
Income from dealing in foreign currencies	191,356	412,701	252,011	394,053
Gain on sale of securities - net	739,058	974,299	104,380	435,755
Gain / (loss) on trading in government securities - net	(17)	(50)	(2)	33
Other income-net	122,243	235,413	169,302	281,038
Total non mark-up / interest income	<u>1,840,440</u>	<u>3,146,427</u>	1,077,529	2,398,776
	<u>6,666,190</u>	<u>13,826,440</u>	6,282,913	12,339,128
Non-mark-up / interest expenses				
Administrative expenses	<u>689,707</u>	<u>2,561,075</u>	1,776,260	3,617,604
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>794,005</u>	<u>2,725,416</u>	1,787,605	3,630,159
	<u>5,872,185</u>	<u>11,101,024</u>	4,495,308	8,708,969
Extra ordinary / unusual item	-	-	-	-
Profit before taxation	<u>5,872,185</u>	<u>11,101,024</u>	4,495,308	8,708,969
Taxation - current period	<u>1,738,969</u>	<u>3,342,898</u>	1,497,044	2,742,838
- prior years	-	(459,952)	174,105	174,105
- deferred	197,111	554,950	85,799	50,866
	<u>1,936,080</u>	<u>3,437,896</u>	1,756,948	2,967,809
Profit after taxation	<u>3,936,105</u>	<u>7,663,128</u>	2,738,360	5,741,160
Earnings per share - basic and diluted - Rupees	<u>6.26</u>	<u>12.20</u>	4.61	9.67

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

President and Chief Executive

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MCB Bank Limited
Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2007

	June 30, 2007	June 30, 2006
	----- (Rupees '000) -----	
Cash flows from operating activities		
Profit before taxation	11,101,024	8,708,969
Less: Dividend income	(194,650)	(176,496)
	<u>10,906,374</u>	<u>8,532,473</u>
Adjustments for non-cash charges		
Depreciation	264,740	326,354
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	392	40,795
	<u>1,505,159</u>	<u>578,733</u>
	<u>12,411,533</u>	<u>9,111,206</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	11,570,395	(11,260,915)
Held for trading securities	(65,618)	(198,097)
Advances - net	3,134,379	(5,176,210)
Other assets - net	(2,756,379)	(3,075,605)
	<u>11,882,777</u>	<u>(19,710,827)</u>
Increase / (decrease) in operating liabilities		
Bills payable	232,766	(623,243)
Borrowings from financial institutions	(8,191,067)	(14,630,237)
Deposits	43,453,142	26,666,244
Other liabilities	791,773	141,918
	<u>36,286,614</u>	<u>11,554,682</u>
	<u>60,580,924</u>	<u>955,061</u>
Payments of provision against off-balance sheet obligations	-	-
Income tax paid	(3,253,094)	(2,176,219)
Net cash flows from operating activities	<u>57,327,830</u>	<u>(1,221,158)</u>
Cash flows from investing activities		
Net investments in available-for-sale securities	(52,936,409)	(9,471,294)
Net investments in held-to-maturity securities	3,493,245	16,398,868
Investments in subsidiary companies	-	(299,980)
Dividend income received	182,624	153,609
Investment in operating fixed assets - net of disposals	(1,641,084)	(769,434)
Net cash flows from investing activities	<u>(50,901,624)</u>	<u>6,011,769</u>
Cash flows from financing activities		
Payment of sub-ordinated loan	(638,976)	(320)
Dividend paid	(2,461,975)	(1,437,811)
Net cash flows from financing activities	<u>(3,100,951)</u>	<u>(1,438,131)</u>
Exchange difference on translation of net investment in foreign branches	(27,480)	642
Increase in cash and cash equivalents	<u>3,297,775</u>	<u>3,353,122</u>
Cash and cash equivalents at January 1	<u>39,042,993</u>	<u>25,134,882</u>
Cash and cash equivalents at June 30	<u>42,340,768</u>	<u>28,488,004</u>

