



CORPORATE PROFILE



BOARD OF DIRECTOR

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.

M/s THK Associates (Pvt) Ltc 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



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

Assets	Note	Unaudited September 30, 2008 (Rupees	Audited December 31, 2007 s in '000)
Cash and balances with treasury banks Balances with other banks Lendings to financial institutions Investments - net Advances - net Operating fixed assets Deferred tax assets - net Other assets - net	7 8 9	47,724,177 9,812,154 18,701,207 90,662,180 248,796,129 17,074,218 - 20,794,920 453,564,985	39,683,883 3,807,519 1,051,372 113,089,261 218,960,598 16,024,123 - 17,868,761 410,485,517
Liabilities			
Bills payable Borrowings Deposits and other accounts Sub-ordinated loan Liabilities against assets subject to finance lease Deferred tax liabilities - net Other liabilities	10 11 12	7,314,386 39,385,829 323,967,918 - 271,478 26,109,729 397,049,340	10,479,058 39,406,831 292,098,066 479,232 - 1,180,162 11,722,493 355,365,842
Net assets		56,515,645	55,119,675
Represented by:			
Share capital Reserves Un-appropriated profit Surplus on revaluation of assets - net of tax		6,282,768 36,432,636 7,696,251 50,411,655 6,103,990 56,515,645	6,282,768 34,000,638 5,130,750 45,414,156 9,705,519 55,119,675
Contingencies and commitments	13		

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

Atif Bajwa President and Chief Executive

Shahzad Saleem 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
				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)	(12)
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
Non-mark-up / interest expenses		8,614,830	22,614,683	7,391,736	21,440,846
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	11	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

