



Our Purpose

To be the leading financial services provider, partnering with our customers for a more prosperous and secure future”

Our Mission

“We are a team of committed professionals, providing innovative and efficient financial solutions to create and nurture long-term relationships with our customers. In doing so, we ensure that our shareholders can invest with confidence in us”

Our Values

The standards and principles which determine our behavior and how we interact with our customers and each other

***Credit Rating
Long - Term AA+(double A plus)
Short-Term A1+(A one plus)
By PACRA***

CORPORATE PROFILE



BOARD OF DIRECTORS

Mian Mohammad Mansha
Chairman

S.M. Muneer
Vice Chairman

Tariq Rafi

Shahzad Saleem

Sarmad Amin

Dr. Muhammad Yaqub

Mian Raza Mansha

Dato' Mohammad Hussein

Aftab Ahmad Khan

Atif Bajwa

President & Chief Executive Officer

AUDIT COMMITTEE

Tariq Rafi - Chairman

Dr. Muhammad Yaqub - Member

Mian Raza Mansha - Member

Dato' Mohammad Hussein - Member

CHIEF FINANCIAL OFFICER

Ali Munir

COMPANY SECRETARY

Abdus S. Sami

AUDITORS

KPMG Taseer Hadi & Co.

Chartered Accountants

Riaz Ahmad & Co.

Chartered Accountants

LEGAL ADVISORS

Mandviwalla & Zafar

Advocates & Legal Consultants

REGISTERED OFFICE

MCB Building F-6/G-6,

Jinnah Avenue, Islamabad.

PRINCIPAL OFFICE

MCB 15 Main Gulberg, Lahore.

REGISTRAR'S AND SHARE REGISTRATION OFFICE

M/s THK Associates (Pvt) Ltd.

State Life Building No. 3,

Dr. Ziauddin Ahmed Road,

Karachi

DIRECTORS' REVIEW REPORT



DIRECTORS' REPORT

Dear Members,

It gives me great pleasure to present, on behalf of the Board of Directors, the financial statements of MCB Bank Limited for the nine months ended September 30, 2008.

FINANCIAL HIGHLIGHTS

The profit before and after taxation, available for appropriation together with the recommended appropriations is as under:

	----- (Rs. in '000) -----
Profit before taxation	16,296,022
Taxation	4,672,663
Profit after taxation	11,623,359
Un-appropriated profit brought forward	5,130,750
Transfer from surplus on revaluation of fixed assets (net of tax)	15,524
Profit available for appropriation	16,769,633
Appropriations:	
Transferred to Statutory Reserve	1,162,336
General Reserves	1,000,000
Final Cash dividend - Dec 31, 2007	3,141,384
Interim Cash dividend - March 31, 2008	1,884,831
Interim Cash dividend - June 30, 2008	1,884,831
Total appropriations	9,073,382
Un-appropriated profit carried forward	7,696,251
	Rupees
Earning per share	18.50

PERFORMANCE REVIEW

During the period ended September 30, 2008 the Bank has witnessed healthy growth in balance sheet and key profitability indicators. Profit after tax showed increase of Rs. 376 million over the similar period last year and closed at Rs. 11.6 billion. This translates into an EPS of Rs. 18.50 as compared to Rs. 17.90 in September 07. Further, when compared with the immediate preceding quarter, the growth in profit before tax and profit after tax comes to 16.4 % and 10.7 % respectively.

Provision against loans and advances amounting to Rs. 1.99 billion has been charged to the Profit and loss account which is higher by Rs. 555 million when compared with the corresponding period last year.

DIRECTORS' REVIEW REPORT



Deposits have increased by Rs. 32 billion over December 2007 and closed at Rs. 324 billion. Growth in deposits has been achieved in all three categories of current, savings and fixed deposits which grew by Rs. 16.7 billion (17.29%), Rs. 8 billion (5%) and Rs. 6 billion (18.96%) respectively. Gross loans and advances have also increased significantly by 13.5% from December 07 and closed at Rs. 261 billion.

RATINGS

Moody's assigned ratings for BSFRs and Global Local Currency Deposit are D and Baa3/P-3 respectively. PACRA has maintained long term and short term ratings of AA+ & A1+ of the Bank respectively which supports its stable outlook.

ECONOMY

Pakistan's economy continues to go through a period of high inflation, declining foreign exchange reserves and faces overall stress in the aftermath of the global financial crisis.

The rise in global commodity prices has been a predominant factor in derailing the macroeconomic fundamentals of the country and it is feared that the erosion of purchasing power and sustained inflationary expectations for the future may lead to a wage-price spiral. In order to avoid a balance of payments crisis and to stabilize the economy, the country may have to borrow from international donor agencies. Although the banking sector has escaped major ravaging effects of the recent global financial turmoil, the Central Bank has taken precautionary measures and lowered the cash reserve requirement for banks from 9 to 6 percent in order to improve the liquidity situation of banks. This will be lowered by another 100bps by mid November to further ease the liquidity position.

FUTURE OUTLOOK

Going forward, the Bank will strive to maintain its position as one of the fastest growing financial institutions in Pakistan and will continue to expand its operations on local as well as international frontiers to further leverage its balance sheet. With emphasis on wealth management, bancassurance and priority banking the current revenue stream will be strengthened and diversified to enhance the profitability of the Bank. Given its vibrant business strategy and extensive outreach with established franchise value, the Bank is expected to maintain its performance trend and reaffirm its position as the Best Bank in Asia.

ACKNOWLEDGEMENT

In the end, the Board would like to thank all shareholders and customers for their unfaltering trust, our staff for their continuous hard work and dedication, and the Government of Pakistan and State Bank of Pakistan for their patronage and support.

October 24, 2008

on behalf of Directors

Mian Mohammad Mansha

MCB Bank Limited
Unconsolidated Condensed Interim Balance Sheet (Un-auditee)
As at September 30, 2008


	Note	Unaudited September 30, 2008	Audited December 31, 2007
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		47,724,177	39,683,883
Balances with other banks		9,812,154	3,807,519
Lendings to financial institutions	7	18,701,207	1,051,372
Investments - net	8	90,662,180	113,089,261
Advances - net	9	248,796,129	218,960,598
Operating fixed assets		17,074,218	16,024,123
Deferred tax assets - net		-	-
Other assets - net		20,794,920	17,868,761
		453,564,985	410,485,517
Liabilities			
Bills payable		7,314,386	10,479,058
Borrowings	10	39,385,829	39,406,831
Deposits and other accounts	11	323,967,918	292,098,066
Sub-ordinated loan		-	479,232
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	271,478	1,180,162
Other liabilities		26,109,729	11,722,493
		397,049,340	355,365,842
Net assets		56,515,645	55,119,675
Represented by:			
Share capital		6,282,768	6,282,768
Reserves		36,432,636	34,000,638
Un-appropriated profit		7,696,251	5,130,750
		50,411,655	45,414,156
Surplus on revaluation of assets - net of tax		6,103,990	9,705,519
		56,515,645	55,119,675
Contingencies and commitments			

