



MCB Bank Limited

Un-consolidated Financial Information
Half Year Ended June 30, 2008

MCB Bank Limited
Unconsolidated Condensed Interim Balance Sheet
As at June 30, 2008

	<i>Note</i>	Unaudited June 30, 2008	Audited December 31, 2007
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		60,649,236	39,683,883
Balances with other banks		14,654,873	3,807,519
Lendings to financial institutions	7	14,312,695	1,051,372
Investments - net	8	99,484,865	113,089,261
Advances - net	9	228,975,656	218,960,598
Operating fixed assets		16,769,939	16,024,123
Deferred tax assets		-	-
Other assets - net		15,489,252	17,868,761
		450,336,516	410,485,517
Liabilities			
Bills payable		7,722,767	10,479,058
Borrowings from financial institutions	10	14,498,554	39,406,831
Deposits and other accounts	11	350,721,984	292,098,066
Sub-ordinated loan		-	479,232
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	729,813	1,180,162
Other liabilities		20,678,095	11,722,493
		394,351,213	355,365,842
Net assets		55,985,303	55,119,675
Represented by:			
Share capital		6,282,768	6,282,768
Reserves		35,881,531	34,000,638
Un-appropriated profit		6,028,602	5,130,750
		48,192,901	45,414,156
Surplus on revaluation of assets - net of tax		7,792,402	9,705,519
		55,985,303	55,119,675

Contingencies and commitments

13

The annexed notes 1 to 21 form an integral part of this unconsolidated condensed interim financial information.

President and Chief Executive

Director

Director

Director

MCB Bank Limited

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

For the half year ended June 30, 2008

Note	Quarter ended June 30, 2008	Half year ended June 30, 2008	Quarter ended June 30, 2007	Half year ended June 30, 2007
----- (Rupees in '000) -----				
Mark-up / return / interest earned	8,747,842	16,936,027	7,991,888	15,607,659
Mark-up / return / interest expensed	2,346,903	4,339,277	2,196,605	3,765,159
Net mark-up / interest income	<u>6,400,939</u>	<u>12,596,750</u>	5,795,283	11,842,500
Provision against loans and advances	626,467	1,241,687	995,406	1,188,306
Provision / (reversal) for diminution in the value of investments	210,431	210,431	(25,973)	(25,973)
Bad debts written off directly	-	-	100	154
	<u>836,898</u>	<u>1,452,118</u>	969,533	1,162,487
Net mark-up / interest income after provisions	<u>5,564,041</u>	<u>11,144,632</u>	4,825,750	10,680,013
Non mark-up / interest income				
Fee, commission and brokerage income	794,723	1,547,974	756,661	1,329,414
Dividend income	42,813	209,402	31,139	194,650
Loss / (gain) from dealing in foreign currencies	(189,174)	(42,257)	191,356	412,701
Gain on sale of securities - net	112,750	723,206	739,058	974,299
Loss on trading in government securities - net	(28,643)	(17,730)	(17)	(50)
Other income-net	206,264	434,626	237,616	458,083
Total non mark-up / interest income	<u>938,733</u>	<u>2,855,221</u>	1,955,813	3,369,097
	<u>6,502,774</u>	<u>13,999,853</u>	6,781,563	14,049,110
Non mark-up / interest expenses				
Administrative expenses	1,417,293	3,079,503	805,080	2,783,745
Other provisions / (reversal)	-	-	(9,452)	(9,452)
Other charges	215,005	291,287	113,750	173,793
Total non mark-up/interest expenses	<u>1,632,298</u>	<u>3,370,790</u>	909,378	2,948,086
	<u>4,870,476</u>	<u>10,629,063</u>	5,872,185	11,101,024
Extra ordinary / unusual item	-	-	-	-
Profit before taxation	<u>4,870,476</u>	<u>10,629,063</u>	5,872,185	11,101,024
Taxation - Current	1,488,243	3,565,483	1,738,969	3,342,898
- Prior years	(400,269)	(630,269)	-	(459,952)
- Deferred	217,738	16,952	197,111	554,950
	<u>1,305,712</u>	<u>2,952,166</u>	1,936,080	3,437,896
Profit after taxation	<u>3,564,764</u>	<u>7,676,897</u>	3,936,105	7,663,128
Earnings per share - basic and diluted - Rupees	<u>5.67</u>	<u>12.22</u>	6.26	12.20

The annexed notes 1 to 21 form an integral part of this unconsolidated condensed interim financial information.