Shahzad Saleem

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

Cash flows from operating activities	For the nine months period ended September 30, 2008		
Profit before taxation			
Profit before taxation 16,296,022 16,380,964 12,003,003 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 15,803,04 16,303,04		(Rupees in	n '000)
Cases	Cash flows from operating activities		
Cases	Profit before taxation	16,296,022	16,380,964
Adjustments for non-cash charges Depreciation Amortization Provision against loans and advances Provision for diminution in the value of investments Provision of in the value of other assets Bad debts written off directly (Gain) / loss on disposal of fixed assets Un realized loss on revaluation of 'held-for-trading' securities Un realized loss on derivative financial instruments Lendings to financial institutions Lendings cecurities Advances- net Jother assets - net Lendings from financial institutions Lendin			
Adjustments for non-cash charges Depreciation G10,806 394,068 Amortization 104,443 143,327 Provision against loans and advances 1,996,410 1,441,713 130,913 Provision for diminution in the value of investments 210,431 130,913 Provision of in the value of other assets 2 (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 4,561,643 140,885 7,494,174 2,232,998 18,168,526 18,164,643 140,885 18,164,649 18,164,64			
Amortization 104,443 143,327 Provision against loans and advances 1,996,410 1,441,713 130,913 130,913 170,915 170,915 1,910,410 1,441,713 1,910,913 130,913 170,913	Adjustments for non-cash charges		
Provision against loans and advances	Depreciation	610,806	394,068
Provision for diminution in the value of investments Cap	Amortization	104,443	143,327
Provision for diminution in the value of investments Cap	Provision against loans and advances	1,996,410	1,441,713
Bad debts written off directly (Gain) / loss on disposal of fixed assets (20,132) (8,903) (1) (1) (20,132) (1) (1) (20,132) (1) (20,132) (1) (20,132) (1) (20,132) (1) (20,132) (1) (20,132) (210,431	130,913
CGain loss on disposal of fixed assets CQ0,132 CR,903 CR,904 CR,903 CR,904 CR,903 CR,904 CR	Provision of in the value of other assets	-	(9,452)
Un realized loss on revaluation of 'held-for-trading' securities 30,573 4,561,643 140,855 Un realized loss on derivative financial instruments 4,561,643 140,855 (Increase) / decrease in operating assets 23,297,238 18,036,469 (Increase) / decrease in operating assets (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 (44,639,661) 19,429,502 Increase / (decrease) in operating liabilities (44,639,661) 19,429,502 Increase / (decrease) in operating liabilities (21,002) (373,815) Bills payable (31,64,672) 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 Mother liabilities 4,947,198 39,045,99 Net cash flows from operating activities 4,947,198 4,947,198 Net cash flows from investing activities 22,491,019 (64,281,862) Net inv	Bad debts written off directly	-	199
Un realized loss on derivative financial instruments	(Gain) / loss on disposal of fixed assets	(20,132)	(8,903)
	Un realized loss on revaluation of 'held-for-trading' securities	30,573	278
(Increase) / decrease in operating assets Lendings to financial institutions Held for trading securities Advances - net Other assets - net Other assets - net Other assets - net Held for trading securities Advances - net Other assets - net Other assets - net Other assets - net Held for trading securities Advances - net Other assets - net of disposals Other liabilities Other liab	Un realized loss on derivative financial instruments	4,561,643	140,855
Clncrease decrease in operating assets Lendings to financial institutions Cl17,649,835 18,168,526 (47,654) Advances - net Cl27,931 (47,654) (47,6		7,494,174	2,232,998
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) Increase / (decrease) in operating liabilities (31,64,672) 2,020,244 Bills payable (31,64,672) 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 Met cash flows from operating activities 9,074,753 69,967,277 Income tax paid 4,127,5555 (4,485,209) Net cash flows from investing activities 4,947,198 65,482,068 Cash flows from investing activities 22,491,019 (64,281,862) Net investments in available-for-sale securities (5,119,610) 4,343,179 Investments in subsidiary companies 5,19,610 4,343,179 Investments in operating fixed assets - net of disposals (1,480,143) (2,690,214) Net cash flows from financing activities 16		23,297,238	18,036,469
Held for trading securities Advances - net (31,831,941) 6,272,931 (4,964,301) (44,639,661) (49,64,301) (44,639,661) (49,64,301) (44,639,661) (49,64,301) (44,639,661) (49,64,301) (44,639,661) (49,64,301) (44,639,661) (19,429,502)			
Advances - net (31,831,941) 6,272,931 Other assets - net (4,964,301) Increase / (decrease) in operating liabilities (3,164,672) 2,020,244 Bills payable (21,002) (373,815) Deposits 31,869,852 30,460,018 Other liabilities 1,732,998 394,859 Income tax paid 9,074,753 69,967,277 Income tax paid 4,947,198 65,482,068 Cash flows from operating activities 4,947,198 65,482,068 Net investments in available-for-sale securities (5,119,610) 4,343,179 Investments in subsidiary companies (5,119,610) 4,343,179 Investments in subsidiary companies 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 (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<	e		18,168,526
Other assets - net 4,789,149 (4,964,301) (4,964,301) Increase / (decrease) in operating liabilities (3,164,672) (2,020,244 2,020,244 Bills payable (21,002) (373,815) 30,460,018 Deposits 31,869,852 (30,460,018) 30,417,176 32,501,306 Other liabilities 9,074,753 (69,967,277) 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 22,491,019 (64,281,862) Net investments in available-for-sale 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 (68,285,655) (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)		/ 11	(47,654)
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Increase / (decrease) in operating liabilities Bills payable (3,164,672) (2,020,244 2,020,244 2,020,244 2,020,244 3,020 (21,002) (373,815) 2,020,244 3,020 (21,002) (373,815) 31,869,852 30,460,018 31,32,998 394,859 304,471,76 32,501,306 9,074,753 69,967,277 3,020 30,417,176 32,501,306 9,074,753 69,967,277 3,020 30,417,176 32,501,306 30,417,176 32,501,306 30,417,176 32,501,306 30,417,176 32,501,306 30,417,176 32,501,306 30,417,176 32,501,306 30,417,176 32,501,306 30,417,176 32,501,306 30,417,176 32,501,306 30,417,176 32,501,306 30,417,175 (4,127,555) (4,485,209) 30,417,178 32,501,306 30,417,178 32,501,306 30,417,176 30,417,176	Other assets - net		
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Other liabilities 1,732,998 394,859 30,417,176 32,501,306 9,074,753 69,967,277 Income tax paid 4,947,198 65,482,008 Net cash flows from operating activities 22,491,019 (64,281,862) Net investments in available-for-sale securities (5,119,610) 4,343,179 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 (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		1 1 1	, , ,
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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 22,491,019 (64,281,862) Net investments in available-for-sale 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 (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			
Net cash flows from operating activities 4,947,198 65,482,068 Cash flows from investing activities 22,491,019 (64,281,862) Net investments in available-for-sale 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 (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	Income tay paid		
Cash flows from investing activities 22,491,019 (64,281,862) Net investments in available-for-sale 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 (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	1		
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 (479,232) (1,118,208) 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	Net cash flows from operating activities	4,947,198	65,482,068
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 (479,232) (1,118,208) Payment of sub-ordinated loan (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			
Investments in subsidiary companies C C C C C C C C C		1 / / / 11	, , , , , ,
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 (479,232) (1,118,208) Payment of sub-ordinated loan (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		(5,119,610)	
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 (479,232) (1,118,208) 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		-	
Net cash flows from investing activities 16,135,866 (62,056,404) Cash flows from financing activities (479,232) (1,118,208) Payment of sub-ordinated loan (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 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			
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	S	16,135,866	(62,056,404)
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	S .		
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			
Exchange difference on translation of net investment in foreign branches Increase in cash and cash equivalents Cash and cash equivalents at January 1 Exchange difference on translation of net investment in foreign branches 269,662 (31,239) (426,559) 39,042,993	*	(6,828,565)	(2,702,776)
Increase in cash and cash equivalents 14,044,929 (426,559) Cash and cash equivalents at January 1 43,491,402 39,042,993	Net cash flows from financing activities	(7,307,797)	(3,820,984)
Cash and cash equivalents at January 1 43,491,402 39,042,993	Exchange difference on translation of net investment in foreign branches	269,662	(31,239)
		, ,	
Cash and cash equivalents at September 30 57,536,331 38,616,434			
	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

Shahzad Saleem

Dato' Mohammad Hussein

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 R	eserves		
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve	Statutory reserve	General reserve	Unappropriated profit	Total
				(Rupe	ees 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								
Fransferred 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)

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

Suauzad Samu

Shahzad Saleem



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 Depositary 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) 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, 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.