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

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Shahzad Saleem
Director

Dato' Mohammad Hussein
Director

MCB Bank Limited
Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the nine months period ended September 30, 2008


	Note	Quarter ended September 30, 2008	Nine months ended September 30, 2008	Quarter ended September 30, 2007	Nine months ended September 30, 2007
----- (Rupees in '000) -----					
Mark-up / return / interest earned		11,142,037	28,078,064	8,081,786	23,689,445
Mark-up / return / interest expensed		3,418,643	7,757,920	1,985,722	5,750,881
Net mark-up / interest income		7,723,394	20,320,144	6,096,064	17,938,564
Provision against loans and advances		754,723	1,996,410	253,407	1,441,713
Provision for diminution in the value of investments		-	210,431	156,886	130,913
Bad debts written off directly		-	-	45	199
		754,723	2,206,841	410,338	1,572,825
Net mark-up / interest income after provisions		6,968,671	18,113,303	5,685,726	16,365,739
Non mark-up / interest income					
Fee, commission and brokerage income		618,535	2,166,509	644,167	1,973,581
Dividend income		283,556	492,958	382,843	577,493
Income from dealing in foreign currencies		577,696	535,439	139,956	552,657
Gain / (loss) on sale of securities - net		(33,388)	689,818	299,669	1,273,968
Gain / (loss) on trading in government securities - net		5,383	(12,347)	(71)	(121)
Other income		194,377	629,003	239,446	697,529
Total non mark-up / interest income		1,646,159	4,501,380	1,706,010	5,075,107
		8,614,830	22,614,683	7,391,736	21,440,846
Non-mark-up / interest expenses					
Administrative expenses		2,738,156	5,817,659	2,106,154	4,889,899
Other provisions / (reversal)		-	-	-	(9,452)
Other charges		209,715	501,002	5,642	179,435
Total non mark-up/interest expenses		2,947,871	6,318,661	2,111,796	5,059,882
		5,666,959	16,296,022	5,279,940	16,380,964
Extra ordinary / unusual item		-	-	-	-
Profit before taxation		5,666,959	16,296,022	5,279,940	16,380,964
Taxation - current period		1,940,004	5,505,487	1,615,178	4,958,076
- prior years		(204,500)	(834,769)	-	(459,952)
- deferred		(15,007)	1,945	80,510	635,460
		1,720,497	4,672,663	1,695,688	5,133,584
Profit after taxation		3,946,462	11,623,359	3,584,252	11,247,380
Earnings per share - basic and diluted - Rupees	<i>11</i>	6.28	18.50	5.70	17.90

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

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Shahzad Saleem
Director

Dato' Mohammad Hussein
Director

MCB Bank Limited

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2008



	September 30, 2008	September 30, 2007
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	16,296,022	16,380,964
Less: Dividend income	(492,958)	(577,493)
	15,803,064	15,803,471
Adjustments for non-cash charges		
Depreciation	610,806	394,068
Amortization	104,443	143,327
Provision against loans and advances	1,996,410	1,441,713
Provision for diminution in the value of investments	210,431	130,913
Provision of in the value of other assets	-	(9,452)
Bad debts written off directly	-	199
(Gain) / loss on disposal of fixed assets	(20,132)	(8,903)
Un realized loss on revaluation of 'held-for-trading' securities	30,573	278
Un realized loss on derivative financial instruments	4,561,643	140,855
	7,494,174	2,232,998
	23,297,238	18,036,469
(Increase) / decrease in operating assets		
Lendings to financial institutions	(17,649,835)	18,168,526
Held for trading securities	52,966	(47,654)
Advances - net	(31,831,941)	6,272,931
Other assets - net	4,789,149	(4,964,301)
	(44,639,661)	19,429,502
Increase / (decrease) in operating liabilities		
Bills payable	(3,164,672)	2,020,244
Borrowings from financial institutions	(21,002)	(373,815)
Deposits	31,869,852	30,460,018
Other liabilities	1,732,998	394,859
	30,417,176	32,501,306
	9,074,753	69,967,277
Income tax paid	(4,127,555)	(4,485,209)
Net cash flows from operating activities	4,947,198	65,482,068
Cash flows from investing activities		
Net investments in available-for-sale securities	22,491,019	(64,281,862)
Net investments in held-to-maturity securities	(5,119,610)	4,343,179
Investments in subsidiary companies	-	(5,000)
Dividend income received	244,600	577,493
Investment in operating fixed assets - net of disposals	(1,480,143)	(2,690,214)
Net cash flows from investing activities	16,135,866	(62,056,404)
Cash flows from financing activities		
Payment of sub-ordinated loan	(479,232)	(1,118,208)
Dividend paid	(6,828,565)	(2,702,776)
Net cash flows from financing activities	(7,307,797)	(3,820,984)
Exchange difference on translation of net investment in foreign branches	269,662	(31,239)
Increase in cash and cash equivalents	14,044,929	(426,559)
Cash and cash equivalents at January 1	43,491,402	39,042,993
Cash and cash equivalents at September 30	57,536,331	38,616,434