President and Chief Executive

Director

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Director

MCB Bank Limited

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2008

	Half year ended June 30, 2008	Half year ended June 30, 2007
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	10,629,063	11,101,024
Less: Dividend income	(209,402)	(194,650)
	<u>10,419,661</u>	<u>10,906,374</u>
Adjustments for non-cash charges		
Depreciation	356,242	264,740
Amortisation	86,973	93,000
Provision against loans and advances	1,241,687	1,188,306
Provision / (reversal) for diminution in the value of investments	210,431	(25,973)
Provision / (reversal) in the value of other assets	-	(9,452)
Bad debts written off directly	-	154
Gain on disposal of fixed assets	(13,047)	(6,008)
Un-realized loss on revaluation of 'held-for-trading' securities	32,927	392
	<u>1,915,213</u>	<u>1,505,159</u>
	<u>12,334,874</u>	<u>12,411,533</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(13,261,323)	11,570,395
Held for trading securities	(25,301)	(65,618)
Advances	(11,256,745)	3,134,379
Other assets - net	2,397,927	(2,756,379)
	<u>(22,145,442)</u>	<u>11,882,777</u>
Increase / (decrease) in operating liabilities		
Bills payable	(2,756,291)	232,766
Borrowings from financial institutions	(24,908,277)	(8,191,067)
Deposits and other accounts	58,623,918	43,453,142
Other liabilities	8,760,987	791,773
	<u>39,720,337</u>	<u>36,286,614</u>
	<u>29,909,769</u>	<u>60,580,924</u>
Payments of provision against off-balance sheet obligations	-	-
Income tax paid	(2,736,892)	(3,253,094)
Net cash flows from operating activities	<u>27,172,877</u>	<u>57,327,830</u>
Cash flows from investing activities		
Net investments in available-for-sale securities	12,148,307	(52,936,409)
Net investments in held-to-maturity securities	(1,392,594)	3,493,245
Dividend income received	190,984	182,624
Investment in operating fixed assets - net of disposals	(910,915)	(1,641,084)
Net cash flows from investing activities	<u>10,035,782</u>	<u>(50,901,624)</u>
Cash flows from financing activities		
Payment of sub-ordinated loan	(479,232)	(638,976)
Dividend paid	(5,029,923)	(2,461,975)
Net cash flows from financing activities	<u>(5,509,155)</u>	<u>(3,100,951)</u>
Exchange difference on translation of net investment in foreign branches	<u>113,203</u>	<u>(27,480)</u>
Increase in cash and cash equivalents	<u>31,812,707</u>	<u>3,297,775</u>
Cash and cash equivalents at January 01	<u>43,491,402</u>	<u>39,042,993</u>
Cash and cash equivalents at June 30	<u><u>75,304,109</u></u>	<u><u>42,340,768</u></u>

The annexed notes 1 to 21 form an integral part of this unconsolidated condensed interim financial information.