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 managementobjectives 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,	December 31,
		2008	2007
		(Rupees	in '000)
	Call money lendings	12,650,000	1,051,372
	Repurchase agreement lendings	6,051,207	-
		18,701,207	1,051,372

- 9

MCB Bank Limited



Given as

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

8	INVESTMENTS - Net		bank	collateral	
			Se	ptember 30, 2008 -	
8.1	Investments by types				
	Held-for-trading securities		177,786	-	177,786
	Available-for-sale securities	8.2	50,845,180	25,750,451	76,595,631
	Held-to-maturity securities	8.2	16,221,633	-	16,221,633
			67,244,599	25,750,451	92,995,050
	Associates	8.3	1,006,900	-	1,006,900
	Subsidiaries		377,532	-	377,532
			1,384,432	<u> </u>	1,384,432
	Less:		68,629,031	25,750,451	94,379,482
	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		64,934,070	25,728,110	90,662,180
			Held by bank	Given as	Total
			•	collateral	
			I	December 31, 2007 -	
	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
			83,435,331	26,996,870	110,432,201
	Associates	8.3	1,006,900	-	1,006,900
	Subsidiaries		377,532	-	377,532
			1,384,432		1,384,432
			84,819,763	26,996,870	111,816,633
	Less:		(450.200)		(450.200)
	Provision for diminution in the value of investments		(468,288)	-	(468,288)
	Surplus / (deficit) on revaluation of available		1 700 011	(25,000)	1.754.021
	for sale securities - net Deficit on revaluation of		1,790,011	(35,990)	1,754,021
			(12.105)		(12.105)
	held-for-trading securities - net Investments - net		(13,105) 86,128,381	26,960,880	(13,105) 113,089,261
	mvestments - net		00,128,381	20,900,880	113,089,201

- 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).

ADVANCES - net		September 30, 2008	December 31, 2007
		(Rupees	
Loans, cash credits, running finances, etc			
- In Pakistan		236,249,756	208,587,014
- Outside Pakistan		9,902,917	6,989,947
Net Investment in Finance Lease		246,152,673	215,576,961
- In Pakistan		5,786,131	6,904,399
- Outside Pakistan		92,159	67,710
		5,878,290	6,972,109
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		260,823,697	229,732,872
Less: Provision against loans and advances			
- Specific provision	9.1	(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		248,796,129	218,960,598



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:

			50	eptember 30, 2008		
		C	lassified Advances		Specific	Specific
Category of Classification		Domestic	Overseas	Total	Provision Required	Provision Held
				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
		10,562,870	2,757,446	13,320,316	9,046,596	9,046,596
			D	December 31, 2007		
		C	lassified Advances		Specific	Specific
Category of Classification		Domestic	Overseas	Total	Provision Required	Provision Held
				Rupees in '000 -		
Other Assets Especially	0.1.1	101.010		101.010		
Mentioned (OAEM)	9.1.1	101,910	11 420	101,910	205 201	205 201
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 SBP.

	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
		39,385,829	39,406,831
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
		7,900,980	8,066,539
	Borrowings from other financial institutions	-	2,932,600
	Repurchase agreement borrowings	25,709,253	26,931,342
		25,709,253	29,863,942
	Unsecured	33,610,233	37,930,481
	Overdrawn nostro accounts	501,248	976,350
	Call borrowings	5,274,348	500,000
		5,775,596	1,476,350
	PERCONNEC AND CONTROL OF CONTROL	39,385,829	39,406,831
11	DEPOSITS AND OTHER ACCOUNTS Customers		
	Fixed deposits	38,307,585	32,202,230
	Savings deposits	164,647,737	151,555,718
	Current accounts - non remunerative	108,055,454	95,966,877
	Margin accounts	3,630,521	2,589,309
	Others	816	4,288
	Financial institutions	314,642,113	282,318,422
	Remunerative deposits	4,185,126	9,233,602
	Non-remunerative deposits	5,140,679	546,042
		9,325,805	9,779,644
		323,967,918	292,098,066