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

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Shahzad Saleem
Director

Dato' Mohammad Hussein
Director

MCB Bank Limited

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2008



	Capital Reserves				Other Reserves		Total	
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve	Statutory reserve	General reserve		Unappropriated profit
	----- (Rupees in '000) -----							
Balance as at January 01, 2007	5,463,276	9,702,528	-	(53,637)	5,213,535	9,800,000	5,530,973	35,656,675
Change in Equity								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	8,045	8,045
Exchange differences on translation of net investment in foreign branches	-	-	-	(31,239)	-	-	-	(31,239)
Total income recognized directly in equity	-	-	-	(31,239)	-	-	8,045	(23,194)
Profit after taxation for nine months period ended September 30, 2007	-	-	-	-	-	-	11,247,380	11,247,380
Total recognized income for the period	-	-	-	(31,239)	-	-	11,255,425	11,224,186
Transferred to statutory reserve	-	-	-	-	1,124,738	-	(1,124,738)	-
Transferred to general reserve	-	-	-	-	-	4,800,000	(4,800,000)	-
Issue of bonus shares - December 31, 2006	819,492	-	-	-	-	-	(819,492)	-
Final cash dividend - December 31, 2006	-	-	-	-	-	-	(819,492)	(819,492)
Interim cash dividend - March 31, 2007	-	-	-	-	-	-	(1,570,692)	(1,570,692)
Interim cash dividend - June 30, 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)
Balance as at September 30, 2007	6,282,768	9,702,528	-	(84,876)	6,338,273	14,600,000	6,081,280	42,919,973
Changes in equity								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	3,810	3,810
Exchange differences on translation of net investment in foreign branches	-	-	-	42,895	-	-	-	42,895
Total expense / income recognized directly in equity	-	-	-	42,895	-	-	3,810	46,705
Profit after taxation for three months period ended December 31, 2007	-	-	-	-	-	-	4,018,182	4,018,182
Total recognized income for the period	-	-	-	42,895	-	-	4,021,992	4,064,887
Transferred to statutory reserve	-	-	-	-	401,818	-	(401,818)	-
Transferred to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-
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	-	-	-	-	-	-	15,524	15,524
Exchange differences on translation of net investment in foreign branches	-	-	-	269,662	-	-	-	269,662
Total expense / income recognized directly in equity	-	-	-	269,662	-	-	15,524	285,186
Profit after taxation for nine months period ended September 30, 2008	-	-	-	-	-	-	11,623,359	11,623,359
Total recognized income for the period	-	-	-	269,662	-	-	11,638,883	11,908,545
Transferred to statutory reserve	-	-	-	-	1,162,336	-	(1,162,336)	-
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)
Interim cash dividend - June 30, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)
Balance as at September 30, 2008	6,282,768	9,702,528	-	227,681	7,902,427	18,600,000	7,696,251	50,411,655

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

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Shahzad Saleem
Director

Dato' Mohammad Hussein
Director

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
As at September 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 1,030 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 125,655,369 shares representing 20% 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 utilized and the appropriate portion of mark-up thereon.

2.2 The financial results of the Islamic banking branches have been consolidated in this unconsolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 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 and the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Approved accounting standards comprise of such International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the SECP and the SBP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

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

The disclosures made in this unconsolidated condensed interim financial information 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 disclosures 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.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Call money lendings	12,650,000	1,051,372
Repurchase agreement lendings	6,051,207	-
	<u>18,701,207</u>	<u>1,051,372</u>

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
As at September 30, 2008



8 INVESTMENTS - Net

8.1 Investments by types

	Held by bank	Given as collateral	Total
	----- September 30, 2008 -----		
Held-for-trading securities	177,786	-	177,786
Available-for-sale securities	50,845,180	25,750,451	76,595,631
Held-to-maturity securities	16,221,633	-	16,221,633
	<u>67,244,599</u>	<u>25,750,451</u>	<u>92,995,050</u>
Associates	1,006,900	-	1,006,900
Subsidiaries	377,532	-	377,532
	<u>1,384,432</u>	<u>-</u>	<u>1,384,432</u>
	<u>68,629,031</u>	<u>25,750,451</u>	<u>94,379,482</u>
Less:			
Provision for diminution in the value of investments	(665,943)	-	(665,943)
Deficit on revaluation of available for sale securities - net	(2,985,340)	(22,341)	(3,007,681)
Deficit on revaluation of held-for-trading securities - net	(43,678)	-	(43,678)
Investments - net	<u>64,934,070</u>	<u>25,728,110</u>	<u>90,662,180</u>

	Held by bank	Given as collateral	Total
	----- December 31, 2007 -----		
Held-for-trading securities	230,752	-	230,752
Available-for-sale securities	72,102,556	26,996,870	99,099,426
Held-to-maturity securities	11,102,023	-	11,102,023
	<u>83,435,331</u>	<u>26,996,870</u>	<u>110,432,201</u>
Associates	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 - net	(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\$ 29 Million (face value) are earmarked by Mashreqbank PSC against loan obtained by the Bank.

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 September 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 September 30, 2008 amounted to Rs. 5,655.801 million (December 31, 2007: Rs. 10,671.631 million).

9 ADVANCES - net

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	236,249,756	208,587,014
- Outside Pakistan	9,902,917	6,989,947
	<u>246,152,673</u>	<u>215,576,961</u>
Net Investment in Finance Lease		
- In Pakistan	5,786,131	6,904,399
- Outside Pakistan	92,159	67,710
	<u>5,878,290</u>	<u>6,972,109</u>
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	3,540,543	2,949,228
- Payable outside Pakistan	5,252,191	4,234,574
	<u>8,792,734</u>	<u>7,183,802</u>
Advances - gross	260,823,697	229,732,872
Less: Provision against loans and advances		
- Specific provision	(9,046,596)	(7,326,953)
- General provision	(2,317,401)	(2,749,815)
- General provision against consumer loans	(654,520)	(688,665)
- General Provision for potential lease losses (in Srilanka Operations)	(9,051)	(6,841)
	<u>(12,027,568)</u>	<u>(10,772,274)</u>
Advances - net of provision	<u>248,796,129</u>	<u>218,960,598</u>

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
As at September 30, 2008



9.1 Advances include Rs. 13,320.316 million (December 31, 2007: Rs. 10,725.308 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2008				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	112,154	-	112,154	-	-
Substandard	1,367,218	-	1,367,218	305,842	305,842
Doubtful	2,187,705	5,257	2,192,962	1,012,266	1,012,266
Loss	6,895,793	2,752,189	9,647,982	7,728,488	7,728,488
	<u>10,562,870</u>	<u>2,757,446</u>	<u>13,320,316</u>	<u>9,046,596</u>	<u>9,046,596</u>
December 31, 2007					
Category of Classification	Classified Advances				
	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	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
	<u>8,010,087</u>	<u>2,715,221</u>	<u>10,725,308</u>	<u>7,326,953</u>	<u>7,326,953</u>

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

10 BORROWINGS FROM FINANCIAL INSTITUTIONS

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
In Pakistan	33,610,233	35,497,881
Outside Pakistan	5,775,596	3,908,950
	<u>39,385,829</u>	<u>39,406,831</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

	5,721,508	5,593,462
	2,179,472	2,473,077
	<u>7,900,980</u>	<u>8,066,539</u>

Borrowings from other financial institutions

Repurchase agreement borrowings

	-	2,932,600
	25,709,253	26,931,342
	<u>25,709,253</u>	<u>29,863,942</u>

Unsecured

Overdrawn nostro accounts

Call borrowings

	33,610,233	37,930,481
	501,248	976,350
	5,274,348	500,000
	<u>5,775,596</u>	<u>1,476,350</u>
	<u>39,385,829</u>	<u>39,406,831</u>

11 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits

Savings deposits

Current accounts - non remunerative

Margin accounts

Others

	38,307,585	32,202,230
	164,647,737	151,555,718
	108,055,454	95,966,877
	3,630,521	2,589,309
	816	4,288
	<u>314,642,113</u>	<u>282,318,422</u>