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

President and Chief Executive

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MCB Bank Limited
 Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
 For the half year ended June 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								
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	-	-	-	-	-	-	31,378	31,378
Exchange differences on translation of net investment in foreign branches	-	-	-	642	-	-	-	642
Total income recognised directly in equity	-	-	-	642	-	-	31,378	32,020
Profit after taxation for six months period ended June 30, 2006	-	-	-	-	-	-	5,741,160	5,741,160
Total recognised income for the period	-	-	-	642	-	-	5,772,538	5,773,180
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)
Balance as at June 30, 2006	5,118,392	1,308,194	-	(51,907)	4,573,411	8,800,000	2,885,405	22,633,495
Changes in equity								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	788	788
Exchange differences on translation of net investment in foreign branches	-	-	-	(1,730)	-	-	-	(1,730)
Total expense / income recognised directly in equity	-	-	-	(1,730)	-	-	788	(942)
Profit after taxation for six months period ended December 31, 2006	-	-	-	-	-	-	6,401,238	6,401,238
Total recognised income for the period	-	-	-	(1,730)	-	-	6,402,026	6,400,296
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)
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	-	-	-	-	-	-	5,373	5,373
Exchange differences on translation of net investment in foreign branches	-	-	-	(27,480)	-	-	-	(27,480)
Total expense / income recognised directly in equity	-	-	-	(27,480)	-	-	5,373	(22,107)
Profit after taxation for six months period ended June 30, 2007	-	-	-	-	-	-	7,663,128	7,663,128
Total recognised income for the period	-	-	-	(27,480)	-	-	7,668,501	7,641,021
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)
Issue of Bonus Shares - Final December 31, 2006	819,492	-	-	-	-	-	(819,492)	-
Final cash dividend - December 31, 2006	-	-	-	-	-	-	(819,492)	(819,492)
Balance as at June 30, 2007	6,282,768	9,702,528	-	(81,117)	5,979,848	14,600,000	4,423,485	40,907,512

The annexed notes 1 to 23 form an integral part of these 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)

For the half year ended June 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 Depositary Receipts (GDRs) (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 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

- 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 these 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 these 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 these unconsolidated condensed interim financial information.

3 STATEMENT OF COMPLIANCE

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

4 BASIS OF MEASUREMENT

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

6 SIGNIFICANT ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 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		65,618	-	65,618
Available-for-sale securities	8.2	97,118,144	1,965,765	99,083,909
Held-to-maturity securities		11,172,901	-	11,172,901
		<u>108,356,663</u>	<u>1,965,765</u>	<u>110,322,428</u>
Associates	8.3	1,006,900	-	1,006,900
Subsidiaries		357,532	-	357,532
		<u>1,364,432</u>	<u>-</u>	<u>1,364,432</u>
		<u>109,721,095</u>	<u>1,965,765</u>	<u>111,686,860</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
Deficit on revaluation of held-for-trading securities - net		(392)	-	(392)
Investments - net		<u>111,914,532</u>	<u>1,964,268</u>	<u>113,878,800</u>
		Held by bank	Given as collateral	Total
		----- December 31, 2006 -----		
Held-for-trading securities		-	-	-
Available-for-sale securities	8.2	34,849,112	11,298,388	46,147,500
Held-to-maturity securities		14,666,146	-	14,666,146
		49,515,258	11,298,388	60,813,646
Associates	8.3	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 June 30, 2007 amounted to Rs. 9,706.762 million (December 31, 2006: Rs. 4,481.877 million).

8.4 The break-up value of the securities of unlisted companies amounted to Rs. 866.858 million (31 December 2006: Rs 837.148 million) as at June 30, 2007 as against their carrying value (net of provision) of Rs. 407.275 million (31 December 2006: Rs. 434.355 million).