President and Chief Executive

Director

Director

Director

MCB Bank Limited
Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended June 30, 2008

	Capital Reserves				Other Reserves		Unappropriated profit	Total
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve	Statutory reserve	General reserve		
----- (Rupees in '000) -----								
Balance as at January 01, 2007	5,463,276	9,702,528	-	(53,637)	5,213,535	9,800,000	5,530,973	35,656,675
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
Changes in equity								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	6,482	6,482
Exchange differences on translation of net investment in foreign branches	-	-	-	39,136	-	-	-	39,136
Total income recognised directly in equity	-	-	-	39,136	-	-	6,482	45,618
Profit after taxation for six months period ended December 31, 2007	-	-	-	-	-	-	7,602,434	7,602,434
Total recognised income for the period	-	-	-	39,136	-	-	7,608,916	7,648,052
Transferred to statutory reserve	-	-	-	-	760,243	-	(760,243)	-
Transferred to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-
Interim cash dividend - June 30, 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)
Interim cash dividend - September 30, 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)
Balance as at December 31, 2007	6,282,768	9,702,528	-	(41,981)	6,740,091	17,600,000	5,130,750	45,414,156
Changes in equity								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	14,860	14,860
Exchange differences on translation of net investment in foreign branches	-	-	-	113,203	-	-	-	113,203
Total income recognised directly in equity	-	-	-	113,203	-	-	14,860	128,063
Profit after taxation for six months period ended June 30, 2008	-	-	-	-	-	-	7,676,897	7,676,897
Total recognised income for the period	-	-	-	113,203	-	-	7,691,757	7,804,960
Transferred to statutory reserve	-	-	-	-	767,690	-	(767,690)	-
Final cash dividend - December 31, 2007	-	-	-	-	-	-	(3,141,384)	(3,141,384)
Transferred to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Interim cash dividend - March 31, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)
Balance as at June 30, 2008	6,282,768	9,702,528	-	71,222	7,507,781	18,600,000	6,028,602	48,192,901

The annexed notes 1 to 21 form an integral part of this unconsolidated condensed interim financial information.

President and Chief Executive

Director

Director

Director



MCB Bank Limited

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

For the half year ended June 30, 2008

1 STATUS AND NATURE OF BUSINESS

MCB Bank Limited ('the Bank') is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (representing two 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 15-Main, Gulberg, Lahore respectively. The Bank operates 1,023 branches including 8 Islamic banking branches (December 31, 2007: 1020 branches including 8 Islamic banking branches) inside Pakistan and 7 (December 31, 2007: 6) branches outside the country (including the Karachi Export Processing Zone Branch). During the period Malayan Banking Berhad (Maybank) of Malaysia acquired 94,241,527 shares representing 15% stake in the Bank through Mayban International Trust (Labuan) Berhad.

2 BASIS OF PRESENTATION

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

2.2 The financial results of the Islamic banking branches have been consolidated in this unconsolidated condensed interim financial information for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 18 to this unconsolidated condensed interim financial information.

3 STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and Banking Companies Ordinance, 1962. In case requirements differ, the provisions of directives given in Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 shall prevail.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

The disclosures made in this unconsolidated condensed interim financial information 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 this unconsolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2007.

4 BASIS OF MEASUREMENT

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

5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

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

5.2 The risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2007.

6 SIGNIFICANT ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of this 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, 2007.

	June 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Call money lendings	2,050,000	1,051,372
Repurchase agreement lendings	12,262,695	-
	<u>14,312,695</u>	<u>1,051,372</u>

7 LENDINGS TO FINANCIAL INSTITUTIONS

	June 30, 2008		
Note	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----		

8 INVESTMENTS - NET

8.1 Investments by types

Held-for-trading securities	8.2	256,053	-	256,053
Available-for-sale securities	8.2	85,151,946	1,799,173	86,951,119
Held-to-maturity securities	8.2	12,482,709	-	12,482,709
		<u>97,890,708</u>	<u>1,799,173</u>	<u>99,689,881</u>
Associates	8.3	1,006,900	-	1,006,900
Subsidiaries		377,532	-	377,532
		<u>1,384,432</u>	<u>-</u>	<u>1,384,432</u>
		<u>99,275,140</u>	<u>1,799,173</u>	<u>101,074,313</u>
Less:				
Provision for diminution in the value of investments		(666,811)	-	(666,811)
Deficit on revaluation of available for sale securities - net		(875,876)	(729)	(876,605)
Deficit on revaluation of held-for-trading securities		(46,032)	-	(46,032)
Investments - net		<u>97,686,421</u>	<u>1,798,444</u>	<u>99,484,865</u>