Financial institutions

Remunerative deposits

Non-remunerative deposits

	4,185,126	9,233,602
	5,140,679	546,042
	<u>9,325,805</u>	<u>9,779,644</u>
	<u>323,967,918</u>	<u>292,098,066</u>

MCB Bank Limited

Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
As at September 30, 2008



12 DEFERRED TAX ASSETS / (LIABILITY) - 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

Surplus on revaluation of Securities

Others

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
	519,665	468,916
	504,535	599,174
	587,381	561,852
	-	156,700
	27,700	1,524
	<u>1,639,281</u>	<u>1,788,166</u>
Deductible temporary differences on:		
Provision for contributory benevolent scheme	(80,193)	(98,706)
Surplus on revaluation of Securities	(813,038)	-
Provision for post retirement medical benefits	(474,572)	(509,298)
	<u>(1,367,803)</u>	<u>(608,004)</u>
	<u>271,478</u>	<u>1,180,162</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Transaction-related contingent liabilities / commitments

Guarantees in favour of:

- Government

- Banks and financial institutions

- Others

Suppliers credit / payee guarantee

	7,350,798	5,283,799
	33,082	376,773
	10,552,060	7,247,043
	2,232,145	1,809,117
	<u>20,168,085</u>	<u>14,716,732</u>

13.2 Trade-related contingent liabilities

13.3 Other contingencies

Claims against the Bank not acknowledged as debts

	213,749	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.

13.5 Commitments in respect of forward foreign exchange contracts

Purchase

	92,862,878	62,077,338
--	------------	------------

Sale

	99,700,544	69,362,417
--	------------	------------

13.6 Commitments for the acquisition of fixed assets

	37,520	78,670
--	--------	--------

13.7 Other commitments

Cross currency swaps (notional amount)

FX Options (notional amount)

- Purchase

- Sale

Interest rate swaps (notional amount)

	384,535	1,845,484
	-	351,702
	-	351,702
	2,620,570	2,721,698

Nine months ended

September 30, 2008	September 30, 2007
--------------------	--------------------

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

14 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders

	11,623,359	11,247,380
--	------------	------------

Number of shares

Weighted average number of shares outstanding during the period

	628,276,843	628,276,843
--	-------------	-------------

Rupees

Earnings per share

	18.50	17.90
--	-------	-------

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.

MCB Bank LimitedNotes to the Unconsolidated Condensed Interim Financial statements (Un-audited)
As at September 30, 2008**18 ISLAMIC BANKING BUSINESS**September 30, 2008 December 31, 2007
(Rupees in '000)**Assets**

Cash and balances with treasury banks	397,956	601,665
Investments - net	1,781,727	1,419,000
Financing and receivables		
- Murabaha	3,446,656	2,406,402
- Ijara	1,279,858	1,585,202
- Islamic export refinance	964,250	738,178
Other Assets	2,812,053	764,036
	10,682,500	7,514,483

Liabilities

Bills payable	19,850	47,115
Deposits and other accounts		
- Current Accounts	299,670	440,567
- Saving Accounts	546,619	907,283
- Term Deposits	60,974	76,382
- Others	8,825	30,256
Borrowing from SBP	661,500	593,000
Due to head office	7,850,000	4,750,000
Deferred tax liability	4,988	4,988
Other liabilities	413,619	113,598
	9,866,045	6,963,189
	816,455	551,294

Net assets**Represented by:**

Islamic Banking Fund	650,000	400,000
Reserves	-	-
Unappropriated profit	152,443	137,282
	802,443	537,282
Surplus on revaluation of assets - net of tax	14,012	14,012
	816,455	551,294
Remuneration to Shariah Advisor / Board	879	1,179

Charity Fund

Opening Balance	4,227	3,244
Additions during the period / year	1,525	983
Payments/ utilization during the period / year	3,700	-
Closing Balance	2,052	4,227

19 GENERAL

- Figures have been rounded off to the nearest thousand rupees.
- An amount of Rs. 331.415 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

20.1 The Board of Directors in its meeting held on October 24, 2008 has announced interim cash dividend Rs. 3 per share in respect of the nine months ended September 30, 2008 (September 30, 2007: Rs 2.50 per share). In addition, the Board of Directors has also approved the transfer to general reserve from unappropriated profit amounting to Rs. Nill (September 30, 2007: Rs. 3,000 million). This unconsolidated condensed interim financial information for the period ended September 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 authorized for issue on October 24, 2008 by the Board of Directors of the Bank.

Atif Bajwa
President and Chief ExecutiveS.M. Muneer
DirectorShahzad Saleem
DirectorDato' Mohammad Hussein
Director**MCB Bank Limited**



MCB BANK LIMITED

(Consolidated Accounts of MCB Bank Limited and its Subsidiary Companies)

MCB Bank Limited and Subsidiary Companies
Consolidated Condensed Interim Balance Sheet (Un-audited)
As at September 30, 2008



	Note	Unaudited September 30, 2008	Audited December 31, 2007
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		47,724,222	39,683,883
Balances with other banks		9,880,188	3,867,591
Lendings to financial institutions	7	18,701,207	1,051,372
Investments - net	8	93,134,483	115,358,590
Advances - net	9	248,794,262	218,959,786
Operating fixed assets		17,131,232	16,082,781
Deferred tax assets - net		-	-
Other assets - net		20,887,760	17,896,838
		456,253,354	412,900,841
Liabilities			
Bills payable		7,314,386	10,479,058
Borrowings	10	39,385,829	39,406,831
Deposits and other accounts	11	323,940,762	292,088,347
Sub-ordinated loan		-	479,232
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	272,964	1,183,586
Other liabilities		26,179,349	11,716,465
		397,093,290	355,353,519
Net assets		59,160,064	57,547,322
Represented by:			
Share capital		6,282,768	6,282,768
Reserves		36,435,007	34,000,927
Un-appropriated profit		10,517,701	7,054,472
		53,235,476	47,338,167
Minority interest		70	63
		53,235,546	47,338,230
Surplus on revaluation of assets - net of tax		5,924,518	10,209,092
		59,160,064	57,547,322
Contingencies and commitments			
	13		