MCB Bank Limited



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

12	DEFERRED TAX ASSETS / (LIABILITY) - net	September 30,	December 31,
	The details of the tax effect of taxable and deductible temporary differences are as follows:	2008	2007
	Taxable temporary differences on:	(Rupees	in '000)
	Surplus on revaluation of operating fixed assets	519,665	468,916
	On net investment in finance lease	504,535	599,174
	Accelerated tax depreciation	587,381	561,852
	Surplus on revaluation of Securities Others	- 27,700	156,700 1,524
		1,639,281	1,788,166
	Deductible temporary differences on: Provision for contributory benevolent scheme	(80,193)	(00.700)
	Surplus on revaluation of Securities	(813,038)	(98,706)
	Provision for post retirement medical benefits	(474,572)	(509,298)
		(1,367,803)	(608,004
		271,478	1,180,162
13	CONTINGENCIES AND COMMITMENTS		
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
		20,168,085	14,716,732
13.2	Trade-related contingent liabilities	63,001,008	61,677,285
13.2			
	Other contingencies		
	Other contingencies Claims against the Bank not acknowledged as debts	213,749	134,079
13.3	9	213,749	134,079
13.3	Claims against the Bank not acknowledged as debts	•	,
13.2 13.3 13.4	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revoca	•	,
13.3 13.4	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revoca penalty or expense if the facility is unilaterally withdrawn.	•	,
13.3 13.4	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revoca penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts	ible commitments do not attra	ct any significant
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revoca penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase	92,862,878	62,077,338
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revoca penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale	92,862,878 99,700,544	62,077,338 69,362,417
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocal penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount)	92,862,878 99,700,544	62,077,338 69,362,417
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocal penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount)	92,862,878 99,700,544 37,520 384,535	62,077,338 69,362,417 78,670 1,845,484
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocate penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase	92,862,878 99,700,544 37,520	62,077,338 69,362,417 78,670 1,845,484 351,702
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocal penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount)	92,862,878 99,700,544 37,520 384,535	62,077,338 69,362,417 78,670 1,845,484
13.3 13.4	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocate penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale	92,862,878 99,700,544 37,520 384,535 - 2,620,570	62,077,338 69,362,417 78,670 1,845,484 351,702 351,702 2,721,698
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocate penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale	92,862,878 99,700,544 37,520 384,535 - 2,620,570 Nine mont	62,077,338 69,362,417 78,670 1,845,484 351,702 351,702 2,721,698
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocate penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale	92,862,878 99,700,544 37,520 384,535 - 2,620,570	62,077,338 69,362,417 78,670 1,845,484 351,702 351,702 2,721,698
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocate penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale Interest rate swaps (notional amount)	92,862,878 99,700,544 37,520 384,535 - 2,620,570 Nine mont September 30,	62,077,338 69,362,417 78,670 1,845,484 351,702 351,702 2,721,698 ths ended September 30, 2007
13.3 13.4 13.5 13.6 13.7	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocate penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale	92,862,878 99,700,544 37,520 384,535 - 2,620,570 Nine mont September 30, 2008	62,077,338 69,362,417 78,670 1,845,484 351,702 351,702 2,721,698 ths ended September 30, 2007
13.3 13.4 13.5 13.6 13.7	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocate penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale Interest rate swaps (notional amount)	92,862,878 99,700,544 37,520 384,535 - 2,620,570 Nine mont September 30, 2008	62,077,338 69,362,417 78,670 1,845,484 351,702 351,702 2,721,698 ths ended September 30, 2007
13.3 13.4 13.5 13.6 13.7	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocal penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale Interest rate swaps (notional amount)	92,862,878 99,700,544 37,520 384,535 - 2,620,570 Nine mont September 30, 2008 (Rupees	62,077,338 69,362,417 78,670 1,845,484 351,702 351,702 2,721,698 ths ended September 30, 2007 in '000)
13.3 13.4 13.5 13.6 13.7	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocal penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale Interest rate swaps (notional amount)	92,862,878 99,700,544 37,520 384,535 - 2,620,570 Nine mont September 30, 2008 (Rupees 11,623,359	62,077,338 69,362,417 78,670 1,845,484 351,702 351,702 2,721,698 ths ended September 30, 2007 in '000)
13.3 13.4 13.5 13.6 13.7	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocate penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale Interest rate swaps (notional amount) EARNINGS PER SHARE - BASIC AND DILUTED Profit after taxation attributable to ordinary shareholders	92,862,878 99,700,544 37,520 384,535 2,620,570 Nine mont September 30, 2008 (Rupees 11,623,359 Number of 628,276,843	62,077,338 69,362,417 78,670 1,845,484 351,702 2,721,698 ths ended September 30, 2007 in '000) 11,247,380 of shares 628,276,843
13.3 13.4 13.5	Claims against the Bank not acknowledged as debts Commitments to extend credit The Bank makes commitments to extend credit in the normal course of its business but these being revocate penalty or expense if the facility is unilaterally withdrawn. Commitments in respect of forward foreign exchange contracts Purchase Sale Commitments for the acquisition of fixed assets Other commitments Cross currency swaps (notional amount) FX Options (notional amount) - Purchase - Sale Interest rate swaps (notional amount) EARNINGS PER SHARE - BASIC AND DILUTED Profit after taxation attributable to ordinary shareholders	92,862,878 99,700,544 37,520 384,535 - 2,620,570 Nine mont September 30, 2008	62,077,338 69,362,417 78,670 1,845,484 351,702 2,721,698 ths ended September 30, 2007 in '000) 11,247,380 f shares 628,276,843

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.