		December 31, 2007		
		Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----		
Held-for-trading securities		230,752	-	230,752
Available-for-sale securities	8.2	72,102,556	26,996,870	99,099,426
Held-to-maturity securities	8.2	11,102,023	-	11,102,023
		<u>83,435,331</u>	<u>26,996,870</u>	<u>110,432,201</u>
Associates	8.3	1,006,900	-	1,006,900
Subsidiaries		377,532	-	377,532
		<u>1,384,432</u>	<u>-</u>	<u>1,384,432</u>
		<u>84,819,763</u>	<u>26,996,870</u>	<u>111,816,633</u>
Less:				
Provision for diminution in the value of investments		(468,288)	-	(468,288)
Surplus / (deficit) on revaluation of available for sale securities - net		1,790,011	(35,990)	1,754,021
Deficit on revaluation of held-for-trading securities		(13,105)	-	(13,105)
Investments - net		<u>86,128,381</u>	<u>26,960,880</u>	<u>113,089,261</u>

- 8.2** Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2007: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2007: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account. Further Euro bonds issued by Government of Pakistan amounting to US Dollar 29 million (December 31, 2007: US Dollar 29 million) / Rs. 1,983.51 million (December 31, 2007: Rs. 1,798.00 million) (face value) are earmarked by Mashreqbank PSC against the Bank's borrowings.
- 8.3** Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 943.600 million (December 31, 2007: Rs. 943.600 million) as at June 30, 2008 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at June 30, 2008 amounted to Rs. 8,062.018 million (December 31, 2007: Rs. 10,671.631 million).

	<i>Note</i>	June 30, 2008	December 31, 2007
----- (Rupees in '000) -----			
9 ADVANCES - NET			
Loans, cash credits, running finances, etc			
- In Pakistan		218,349,062	208,587,014
- Outside Pakistan		7,757,329	6,989,947
		226,106,391	215,576,961
Net Investment in finance lease			
- In Pakistan		6,284,805	6,904,399
- Outside Pakistan		57,857	67,710
		6,342,662	6,972,109
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		2,951,173	2,949,228
- Payable outside Pakistan		4,779,184	4,234,574
		7,730,357	7,183,802
Advances - gross		240,179,410	229,732,872
Less: Provision against loans and advances			
- Specific provision	9.1	(8,038,081)	(7,326,953)
- General provision		(2,411,649)	(2,749,815)
- General provision against consumer loans		(745,063)	(688,665)
- General Provision for potential lease losses (in Srilanka Operations)		(8,961)	(6,841)
		(11,203,754)	(10,772,274)
Advances - net of provision		228,975,656	218,960,598

- 9.1** Advances include Rs.11,987.718 million (December 31, 2007: Rs. 10,725.308 million) which have been placed under non-performing status as detailed below:

Category of Classification	<i>Note</i>	June 30, 2008				
		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	105,594	-	105,594	-	-
Substandard		1,721,701	2,235	1,723,936	408,749	408,749
Doubtful		1,448,903	1,214	1,450,117	712,878	712,878
Loss		6,004,772	2,703,299	8,708,071	6,916,454	6,916,454
		9,280,970	2,706,748	11,987,718	8,038,081	8,038,081
December 31, 2007						
		Classified Advances			Specific Provision Required	Specific Provision Held
		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	101,910	-	101,910	-	-
Substandard		842,804	11,438	854,242	205,291	205,291
Doubtful		1,691,207	8,373	1,699,580	836,809	836,809
Loss		5,374,166	2,695,410	8,069,576	6,284,853	6,284,853
		8,010,087	2,715,221	10,725,308	7,326,953	7,326,953

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 State Bank of Pakistan.