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

Atif Bajwa
President and Chief Executive

S.M. Muneer
Director

Shahzad Saleem
Director

Dato' Mohammad Hussein
Director

MCB Bank Limited and Subsidiary Companies


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

As at September 30, 2008




Note	Quarter ended September 30, 2008	Nine months ended September 30, 2008	Quarter ended September 30, 2007	Nine months ended September 30, 2007
	----- (Rupees in '000) -----			
Mark-up / return / interest earned	11,143,603	28,082,734	8,082,859	23,698,924
Mark-up / return / interest expensed	3,418,643	7,757,921	1,984,563	5,749,723
Net mark-up / interest income	7,724,960	20,324,813	6,098,296	17,949,201
Provision against loans and advances	754,723	1,996,410	253,407	1,441,713
Provision for diminution in the value of investments	-	210,431	156,886	130,913
Bad debts written off directly	-	-	45	199
	754,723	2,206,841	410,338	1,572,825
Net mark-up / interest income after provisions	6,970,237	18,117,972	5,687,958	16,376,376
Non mark-up / interest income				
Fee, commission and brokerage income	618,535	2,166,509	692,619	2,054,442
Income earned as trustee to various funds	5,724	16,663	1,674	2,353
Dividend income	283,556	402,439	382,843	523,952
Income from dealing in foreign currencies	577,696	535,439	139,956	552,657
Gain / (loss) on sale of securities - net	(23,331)	715,103	304,770	1,285,656
Gain / (loss) on trading in government securities - net	5,383	(12,347)	(71)	(121)
Other income	271,619	849,665	239,773	698,156
Total non mark-up / interest income	1,739,182	4,673,471	1,761,564	5,117,095
	8,709,419	22,791,443	7,449,522	21,493,471
Non-mark-up / interest expenses				
Administrative expenses	2,780,250	5,954,653	2,126,009	4,952,505
Other provisions / (reversal)	-	-	-	(9,452)
Other charges	202,310	493,598	5,642	179,435
Total non mark-up/interest expenses	2,982,560	6,448,251	2,131,651	5,122,488
Share of profit of associated undertaking	12,225	850,555	15,509	369,194
	5,739,084	17,193,747	5,333,380	16,740,177
Extra ordinary / unusual item	-	-	-	-
Profit before taxation	5,739,084	17,193,747	5,333,380	16,740,177
Taxation - current period	1,955,884	5,542,584	1,622,583	4,968,836
- prior years	(204,500)	(834,769)	-	(459,952)
- deferred	(15,216)	135	85,088	639,253
Share of tax of associated undertaking	(4,548)	(35,259)	(39,283)	(2,430)
	1,731,620	4,672,691	1,668,388	5,145,707
Profit after taxation	4,007,464	12,521,056	3,664,992	11,594,470
Share of profit attributable to minority interest	(6)	(11)	(2)	(5)
Profit attributable to ordinary shareholders	4,007,458	12,521,045	3,664,990	11,594,465
Earnings per share - basic and diluted - Rupees	11 6.38	19.93	5.83	18.45

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


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Shahzad Saleem
Director


Dato' Mohammad Hussein
Director

MCB Bank Limited and Subsidiary Companies


Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2008




	September 30, 2008	September 30, 2007
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Profit before taxation	17,193,747	16,740,177
Less: Dividend income and share of profit in associated undertaking	(1,252,994)	(893,146)
	15,940,753	15,847,031
Adjustments for non-cash charges		
Depreciation	610,806	394,068
Amortisation	104,443	143,327
Provision against loans and advances	1,996,410	1,441,713
Provision for diminution in the value of investments	210,431	130,913
Provision / (reversal) of in the value of other assets	-	(9,452)
Bad debts written off directly	-	199
(Gain)/Loss on disposal of fixed assets	(20,132)	(8,903)
Un realized loss on revaluation of 'held-for-trading' securities	20,680	278
Un realized loss on derivative financial instruments	4,561,643	140,855
	7,484,281	2,232,998
	23,425,034	18,080,029
(Increase) / decrease in operating assets		
Lendings to financial institutions	(17,649,835)	18,168,526
Held for trading securities	17,897	(314,405)
Advances - net	(31,830,886)	6,272,676
Other assets - net	4,724,386	(4,998,569)
	(44,738,438)	19,128,228
Increase / (decrease) in operating liabilities		
Bills payable	(3,164,672)	2,020,244
Borrowings from financial institutions	(21,002)	(373,815)
Deposits	31,852,415	30,725,712
Other liabilities	1,770,118	417,129
	30,436,859	32,789,270
	9,123,455	69,997,527
Payments of provision against off-balance sheet obligations	-	-
Income tax paid	(4,126,123)	(4,486,629)
Net cash flows from operating activities	4,997,332	65,510,898
Cash flows from investing activities		
Net investments in available-for-sale securities	22,491,018	(64,274,566)
Net investments in held-to-maturity securities	(5,119,610)	4,343,179
Dividend income received	198,751	577,556
Investment in operating fixed assets - net of disposals	(1,478,498)	(2,729,652)
Net cash flows from investing activities	16,091,661	(62,083,483)
Cash flows from financing activities		
Payment of sub-ordinated loan	(479,232)	(1,118,208)
Dividend paid	(6,828,569)	(2,702,776)
Net cash flows from financing activities	(7,307,801)	(3,820,984)
Exchange difference on translation of net investment in foreign branches	271,744	(31,272)
Increase in cash and cash equivalents	14,052,936	(424,841)
Cash and cash equivalents at January 1	43,551,474	39,115,635
Cash and cash equivalents at September 30	57,604,410	38,690,794

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


Atif Bajwa
President and Chief Executive


S.M. Muneer
Director


Shahzad Saleem
Director


Dato' Mohammad Hussein
Director

MCB Bank Limited and Subsidiary Companies
Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2008