Notes to the Unconsolidated Condensed Interim Financial statements (Un-audited) *As at 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	Eliminations	Total		
				pees in '000)				
Total income	67,651	7,701,854	14,852,328	10,133,611	(176,000)	32,579,444		
Total expenses	(10,584)	(892,546)	(13,303,972)	(2,252,320)	176,000	(16,283,422)		
Income tax expense	-	-	-	-	-	(4,672,663)		
Net income	57,067	6,809,308	1,548,356	7,881,291		11,623,359		
Segment assets - (Gross of NPLs Provisions)	-	126,259,271	146,856,708	189,495,602		462,611,581		
Total assets		126,259,271	146,856,708	189,495,602	-	462,611,581		
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	-	112,929,469	122,620,065	159,339,852		394,889,386		
Deferred tax liabilities - net	-	-	-	-	-	271,478		
Provision for taxation	-	-	-	-	-	1,888,476		
Total liabilities - net		112,929,469	122,620,065	159,339,852	<u>-</u>	397,049,340		
Segment return on assets (ROA) (%)	-	7.19%	1.44%	5.71%	-	3.42%		
Segment cost of fund (%)	-	4.72%	2.61%	3.86%	-	2.76%		
		Ni	ne months ended	September 30, 20	07			
Total income	168,507	9,409,726	11,321,062	8,124,379	(259,122)	28,764,552		
Total expenses	(11,873)	(1,772,416)	(9,145,667)	(1,712,754)	259,122	(12,383,588)		
Income tax expense	-	-	-	-		(5,133,584)		
Net income	156,634	7,637,310	2,175,395	6,411,625		11,247,380		
Segment assets - (Gross of NPLs provision)	14	145,478,164	127,894,469	115,886,879	-	389,259,526		
Total assets	14	145,478,164	127,894,469	115,886,879		389,259,526		
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	(160,804)	128,813,350	101,961,463	101,064,421	-	331,678,430		
Deferred tax assets	-	-	-	-	-	405,414		
Provision for taxation	-	-	-	-	-	2,380,478		
Total liabilities - net	(160,804)	128,813,350	101,961,463	101,064,421		334,464,322		
Segment return on assets (ROA) (%)	0.00%	5.25%	1.75%	5.67%	-	2.94%		
Segment cost of fund (%)	0.00%	7.53%	2.09%	3.16%	-	2.29%		

MCB Bank Limited



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

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:

	Director Nine months	Year	Associated Nine months	companies Year	Subsidiary co	mpanies Year	Other Rela	ted Parties Year
Type of related party	ended	ended	ended	ended	ended	ended	ended	ended
	September 30,	Dec 31,	September 30,	Dec 31,	September 30,	Dec 31,	September 30,	Dec 31,
	2008	2007	2008	2007 (Rupe	2008 es in '000)	2007	2008	2007
Deposits				(respon	23 III 000)			
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	628,554	447,772	269,772,610	124,757,792	238,944	699,420	7,530,095	14,776,866
Deposits repaid during the period / year	(636,191)	(448,891)	(269,207,178)	(125,004,607)	(216,229)	(969,430)	(7,655,447)	(14,881,195)
Deposits at the end of the period / year	10,343	17,980	841,257	275,826	32,434	9,719	84,364	209,716
Advances (secured)								
Balance at beginning of the period / year	-	-	-	-	2,116	2,473	1,661,869	2,240,038
Loan granted during the period / year	-	-	-	-	-	-	524,153	1,442,020
Repayment during the period / year		-			(286)	(357)	(2,186,022)	(2,020,189)
Balance at end of the period / year					1,830	2,116		1,661,869
							September 30,	
							2008	2007
D : 11 6 D : T :								in '000)
Receivable from Pension Fund							3,718,677	10,651,047
	Director September 30,		Associated		Subsidiary co September 30,		Other Rela September 30,	ted Parties September
	2008	30, 2007	2008	2007	2008	30, 2007	2008	30, 2007
				(Rupe	es in '000)			
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	-	-	-	-
MNET Services (Private) Limited								
Dividend received	-	-	-	-	4,998		-	-
Outsourcing service expenses Networking service expenses	-	-	-	-	75,123 498	47,018 4,712	-	-
					470	4,712		
Muslim Commercial Financial Services (Private) Li Custodian charges revenue	mited -	_	_	-	_	3	_	_
MCB Asset Management Company Limited - Dividend received					29,998			
- Markup paid					1,295	15,840		
- Sale of Property	_	_	_	_	-	30,750	_	_
- Sale of car	-	-	-	-	-	1,600	-	-
- Markup payable to	-	-	-	-	339	687	-	-
- Others	-	-	-	-	681	469	-	-
MCB Trade Services								
- Markup Paid	-	-	-	-	-	8,410	-	-
MCB Employees Foundation								
- Service expenses	-	-	-	-	-	-	13,257	14,415
- Cash sorting expenses - Cash in transit expenses	-	-	-	-	-	-	12,999 5,863	13,516 1,781
							. ,	,
Others - Proceeds from sale of Vehicles to Executives							16,329	5,278
- Proceeds from sale of vehicles to executives -(Loss) / Gain on sale of vehicles to executives	-	-	-	-	-	-	(540)	257
- Remuneration of key management personnel	34,863	102,141	-	-	-	-	185,056	108,085
- Miscellaneous expenses	,000		-	-	-	-	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.