June 30, **December 31,**
2008 **2007**
----- (Rupees in '000) -----

10 BORROWINGS FROM FINANCIAL INSTITUTIONS

In Pakistan	10,125,975	35,497,881
Outside Pakistan	4,372,579	3,908,950
	14,498,554	39,406,831

10.1 Details of borrowings (secured / unsecured)

Secured

Borrowings from State Bank of Pakistan

Export refinance scheme	6,072,657	5,593,462
Long term financing - export oriented products scheme	2,254,871	2,473,077
	8,327,528	8,066,539

Borrowings from other financial institutions

Repurchase agreement borrowings	-	2,932,600
	1,798,447	26,931,342
	1,798,447	29,863,942
	10,125,975	37,930,481

Unsecured

Overdrawn nostro accounts

Call borrowings	250,098	976,350
	4,122,481	500,000
	4,372,579	1,476,350
	14,498,554	39,406,831

11 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	29,186,158	32,202,230
Savings deposits	202,816,443	151,555,718
Current accounts - non remunerative	100,739,569	95,966,877
Margin accounts	4,162,241	2,589,309
Others	1,270	4,288
	336,905,681	282,318,422

Financial institutions

Remunerative deposits	5,450,669	9,233,602
Non-remunerative deposits	8,365,634	546,042
	13,816,303	9,779,644
	350,721,984	292,098,066



June 30, **December 31,**
2008 **2007**
 ----- (Rupees in '000) -----

12 DEFERRED TAX LIABILITIES - 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	520,023	468,916
Accelerated tax depreciation	606,261	561,852
Net investment in finance lease receivable	541,015	599,174
Surplus on revaluation of securities	-	156,700
Others	4,735	1,524
	1,672,034	1,788,166

Deductible temporary differences on:

Provision for contributory benevolent scheme	(86,365)	(98,706)
Deficit on revaluation of securities	(369,709)	-
Provision for post retirement medical benefits	(486,147)	(509,298)
	(942,221)	(608,004)
	729,813	1,180,162

13 CONTINGENCIES AND COMMITMENTS

13.1 Transaction-related contingent liabilities / commitments

Guarantees in favour of:

- Government	7,486,168	5,283,799
- Banks and financial institutions	65,824	376,773
- Others	9,521,705	7,247,043
- Suppliers credit / payee guarantee	2,139,494	1,809,117
	19,213,191	14,716,732

13.2 Trade-related contingent liabilities **61,198,531** 61,677,285

13.3 Other contingencies

Claims against the Bank not acknowledged as debts **211,562** 134,079

13.4 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.



	June 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
13.5 Commitments in respect of forward foreign exchange contracts		
Purchase	<u>104,200,702</u>	<u>62,077,338</u>
Sale	<u>119,690,532</u>	<u>69,362,417</u>
13.6 Commitments for the acquisition of fixed assets	151,678	78,670
13.7 Other commitments		
Cross currency swaps (notional amount)	1,654,609	1,845,484
FX Options (notional amount)		
- Purchase	-	351,702
- Sale	-	351,702
Interest rate swaps (notional amount)	2,425,917	2,721,698
	Half year ended June 30, 2008	Half year ended June 30, 2007
14 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	<i>(Rupees in '000)</i> <u>7,676,897</u>	<u>7,663,128</u>
Weighted average number of shares outstanding during the period	<i>(Number of shares)</i> <u>628,276,843</u>	<u>628,276,843</u>
Earnings per share	<i>(Rupees)</i> <u>12.22</u>	<u>12.20</u>

15 CREDIT RATING

PACRA through its notification in June 2008 has assigned long-term credit rating of AA+ (double A plus) and short-term credit rating of A1+ (A one plus) to the Bank.