	Capital Reserves			Other Reserves			Sub Total	Minority Interest	Total	
	Share capital	Share premium	Reserve for issue of bonus	Exchange translation	Statutory reserve	General reserve				Unappropriated profit
(Rupees in '000)										
Balance as at January 01, 2007	5,463,276	9,702,528	-	(53,617)	5,213,535	9,800,000	6,278,593	36,404,315	52	36,404,367
Change in Equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	8,045	8,045	-	8,045
Exchange differences on translation of net investment in foreign branches	-	-	-	(31,272)	-	-	-	(31,272)	-	(31,272)
Total income recognised directly in equity	-	-	-	(31,272)	-	-	8,045	(23,227)	-	(23,227)
Profit after taxation for nine months period ended September 30, 2007	-	-	-	-	-	-	11,594,470	11,594,470	-	11,594,470
Share of profit attributable to minority interest	-	-	-	-	-	-	(5)	(5)	5	-
Total recognised income for the period	-	-	-	(31,272)	-	-	11,602,510	11,571,238	5	11,571,243
Transferred to statutory reserve	-	-	-	-	1,124,738	-	(1,124,738)	-	-	-
Transferred to general reserve	-	-	-	-	-	4,800,000	(4,800,000)	-	-	-
Issue of bonus shares - December 31, 2006	819,492	-	-	-	-	-	(819,492)	-	-	-
Final cash dividend - December 31, 2006	-	-	-	-	-	-	(819,492)	(819,492)	-	(819,492)
Interim Cash Dividend - March 2007	-	-	-	-	-	-	(1,570,692)	(1,570,692)	-	(1,570,692)
Interim Cash Dividend - June 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)	-	(1,570,704)
Balance as at September 30, 2007	6,282,768	9,702,528	-	(84,889)	6,338,273	14,600,000	7,175,985	44,014,665	57	44,014,722
Changes in equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	3,815	3,815	-	3,815
Exchange differences on translation of net investment in foreign branches	-	-	-	43,197	-	-	-	43,197	-	43,197
Total expense / income recognised directly in equity	-	-	-	43,197	-	-	3,815	47,012	-	47,012
Profit after taxation for three months period ended December 31, 2007	-	-	-	-	-	-	4,847,200	4,847,200	-	4,847,200
Share of profit attributable to minority interest	-	-	-	-	-	-	(6)	(6)	6	-
Total recognised income for the period	-	-	-	43,197	-	-	4,851,009	4,894,206	6	4,894,212
Transferred to statutory reserve	-	-	-	-	401,818	-	(401,818)	-	-	-
Transferred to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-
Interim cash dividend - September 30, 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)	-	(1,570,704)
Balance as at December 31, 2007	6,282,768	9,702,528	-	(41,692)	6,740,091	17,600,000	7,054,472	47,338,167	63	47,338,230
Changes in equity										
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	15,566	15,566	-	15,566
Exchange differences on translation of net investment in foreign branches	-	-	-	271,744	-	-	-	271,744	-	271,744
Total expense / income recognised directly in equity	-	-	-	271,744	-	-	15,566	287,310	-	287,310
Profit after taxation for nine months period ended September 30, 2008	-	-	-	-	-	-	12,521,056	12,521,056	-	12,521,056
Share of profit attributable to minority interest	-	-	-	-	-	-	(11)	(11)	11	-
Total recognised income for the period	-	-	-	271,744	-	-	12,536,611	12,808,355	11	12,808,366
Transferred to statutory reserve	-	-	-	-	1,162,336	-	(1,162,336)	-	-	-
Interim cash dividend	-	-	-	-	-	-	-	-	(2)	(2)
Transferred to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Final cash dividend - December 31, 2007	-	-	-	-	-	-	(3,141,384)	(3,141,384)	(2)	(3,141,386)
Interim cash dividend - March 31, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)	-	(1,884,831)
Interim cash dividend - June 30, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)	-	(1,884,831)
Balance as at September 30, 2008	6,282,768	9,702,528	-	230,052	7,902,427	18,600,000	10,517,701	53,235,476	70	53,235,546

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

Atif Bajwa
 President and Chief Executive

S.M. Muneer
 Director

Shahzad Saleem
 Director

Dato' Mohammad Hussein
 Director

MCB Bank Limited and Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2008



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
 - MNET Services (Private) Limited
 - MCB Trade Services Limited
 - MCB Asset Management Company Limited

99.997%
 99.95%
 100%
 99.99%

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 1,030 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 125,655,369 shares representing 20% 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 consolidated 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 consolidated 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 18 to this consolidated condensed interim financial information.

2.3 The consolidated condensed financial information include the financial statements of MCB Bank Limited and its subsidiary companies and associates.

2.4 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 statements for the period ended September 30, 2008 and the carrying value of investments held by the bank is eliminated against the subsidiaries' shareholders' equity in this consolidated condensed interim financial information. Material intra-Group balances and transactions have been eliminated.

2.5 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 financial statements for the period ended September 30, 2008.

2.6 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

This consolidated 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 Standard 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 and 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 consolidated 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 consolidated 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 consolidated condensed interim financial information should be read in conjunction with the financial statements of the Group for the year ended December 31, 2007.

MCB Bank Limited and Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2008



4 BASIS OF MEASUREMENT

This consolidated 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 consolidated 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 consolidated 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.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Call money lendings	12,650,000	1,051,372
Repurchase agreement lendings	6,051,207	-
	<u>18,701,207</u>	<u>1,051,372</u>

8 INVESTMENTS - Net

8.1 Investments by types

	Held by bank	Given as collateral	Total
	----- September 30, 2008 -----		
Held-for-trading securities	511,757	-	511,757
Available-for-sale securities	50,860,181	25,750,451	76,610,632
Held-to-maturity securities	16,221,633	-	16,221,633
	67,593,571	25,750,451	93,344,022
Associates	3,498,213	-	3,498,213
Subsidiaries	-	-	-
	3,498,213	-	3,498,213
	71,091,784	25,750,451	96,842,235
Less:			
Provision for diminution in the value on investments	(665,943)	-	(665,943)
Deficit on revaluation of available for sale securities - net	(2,984,894)	(22,341)	(3,007,235)
Deficit on revaluation of held-for-trading securities - net	(34,574)	-	(34,574)
Investments - net	<u>67,406,373</u>	<u>25,728,110</u>	<u>93,134,483</u>

	Held by bank	Given as collateral	Total
	----- December 31, 2007 -----		
Held-for-trading securities	519,089	-	519,089
Available-for-sale securities	72,117,556	26,996,870	99,114,426
Held-to-maturity securities	11,102,023	-	11,102,023
	83,738,668	26,996,870	110,735,538
Associates	3,277,157	-	3,277,157
Adamjee Insurance Company Limited	63,300	-	63,300
First Women Bank Limited	3,340,457	-	3,340,457
	87,079,125	26,996,870	114,075,995
Less:			
Provision for diminution in the value of investments	(468,288)	-	(468,288)
Surplus / (deficit) on revaluation of available for sale securities - net	1,790,202	(35,990)	1,754,212
Deficit on revaluation of held-for-trading securities - net	(3,329)	-	(3,329)
Investments - net	<u>88,397,710</u>	<u>26,960,880</u>	<u>115,358,590</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\$ 29 Million (face value) are earmarked by Mashreqbank PSC against loan obtained by the Bank.

MCB Bank Limited and Subsidiary Companies
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8.3 Investment of the group in Adamjee Insurance Company Limited has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of the investment as at September 30, 2008 amounted to Rs. 5,655.801 million (December 31, 2007: Rs. 10,671.631 million).