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

Investments - net	ISLAMIC BANKING BUSINESS	September 30, 2008	December 31, 2007
Investments - net	Assets	(Rupees	s in '000)
Financing and receivables 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 Liabilities 10,682,500 7,514,483 Bills payable 19,859 47,115 Deposits and other accounts 299,670 440,567 - Saving 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 Deferred tax liability 4,988 4,988 Other liabilities 413,619 113,598 Net assets 9,866,045 6,963,189 Net assets 1,524 551,294 Represented by: - - Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282	Cash and balances with treasury banks	397,956	601,665
- Murabaha 3,446,556 2,406,402 - Ijara 1,279,858 1,585,202 - Islamic export refinance 964,250 738,178 Other Assets 2,812,053 764,036 Liabilities 10,682,500 7,514,483 Bills payable 19,850 47,115 Deposits and other accounts 299,670 440,567 - Saving Accounts 546,619 907,283 - Berm 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 4,88 4,988 Other liabilities 413,619 113,598 Net assets 8,860,045 6,963,189 Represented by: - - Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,112 1	Investments - net	1,781,727	1,419,000
1,279,858 1,585,202 1-1,585 2,025 3,738,178 3,64,256 3,64,256 3,64,256 3,64,256 3,64,256 3,64,256 3,682,500 3,514,483 3,682,500 3,514,483 3,64,567 3,64,036 3,64,567 3,64,619 3,64,567 3,64,619 3,64,567 3,64,5	Financing and receivables		
- Islamic export refinance 964,250 738,178 Other Assets 2,812,053 764,036 Liabilities 10,682,500 7,514,483 Bills payable 19,850 47,115 Deposits and other 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 Net assets 816,455 551,294 Represented by: 316,455 551,294 Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 Remuneration to Shariah Advisor / Board 879 1,179 Charity Fund <t< th=""><th>- Murabaha</th><th>3,446,656</th><th>2,406,402</th></t<>	- Murabaha	3,446,656	2,406,402
Other Assets 2.812.053 764.036 Liabilities 10,682,500 7,514,483 Bills payable 19,850 47,115 Deposits and other accounts 299,670 440,567 - Current Accounts 546,619 907.283 - 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 Net assets 816,455 551,294 Represented by: 816,455 551,294 Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 Remuneration to Shariah Advisor / Board 879 1,179 Charity Fund 20 <td>- Ijara</td> <td>1,279,858</td> <td>1,585,202</td>	- Ijara	1,279,858	1,585,202
Liabilities 10,682,500 7,514,483 Bills payable 19,850 47,115 Deposits and other accounts 299,670 440,567 - Current Accounts 546,619 907,283 - Saving Accounts 60,974 76,382 - 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 Net assets 9,866,045 6,963,189 Represented by: - - Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 Remuneration to Shariah Advisor / Board 879 1,179 Charity Fund 879 1,179 Charity Fund 90 4,22	- Islamic export refinance	964,250	738,178
Liabilities 19,850 47,115 Bills payable 19,850 47,115 Deposits and other 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 Net assets 816,455 551,294 Represented by: Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 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 -	Other Assets	2,812,053	764,036
Bills payable 19,850 47,115 Deposits and other accounts 299,670 440,567 - Current Accounts 546,619 907,283 - Saving Accounts 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 Net assets 9,866,045 6,963,189 Represented by: 1 152,443 137,282 Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 Remuneration to Shariah Advisor / Board 802,443 537,282 Remuneration to Shariah Advisor / Board 879 1,179 Charity Fund 0pening Balance 4,227 3,244 Additions during the period / year 1,525 983 Payments/ utilization during the period / year 3,700		10,682,500	7,514,483
Deposits and other accounts 299,670 440,567 - Current 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 Net assets 816,455 551,294 Represented by: - - Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 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 -			
Current Accounts		19,850	47,115
- 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 Net assets 9,866,045 6,963,189 Net assets 152,443 137,282 Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 Remuneration to Shariah Advisor / Board 879 1,179 Charity Fund 0pening Balance 4,227 3,244 Additions during the period / year 1,525 983 Payments/ utilization during the period / year 3,700 -	*		
- 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 Net assets 816,455 551,294 Represented by: - - Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 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 -			
Others			
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 Net assets 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 Surplus on revaluation of assets - net of tax 14,012 14,012 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 -			
Due to head office 7,850,000 4,750,000 Deferred tax liability 4,988 4,988 Other liabilities 413,619 113,598 Net assets 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 Surplus on revaluation of assets - net of tax 14,012 14,012 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 -			
Deferred tax liability 4,988 4,988 4,988 4,988 113,598 Other liabilities 9,866,045 6,963,189 6,963,189 6,963,189 7,129 6,963,189 7,129 <t< td=""><td></td><td></td><td></td></t<>			
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 -	Due to head office	7,850,000	4,750,000
Net assets 9,866,045 6,963,189 Represented by: Islamic Banking Fund 650,000 400,000 Reserves - - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 Remuneration to Shariah Advisor / Board 816,455 551,294 Remuneration to Shariah Advisor / Board 879 1,179 Charity Fund 0pening Balance 4,227 3,244 Additions during the period / year 1,525 983 Payments/ utilization during the period / year 3,700 -	Deferred tax liability	4,988	4,988
Net assets 816,455 551,294 Represented by: Islamic Banking Fund 650,000 400,000 Reserves - - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 Surplus on revaluation to Shariah Advisor / Board 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 -	Other liabilities	413,619	113,598
Represented by: Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 Surplus on revaluation to Shariah Advisor / Board 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 -		9,866,045	6,963,189
Islamic Banking Fund 650,000 400,000 Reserves - - Unappropriated profit 152,443 137,282 Surplus on revaluation of assets - net of tax 14,012 14,012 Remuneration to Shariah Advisor / Board 879 1,179 Charity Fund 7 3,244 Additions during the period / year 1,525 983 Payments/ utilization during the period / year 3,700 -	Net assets	816,455	551,294
Reserves - - Unappropriated profit 152,443 137,282 802,443 537,282 Surplus on revaluation of assets - net of tax 14,012 14,012 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 -	Represented by:		
Unappropriated profit 152,443 137,282 802,443 537,282 Surplus on revaluation of assets - net of tax 14,012 14,012 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 -	Islamic Banking Fund	650,000	400,000
Surplus on revaluation of assets - net of tax 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 2 3,244 Opening Balance 4,227 3,244 Additions during the period / year 1,525 983 Payments/ utilization during the period / year 3,700 -	Reserves	<u>-</u>	-
Surplus on revaluation of assets - net of tax 14,012 14,012 14,012 816,455 551,294 Remuneration to Shariah Advisor / Board 879 1,179 Charity Fund 90 4,227 3,244 Additions during the period / year 1,525 983 Payments/ utilization during the period / year 3,700 -	Unappropriated profit	152,443_	137,282
Remuneration to Shariah Advisor / Board 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 -		802,443	537,282
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 -	Surplus on revaluation of assets - net of tax	14,012	14,012
Charity Fund4,2273,244Opening Balance4,2273,244Additions during the period / year1,525983Payments/ utilization during the period / year3,700-		816,455	551,294
Opening Balance 4,227 3,244 Additions during the period / year 1,525 983 Payments/ utilization during the period / year 3,700 -	Remuneration to Shariah Advisor / Board	879	1,179
Additions during the period / year 1,525 983 Payments/ utilization during the period / year 3,700	Charity Fund		
Payments/ utilization during the period / year	Opening Balance	4,227	3,244
Payments/ utilization during the period / year	Additions during the period / year	1,525	983
Closing Balance 2,052 4,227		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