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	6,561,480	6,082,806
- Outside Pakistan	75,205	85,865
	6,636,685	6,168,671
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	203,321,469	206,847,499
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	193,916,316	198,239,155

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:

		June 30, 2007				
Category of Classification		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
		----- Rupees in '000 -----				
Other Assets Especially						
Mentioned (OAEM)	9.1.1	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
		6,706,575	2,698,013	9,404,588	6,633,167	6,633,167
		----- Rupees in '000 -----				
		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
		5,887,367	2,683,446	8,570,813	5,953,234	5,953,234

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

Export refinance scheme

Long term financing - export oriented products scheme

7,881,225	6,727,670
1,969,091	2,313,030
<u>9,850,316</u>	<u>9,040,700</u>

Borrowings from other financial institutions

Repurchase agreement borrowings

3,356,572	2,932,817
1,953,970	11,263,929
<u>5,310,542</u>	<u>14,196,746</u>

15,160,858	23,237,446
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Unsecured

Overdrawn nostro accounts

Call borrowings

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

11 DEPOSITS AND OTHER ACCOUNTS**Customers**

Fixed deposits

Savings deposits

Current accounts - non remunerative

Margin accounts

Others

36,763,390	33,297,203
163,781,783	136,872,384
92,880,648	81,658,304
3,188,754	2,447,944
4,201	4,336
<u>296,618,776</u>	<u>254,280,171</u>

Financial institutions

Remunerative deposits

Non-remunerative deposits

3,596,224	249,506
699,980	2,932,161
<u>4,296,204</u>	<u>3,181,667</u>
<u>300,914,980</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

On net investment in finance lease

Accelerated tax depreciation

Others

(185,505)	(188,398)
(626,234)	(167,406)
(191,775)	(89,023)
(894)	-
<u>(1,004,408)</u>	<u>(444,827)</u>

Deductible temporary differences on:

Provision for contributory benevolent scheme

Deficit on revaluation of securities

Provision for post retirement medical benefits

Provision for employee's compensated absences

97,381	92,589
30,669	14,343
510,107	505,208
-	5,060
<u>638,157</u>	<u>617,200</u>
<u>(366,251)</u>	<u>172,373</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, 2007** **December 31, 2006**
----- (Rupees '000) -----

14.1 Transaction-related contingent liabilities / commitments

Guarantees in favour of:

- Government	4,664,334	3,810,101
- Banks and financial institutions	801,632	13,441
- Others	2,687,246	2,570,648
Suppliers credit / payee guarantee	1,626,439	1,605,942
	9,779,651	8,000,132

14.2 Trade-related contingent liabilities **43,699,217** **42,035,977**

14.3 Other contingencies

Claims against the Bank not acknowledged as debts **130,482** **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	34,455,007	41,288,941
Sale	43,697,322	50,420,861
	78,152,329	91,709,802

14.6 Commitments for the acquisition of fixed assets **925,940** **1,366,761**

14.7 Commitments in respect of:

Forward Lending - **1,853,461**

14.8 Other commitments

Cross currency swaps (notional amount)	456,667	95,000
FX Options (notional amount)		
- Purchase	132,466	155,641
- Sale	132,466	155,641
Interest rate swaps (notional amount)	2,990,483	3,223,485
Forward outright sale of Government Securities	-	5,107,030
Outright purchase of Government Securities from the SBP	1,667,229	6,942,230

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.

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

16 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders **7,663,128** **5,741,160**

Weighted average number of shares outstanding during the period *Number of shares* **628,276,843** **593,788,443**

Earnings per share *Rupees* **12.20** **9.67**

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:

	Half year ended June 30, 2007					Total
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Eliminations	
	------(Rupees '000)-----					
Total income	143,562	5,867,104	7,147,459	5,432,905	163,056	18,754,086
Total expenses	(9,728)	(1,292,835)	(4,867,105)	(1,320,338)	(163,056)	(7,653,062)
Income tax expense	-	-	-	-	-	(3,437,896)
Net income	133,834	4,574,269	2,280,354	4,112,567	-	7,663,128
Segment assets - (gross)	4,457	141,071,048	127,102,762	115,621,837	-	383,800,104
Deferred tax assets	-	-	-	-	-	-
Total assets	4,457	141,071,048	127,102,762	115,621,837	-	383,800,104
Segment non performing loans	-	310,869	6,308,309	2,785,410	-	9,404,588
Segment specific provision required	-	111,753	5,351,270	1,170,144	-	6,633,167
Segment liabilities (including segment equity)	4,429	140,279,210	126,279,850	114,872,948	-	381,436,437
Deferred tax liabilities - net	-	-	-	-	-	366,251
Provision for taxation	-	-	-	-	-	1,997,416
Total liabilities - net	4,429	140,279,210	126,279,850	114,872,948	-	383,800,104
Segment return on assets (ROA) (%)	3002.78%	3.24%	1.79%	3.56%	0.00%	2.00%
Segment cost of fund (%)	0.00%	4.17%	2.06%	3.01%	0.00%	2.89%
	Half year ended June 30, 2006					
Total income	56,253	3,933,382	6,078,340	4,424,370	(83,000)	14,409,345
Total expenses	(18,004)	(1,077,983)	(3,718,647)	(968,742)	83,000	(5,700,376)
Income tax expense	-	-	-	-	-	(2,967,809)
Net income	38,249	2,855,399	2,359,693	3,455,628	-	5,741,160
Segment assets - (gross)	726	91,758,853	113,726,395	110,847,033	-	316,333,007
Deferred tax assets	-	-	-	-	-	141,496
Total assets	726	91,758,853	113,726,395	110,847,033	-	316,474,503
Segment non performing loans	-	477,442	5,344,046	2,352,250	-	8,173,738
Segment specific provision required	-	168,816	4,194,189	902,415	-	5,265,420
Segment liabilities (including segment equity)	723	91,301,476	113,159,520	110,294,511	-	314,756,230
Provision for taxation	-	-	-	-	-	1,718,273
Total liabilities - net	723	91,301,476	113,159,520	110,294,511	-	316,474,503
Segment return on assets (ROA) (%)	5268.46%	3.11%	2.07%	3.12%	0.00%	1.81%
Segment cost of fund (%)	0.00%	1.92%	1.02%	1.91%	0.00%	1.89%

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	
	Half year ended	Year ended	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	June 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	339,461	572,767	65,270,739	33,568,048	593,910	653,980	6,687,428	17,714,493
Deposits repaid during the period / year	(345,600)	(615,664)	(65,271,502)	(33,831,041)	(788,317)	(379,562)	(6,765,146)	(17,614,639)
Deposits at the end of the period / year	12,960	19,099	521,878	522,641	85,322	279,729	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	-	-	-	-	2,473	-	2,240,038	1,297,320
Loan granted during the period / year	-	-	-	-	-	2,810	1,097,124	2,062,460
Repayment during the period / year	-	-	-	-	(190)	(337)	(1,878,977)	(1,119,742)
Balance at end of the period / year	-	-	-	-	2,283	2,473	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		Subsidiary companies		Other Related Parties	
	June 30, 2007	June 30, 2006	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	-	-	-	-

MNET Services (Private) Limited

Outsourcing service expenses	-	-	-	-	30,690	15,000	-	-
Networking service expenses	-	-	-	-	1,888	2,829	-	-

Muslim Commercial Financial Services (Private) Limited

Custodian charges revenue	-	-	-	-	3	-	-	-
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MCB Asset Management Company Limited

- Capital injection	-	-	-	-	-	299,980	-	-
- Markup paid	-	-	-	-	15,124	-	-	-
- Sale of Property	-	-	-	-	30,750	-	-	-
- Sale of car	-	-	-	-	1,600	-	-	-
- Markup payable to	-	-	-	-	243	6,621	-	-
- Others	-	-	-	-	341	-	-	-

MCB Trade Services

- Markup Paid	-	-	-	-	54	-	-	-
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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

Assets

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

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 unconsolidated 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 unconsolidated 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