	September 30, 2008	December 31, 2007
	Rs. in '000	
Opening Balance	3,277,157	2,259,550
Share of profits	850,555	1,223,633
Dividend from Associate	(44,670)	(98,274)
Share of tax	35,259	(15,769)
	841,144	1,109,590
Share of unrealised surplus / (deficit) on investments	(683,387)	(91,983)
Closing balance	<u>3,434,914</u>	<u>3,277,157</u>

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

9 ADVANCES - net

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc		
- In Pakistan	236,249,756	208,588,318
- Outside Pakistan	9,902,917	6,989,947
	246,152,673	215,578,265
Net Investment in Finance Lease		
- In Pakistan	5,784,264	6,902,283
- Outside Pakistan	92,159	67,710
	5,876,423	6,969,993
Bills discounted and purchased (excluding treasury bills)		
- Payable in Pakistan	3,540,543	2,949,228
- Payable outside Pakistan	5,252,191	4,234,574
	8,792,734	7,183,802
Advances - gross	260,821,830	229,732,060
Less: Provision against loans and advances		
- Specific provision	(9,046,596)	(7,326,953)
- General provision	(2,317,401)	(2,749,815)
- General provision against consumer loans	(654,520)	(688,665)
- General Provision for potential lease losses (in Srilanka Operations)	(9,051)	(6,841)
	(12,027,568)	(10,772,274)
Advances - net of provision	<u>248,794,262</u>	<u>218,959,786</u>

9.1 Advances include Rs. 13,320.316 million (December 31, 2007: Rs. 10,725.308 million) which have been placed under non-performing status as detailed below:

		September 30, 2008				
		Classified Advances			Specific Provision Required	Specific Provision Held
Category of Classification		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other Assets Especially Mentioned (OAEM)	9.1.1	112,154	-	112,154	-	-
Substandard		1,367,218	-	1,367,218	305,842	305,842
Doubtful		2,187,705	5,257	2,192,962	1,012,266	1,012,266
Loss		6,895,793	2,752,189	9,647,982	7,728,488	7,728,488
		<u>10,562,870</u>	<u>2,757,446</u>	<u>13,320,316</u>	<u>9,046,596</u>	<u>9,046,596</u>
----- December 31, 2007 -----						
		Classified Advances			Specific Provision Required	Specific Provision Held
Category of Classification		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
		<u>8,010,087</u>	<u>2,715,221</u>	<u>10,725,308</u>	<u>7,326,953</u>	<u>7,326,953</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.

MCB Bank Limited and Subsidiary Companies

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

For the nine months period ended September 30, 2008


10 BORROWINGS FROM FINANCIAL INSTITUTIONS

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
In Pakistan	33,610,233	35,497,881
Outside Pakistan	5,775,596	3,908,950
	<u>39,385,829</u>	<u>39,406,831</u>
10.1 Details of borrowings (secured / unsecured)		
Secured		
Borrowings from State Bank of Pakistan		
Export refinance scheme	5,721,508	5,593,462
Long term financing - export oriented products scheme	2,179,472	2,473,077
	<u>7,900,980</u>	<u>8,066,539</u>
Borrowings from other financial institutions	-	2,932,600
Repurchase agreement borrowings	25,709,253	26,931,342
	<u>25,709,253</u>	<u>29,863,942</u>
	<u>33,610,233</u>	<u>37,930,481</u>
Unsecured		
Overdrawn nostro accounts	501,248	976,350
Call borrowings	5,274,348	500,000
	<u>5,775,596</u>	<u>1,476,350</u>
	<u>39,385,829</u>	<u>39,406,831</u>

11 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	38,307,585	32,202,230
Savings deposits	164,643,055	151,554,958
Current accounts - non remunerative	108,032,980	95,957,918
Margin accounts	3,630,521	2,589,309
Others	816	4,288
	<u>314,614,957</u>	<u>282,308,703</u>
Financial institutions		
Remunerative deposits	4,185,126	9,233,602
Non-remunerative deposits	5,140,679	546,042
	<u>9,325,805</u>	<u>9,779,644</u>
	<u>323,940,762</u>	<u>292,088,347</u>

12 DEFERRED TAX LIABILITY - 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	519,665	469,482
On net investment in finance lease	504,535	599,216
Accelerated tax depreciation	595,057	568,718
Surplus on revaluation of Securities	-	156,767
Others	22,707	-
	<u>1,641,964</u>	<u>1,794,183</u>

Deductible temporary differences on:

Provision for contributory benevolent scheme	(80,193)	(98,706)
Surplus on revaluation of Securities	(813,038)	
Provision for gratuity	(1,197)	(1,197)
Provision for post retirement medical benefits	(474,572)	(509,298)
Others	-	(1,396)
	<u>(1,369,000)</u>	<u>(610,597)</u>
	<u>272,964</u>	<u>1,183,586</u>

MCB Bank Limited and Subsidiary Companies

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

For the nine months period ended September 30, 2008


13 CONTINGENCIES AND COMMITMENTS

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
13.1 Transaction-related contingent liabilities / commitments		
Guarantees in favour of:		
- Government	7,350,798	5,283,799
- Banks and financial institutions	33,082	376,773
- Others	10,552,060	7,247,043
Suppliers credit / payee guarantee	2,232,145	1,809,117
	<u>20,168,085</u>	<u>14,716,732</u>
13.2 Trade-related contingent liabilities	<u>63,001,008</u>	<u>61,677,285</u>
13.3 Other contingencies		
Claims against the Bank not acknowledged as debts	213,749	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.		
13.5 Commitments in respect of forward foreign exchange contracts		
Purchase	<u>92,862,878</u>	<u>62,077,338</u>
Sale	<u>99,700,544</u>	<u>69,362,417</u>
13.6 Commitments for the acquisition of fixed assets	<u>37,520</u>	<u>78,670</u>
13.7 Other commitments		
Cross currency swaps (notional amount)	384,535	1,845,484
FX Options (notional amount)		
- Purchase	-	351,702
- Sale	-	351,702
Interest rate swaps (notional amount)	<u>2,620,570</u>	<u>2,721,698</u>

Nine months ended

	September 30, 2008	September 30, 2007
	----- (Rupees in '000) -----	

14 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders

	<u>12,521,045</u>	<u>11,594,465</u>
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Weighted average number of shares outstanding during the period

Number of shares	
	<u>628,276,843</u>

Rupees

Earnings per share

	<u>19.93</u>	<u>18.45</u>
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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.