16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	Half year ended June 30, 2008					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Eliminations	Total
------(Rupees in '000)-----						
Total income	46,176	3,947,198	10,243,094	5,659,222	(104,442)	19,791,248
Total expenses	(8,812)	(634,358)	(7,846,187)	(777,270)	104,442	(9,162,185)
Income tax expense	-	-	-	-	-	(2,952,166)
Net income	37,364	3,312,840	2,396,907	4,881,952	-	7,676,897
Segment assets - (gross)	-	163,148,105	146,276,754	148,949,738	-	458,374,597
Total assets	-	163,148,105	146,276,754	148,949,738	-	458,374,597
Segment non performing loans	-	-	5,453,631	6,534,087	-	11,987,718
Segment specific provision required	-	-	3,656,803	4,381,278	-	8,038,081
Segment liabilities (including segment equity)	-	162,355,908	141,909,666	143,797,494	-	448,063,068
Deferred tax liabilities - net	-	-	-	-	-	729,813
Provision for taxation	-	-	-	-	-	1,543,635
Total liabilities - net	-	162,355,908	141,909,666	143,797,494	-	450,336,516
Segment return on net assets (ROA) (%)	-	4.06%	3.36%	6.75%	-	3.41%
Segment cost of fund (%)	-	5.20%	2.21%	2.77%	-	2.35%
	Half year ended June 30, 2007					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Eliminations	Total
------(Rupees in '000)-----						
Total income	143,562	5,867,104	7,147,459	5,655,575	163,056	18,976,756
Total expenses	(9,728)	(1,292,835)	(4,867,105)	(1,543,008)	(163,056)	(7,875,732)
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)	-	141,187,258	132,454,032	116,791,981	-	390,433,271
Total assets	-	141,187,258	132,454,032	116,791,981	-	390,433,271
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)	-	140,283,639	126,279,850	114,872,948	-	381,436,437
Deferred tax liabilities - net	-	-	-	-	-	366,251
Provision for taxation	-	-	-	-	-	1,997,416
Total liabilities - net	-	140,283,639	126,279,850	114,872,948	-	383,800,104
Segment return on net assets (ROA) (%)	-	6.48%	3.59%	7.11%	-	3.99%
Segment cost of fund (%)	-	4.17%	2.06%	3.01%	-	2.89%