S.M. Muneer

Shahzad Saleem
Director

Dato' Mohammad Husse

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 (Rupees	Audited December 31, 2007 s 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







	Note	Quarter ended September 30, 2008	Nine months ended September 30, 2008	Quarter ended September 30, 2007	Nine months ended September 30, 2007
			(Rupee	es 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
Non-mark-up / interest expenses		8,709,419	22,791,443	7,449,522	21,493,471
Administrative expenses	ı	2,780,250	5,954,653	2,126,009	4,952,505
Other provisions / (reversal)		2,700,230	3,934,033	2,120,009	(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		, ,	
Share of profit of associated undertaking		5,739,084	850,555 17,193,747	15,509 5,333,380	369,194 16,740,177
Extra ordinary / unusual item		-	-	-	10,740,177
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.

Shahzad Saleem 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
Cash flows from operating activities	(Rupees in	'000)
Profit before taxation	17,193,747	16,740,177
Less: Dividend income and share of profit in associated undertaking	(1,252,994)	(893,146)
2000 21 ratio mediate and onate of profit in appointed undertaining	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 Bad debts written off directly		(9,452) 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
(Incurses) / decrease in amounting assets	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	(2.151.572)	2 020 244
Bills payable	(3,164,672)	2,020,244
Borrowings from financial institutions Deposits	(21,002) 31,852,415	(373,815) 30,725,712
Other liabilities	1,770,118	417,129
Other habilities	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	(450,000)	(1.110.200)
Payment of sub-ordinated loan Dividend paid	(479,232)	(1,118,208)
Net cash flows from financing activities	$\frac{(6,828,569)}{(7,307,801)}$	(2,702,776) (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 Sandary 1 Cash and cash equivalents at September 30	57,604,410	38,690,794
Cash and Cash equivalents at september 50	37,007,410	30,070,774

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

S.M. Muneer



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

	-									
		Capital Reserves Other Reserves								
	Share capital	Share premium	Reserve for issue of bonus	Exchange translation	Statutory reserve	General reserve	Unappropriated profit	Sub Total	Minority Interest	Total
					(R	upees 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 Profit after taxation for nine months period	-	-	-	(31,272)	-	-	8,045	(23,227)	-	(23,227)
ended September 30, 2007	-	-	-	-	-	-	11,594,470	11,594,470	-	11,594,470
Share of profit attributable to monority 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	4,800,000	(1,124,738) (4,800,000)		-	-
Transferred to general reserve Issue of bonus shares - December 31, 2006	819,492					4,800,000	(819,492)			
Final cash dividend - December 31, 2006	017,472						(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										
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 monority 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 Changes in equity	6,282,768	9,702,528	-	(41,692)	6,740,091	17,600,000	7,054,472	47,338,167	63	47,338,230
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 monority 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)	(2.141.20.0)	- (2)	(2.141.280
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

Shahzad Saleem

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 99.997% - MNET Services (Private) Limited 99.95% - MCB Trade Services Limited 100% - MCB Asset Management Company Limited 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 Depositary 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

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

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.

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

- 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.