MCB Bank Limited and Subsidiary Companies
Notes to the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2008



16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Nine months ended September 30, 2008						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Eliminations	Total
	----- (Rupees in '000) -----						
Total income	86,890	7,911,209	15,204,831	10,449,536	206,110	(251,816)	33,606,760
Total expenses	(26,087)	(892,683)	(13,345,633)	(2,280,746)	(119,680)	251,816	(16,413,013)
Income tax expense	-	-	-	-	-	-	(4,672,691)
Net income	60,803	7,018,526	1,859,198	8,168,790	86,430	-	12,521,056
Segment assets - (Gross of NPLs Provisions)	24,748	126,996,278	144,119,106	185,092,101	477,682	(456,561)	456,253,354
Total assets	24,748	126,996,278	144,119,106	185,092,101	477,682	(456,561)	456,253,354
Segment non performing loans	-	-	5,256,233	8,064,083	-	-	13,320,316
Segment specific provision required	-	-	3,569,811	5,476,785	-	-	9,046,596
Segment liabilities (Including segment equity)	-	113,030,971	122,740,025	159,494,562	67,185	(456,561)	394,876,182
Deferred tax liabilities - net	-	-	-	-	-	-	272,964
Provision for taxation	-	-	-	-	-	-	1,944,144
Total liabilities - net	-	113,030,971	122,740,025	159,494,562	-	(456,561)	397,093,290
Segment return on assets (ROA) (%)	327.58%	7.37%	1.72%	5.88%	24.12%	-	3.66%
Segment cost of fund (%)	-	4.72%	2.61%	3.86%	-	-	2.76%

	Nine months ended September 30, 2007						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Asset Management	Eliminations	Total
Total income	171,577	9,513,224	11,473,955	8,244,616	94,042	(312,201)	29,185,213
Total expenses	(20,961)	(1,772,416)	(9,171,822)	(1,732,211)	(59,827)	312,201	(12,445,036)
Income tax expense	-	-	-	-	-	-	(5,145,707)
Net income	150,616	7,740,808	2,302,133	6,512,405	34,215	-	11,594,470
Segment assets - (Gross of NPLs provision)	15,103	146,018,104	124,802,895	113,586,424	352,448	-	384,774,974
Total assets	15,103	146,018,104	124,802,895	113,586,424	352,448	-	384,774,974
Segment non performing loans	-	313,039	4,665,231	4,568,014	-	-	9,546,284
Segment specific provision required	-	112,511	3,692,903	2,860,599	-	-	6,666,013
Segment liabilities (Including segment equity)	(150,324)	128,808,129	101,954,623	101,061,232	27,163	-	331,700,823
Deferred tax assets	-	-	-	-	-	-	406,695
Provision for taxation	-	-	-	-	-	-	2,391,288
Total liabilities - net	(150,324)	128,808,129	101,954,623	101,061,232	27,163	-	334,498,806
Segment return on assets (ROA) (%)	935.33%	5.30%	1.84%	5.73%	9.71%	-	3.01%
Segment cost of fund (%)	-	7.53%	2.09%	3.16%	-	-	2.29%

MCB Bank Limited and Subsidiary Companies



17 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associated undertakings, employee benefit plans and its key management personnel (including their associates) and companies with common directors.

Transactions between the Group and its related parties are carried out at an arm's length basis under the comparable uncontrolled price 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		Other Related Parties	
	Nine months ended September 30, 2008	Year ended Dec 31, 2007	Nine months ended September 30, 2008	Year ended Dec 31, 2007	Nine months ended September 30, 2008	Year ended Dec 31, 2007
	----- (Rupees in '000) -----					
Deposits						
Deposits at beginning of the period / year	17,980	19,099	275,826	522,641	209,716	314,045
Deposits received during the period / year	628,554	447,772	269,772,610	124,757,792	7,530,095	14,776,866
Deposits repaid during the period / year	(636,191)	(448,891)	(269,207,178)	(125,004,607)	(7,655,447)	(14,881,195)
Deposits at the end of the period / year	10,343	17,980	841,257	275,826	84,364	209,716
Advances (secured)						
Balance at beginning of the period / year	-	-	-	-	1,661,869	2,240,038
Loan granted during the period / year	-	-	-	-	524,153	1,442,020
Repayment during the period / year	-	-	-	-	(2,186,022)	(2,020,189)
Balance at end of the period / year	-	-	-	-	-	1,661,869
Receivable from Pension Fund					September 30, 2008	December 31, 2007
					3,718,677	10,651,047
	----- (Rupees in '000) -----					
	Directors		Associated companies		Other Related Parties	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007

Adamjee Insurance Company Limited

Insurance premium paid	-	-	74,624	67,865	-	-
Insurance claim settled	-	-	72,897	32,102	-	-
Dividend received	-	-	44,670	53,604	-	-
Rent income received	-	-	5,625	1,764	-	-

MCB Employees Foundation

- Service expenses	-	-	-	-	13,257	14,415
- Cash sorting expenses	-	-	-	-	12,999	13,516
- Cash in transit expenses	-	-	-	-	5,863	1,781

Others

- Proceeds from sale of Vehicles to Executives	-	-	-	-	16,329	5,278
- Gain on sale of vehicles to executives	-	-	-	-	(540)	257
- Remuneration of key management personnel	34,863	102,141	-	-	185,056	108,085
- Miscellaneous expenses	-	-	-	-	56,827	51,457
- Contribution / (expense) on provident fund	-	-	-	-	99,440	80,899

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.



18 ISLAMIC BANKING BUSINESS

September 30, 2008 December 31, 2007

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

Assets

Cash and balances with treasury banks	397,956	601,665
Investments - net	1,781,727	1,419,000
Financing and receivables		
- Murabaha	3,446,656	2,406,402
- Ijara	1,279,858	1,585,202
- Islamic export refinance	964,250	738,178
Other Assets	2,812,053	764,036
	10,682,500	7,514,483

Liabilities

Bills payable	19,850	47,115
Deposits and other accounts		
- Current Accounts	299,670	440,567
- Saving Accounts	546,619	907,283
- Term Deposits	60,974	76,382
- Others	8,825	30,256
Borrowing from SBP	661,500	593,000
Due to head office	7,850,000	4,750,000
Deferred tax liability	4,988	4,988
Other liabilities	413,619	113,598
	9,866,045	6,963,189

Net assets

816,455 **551,294**

Represented by:

Islamic Banking Fund	650,000	400,000
Reserves	-	-
Unappropriated profit	152,443	137,282
	802,443	537,282
Surplus on revaluation of assets - net of tax	14,012	14,012
	816,455	551,294

Remuneration to Shariah Advisor / Board

879 **1,179**

Charity Fund

Opening Balance	4,227	3,244
Additions during the period / year	1,525	983
Payments/ utilization during the period / year	3,700	-
Closing Balance	2,052	4,227

19 GENERAL

- Figures have been rounded off to the nearest thousand rupees.
- An amount of Rs. 331.415 million on account of postal, SWIFT and other charges recovered has been reclassified as other income. Previously, these charges were netted off with administrative expenses.

20 NON-ADJUSTING EVENT

20.1 The Board of Directors in its meeting held on October 24, 2008 has announced interim cash dividend Rs. 3 per share in respect of the nine months ended September 30, 2008 (September 30, 2007: Rs 2.50 per share). In addition, the Board of Directors has also approved the transfer to general reserve from unappropriated profit amounting to Rs. Nil (September 30, 2007: Rs. 3,000 million). This consolidated condensed interim financial information for the period ended September 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 consolidated condensed interim financial information was authorised for issue on October 24, 2008 by the Board of Directors of the Bank.