17 RELATED PARTY TRANSACTIONS

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

Transactions between the bank and its related parties are carried out at an arm's length basis under the comparable uncontrolled price method. However, the transactions between the Bank and one of its subsidiary MNET Services (Private) Limited are carried out on 'cost plus' method. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. There are no transactions with key management personnel other than under their terms of employment. Remuneration 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, 2008	Dec 31, 2007	June 30, 2008	Dec 31, 2007	June 30, 2008	Dec 31, 2007	June 30, 2008	Dec 31, 2007
----- (Rupees in '000) -----								
Deposits								
Deposits at beginning of the period / year	17,980	19,099	275,826	522,641	9,719	279,729	209,716	314,045
Deposits received during the period / year	344,922	447,772	70,085,548	124,757,792	514,617	699,420	5,753,701	14,776,866
Deposits repaid during the period / year	(359,458)	(448,891)	(63,882,573)	(125,004,607)	(494,974)	(969,430)	(5,817,701)	(14,881,195)
Deposits at the end of the period / year	3,444	17,980	6,478,801	275,826	29,362	9,719	145,716	209,716
Advances (secured)								
Balance at beginning of the period / year	-	-	-	-	2,116	2,473	1,661,869	2,240,038
Loans granted during the period / year	-	-	-	-	-	-	524,153	1,442,020
Repayments received during the period / year	-	-	-	-	(249)	(357)	(2,186,022)	(2,020,189)
Balance at end of the period / year	-	-	-	-	1,867	2,116	-	1,661,869
							June 30, 2008	December 31, 2007
Receivable from Pension Fund							2,968,377	10,651,047
----- (Rupees in '000) -----								
	Directors		Associated companies		Subsidiary companies		Other related parties	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
----- (Rupees in '000) -----								
Adamjee Insurance Company Limited								
Insurance premium paid	-	-	-	54,762	-	-	-	-
Insurance claim settled	-	-	61,895	18,912	-	-	-	-
Dividend received	-	-	44,670	53,604	-	-	-	-
Rent income received	-	-	489	1,076	-	-	-	-
MNET Services (Private) Limited								
Outsourcing service expenses	-	-	-	-	54,991	30,690	-	-
Networking service expenses	-	-	-	-	472	1,888	-	-
Muslim Commercial Financial Services (Private) Limited								
Custodian charges revenue	-	-	-	-	-	3	-	-
MCB Asset Management Company Limited								
- Markup paid	-	-	-	-	1,281	15,124	-	-
- Sale of Property	-	-	-	-	-	30,750	-	-
- Sale of car	-	-	-	-	-	1,600	-	-
- Markup payable	-	-	-	-	234	243	-	-
- Others	-	-	-	-	681	341	-	-
- Dividend received	-	-	-	-	29,998	-	-	-
MCB Trade Services								
- Markup Paid	-	-	-	-	-	54	-	-
MCB Employees Foundation								
- Service expenses	-	-	-	-	-	-	8,747	8,988
- Cash sorting expenses	-	-	-	-	-	-	8,142	8,857
- Cash in transit expenses	-	-	-	-	-	-	2,210	1,781
MCB Employees Security System & Services (Private) Limited								
- Security guard expenses	-	-	-	-	-	-	62,754	57,049
Others								
- Proceeds from sale of Vehicles to Executives	-	-	-	-	-	-	10,886	5,278
- (Loss) / gain on sale of vehicles to executives	-	-	-	-	-	-	(360)	257
- Remuneration of key management personnel	21,982	78,966	-	-	-	-	146,778	90,949
- Miscellaneous expenses	-	-	-	-	-	-	36,196	33,645
- Contribution / (expense) on provident fund	-	-	-	-	-	-	64,564	53,705

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.



June 30, December 31,
2008 2007
----- (Rupees in '000) -----

18 ISLAMIC BANKING BUSINESS

Assets

Cash and balances with treasury banks	277,488	601,665
Investments	1,695,818	1,419,000
Financing and receivables		
- Murabaha	5,080,617	2,406,402
- Ijara	1,395,434	1,585,202
- Islamic export refinance	695,447	738,178
Other Assets	675,811	764,036
	9,820,615	7,514,483

Liabilities

Bills payable	48,075	47,115
Deposits and other accounts		
- Current Accounts	295,023	440,567
- Saving Accounts	672,334	907,283
- Term Deposits	67,454	76,382
- Others	21,315	30,256
Borrowing from State Bank of Pakistan	668,500	593,000
Due to head office	6,750,000	4,750,000
Deferred tax liability	4,988	4,988
Other liabilities	545,005	113,598
	9,072,694	6,963,189
Net assets	747,921	551,294

Represented by:

Islamic Banking Fund	650,000	400,000
Reserves	-	-
Unappropriated profit	83,909	137,282
	733,909	537,282
Surplus on revaluation of assets - net of tax	14,012	14,012
	747,921	551,294
Remuneration to Shariah Advisor / Board	747	1,179

Charity Fund

Opening Balance	4,227	3,244
Additions during the period / year	924	983
Payments/ utilization during the period / year	-	-
Closing Balance	5,151	4,227

19 GENERAL

- Figures have been rounded off to the nearest thousand rupees.
- An amount of Rs. 222.67 million on account of postal, SWIFT and other charges recovered has been reclassified as other income. Previously these charges were netted of with administrative expenses.

20 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on August 22, 2008 has announced interim cash dividend Rs. 3 per share in respect of the half year ended June 30, 2008 (June 30, 2007: Rs 2.50 per share). This unconsolidated condensed interim financial information for the period ended June 30, 2008 does not include the effect of these appropriations which will be accounted for subsequent to the period end.

21 DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on August 22, 2008 by the Board of Directors of the Bank.

President and Chief Executive

Director

Director

Director