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	· · · -
				18,701,207	1,051,372
			Held by	Given as	Total
	***************************************		bank	collateral	Iotai
8	INVESTMENTS - Net			eptember 30, 2008	
8.1	Investments by types			1	
	Held-for-trading securities		511,757	-	511,757
	Available-for-sale securities	8.2	50,860,181	25,750,451	76,610,632
	Held-to-maturity securities	8.2	16,221,633	-	16,221,633
			67,593,571	25,750,451	93,344,022
	Associates	8.3	3,498,213	-	3,498,213
	Subsidiaries		_	-	-
			3,498,213		3,498,213
	Less:		71,091,784	25,750,451	96,842,235
	Provision for diminution in the value on investments		(665,943)	_	(665,943)
	Deficit on revaluation of available		(000,5 10)		(000,5 10)
	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		67,406,373	25,728,110	93,134,483
			Held by bank	Given as	Total
			•	collateral	
				December 31, 2007	
	Held-for-trading securities		519,089	_	519,089
	Available-for-sale securities	8.2	72,117,556	26,996,870	99,114,426
	Held-to-maturity securities		11,102,023	· -	11,102,023
	Associates		83,738,668	26,996,870	110,735,538
	Adamjee Insurance Company Limited	8.3	3,277,157	_	3,277,157
	First Women Bank Limited		63,300	-	63,300
			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		1 700 202	(25,000)	1 754 212
	for sale securities - net Deficit on revaluation of		1,790,202	(35,990)	1,754,212
	held-for-trading securities - net		(3,329)		(3,329)
	Investments - net		88,397,710	26,960,880	115,358,590
	Investments include Deligion Investment Pends amounting to De 2			million) aermerked	by the State Benk

^{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



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

For the nine months period ended September 30, 2008

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,	December 31,
	2008	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	3,434,914	3,277,157

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.

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
1 ay able buside 1 akistan		8,792,734	7,183,802
Advances - gross		260,821,830	229,732,060
Less: Provision against loans and advances		200,021,030	227,732,000
- Specific provision	9.1	(9,046,596)	(7,326,953)
- General provision	9.1	(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		248,794,262	218,959,786

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.

			Se	eptember 30, 2008		
		C	lassified Advances		Specific	Specific
Category of Classification		Domestic	Overseas	Total	Provision Required	Provision Held
				- 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
		10,562,870	2,757,446	13,320,316	9,046,596	9,046,596
			D	ecember 31, 2007	· · · · · · · · · · · · · · · · · · ·	
		C	lassified Advances		Specific	Specific
Category of Classification		Domestic	Overseas	Total	Provision Required	Provision Held
				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 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
		39,385,829	39,406,831
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
		7,900,980	8,066,539
	Borrowings from other financial institutions	_	2,932,600
	Repurchase agreement borrowings	25,709,253	26,931,342
		25,709,253	29,863,942
		33,610,233	37,930,481
	Unsecured		
	Overdrawn nostro accounts	501,248	976,350
	Call borrowings	5,274,348	500,000
		5,775,596	1,476,350
		39,385,829	39,406,831
11	DEPOSITS AND OTHER ACCOUNTS		
11			
	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
		314,614,957	282,308,703
	Financial institutions		
	Remunerative deposits	4,185,126	9,233,602
	Non-remunerative deposits	5,140,679	546,042
		9,325,805	9,779,644
		323,940,762	292,088,347
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	-
		1,641,964	1,794,183
	Deductible temporary differences on:		
	Provision for contributory benevolent scheme	(80,193)	(98,706)
	Surplus on revaluation of Securities	(813,038)	(= 5,1 50)
	Provision for gratuity	(1,197)	(1,197)
	Provision for post retirement medical benefits	(474,572)	(509,298)
	Others	-	(1,396)
		(1,369,000)	(610,597)
		272,964	1,183,586
		=1=9201	1,105,500

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

12	CONTINUENCIES AND COMMITMENTS	S	D		
13	CONTINGENCIES AND COMMITMENTS	September 30, 2008	December 31, 2007		
13.1	Transaction-related contingent liabilities / commitments	(Rupees in '000)			
	Guarantees in favour of:				
	- Government	7 250 700	5 292 700		
	- Government - Banks and financial institutions	7,350,798 33,082	5,283,799 376,773		
	- Others	10,552,060	7,247,043		
	Suppliers credit / payee guarantee	2,232,145	1,809,117		
		20,168,085	14,716,732		
13.2	Trade-related contingent liabilities	63,001,008	61,677,285		
13.3	Other contingencies				
	Claims against the Bank not acknowledged as debts	213,749	134,079		
13.4	Commitments to extend credit				
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	294 525	1 045 404		
	Cross currency swaps (notional amount) FX Options (notional amount)	384,535	1,845,484		
	- Purchase	-	351,702		
	- Sale	-	351,702		
	Interest rate swaps (notional amount)	2,620,570	2,721,698		
		Nine months ended			
		September 30,	September 30,		
		2008	2007		
		(Rupees	in '000)		
14	EARNINGS PER SHARE - BASIC AND DILUTED				
	Profit after taxation attributable to ordinary shareholders	12,521,045	11,594,465		
	Weighted average number of shares outstanding during the period	Number of shares 628,276,843 628,276,8			
		Rup	ees		
	Earnings per share	19.93	18.45		
15	CREDIT RATING		<u></u>		
	PACRA through its notification in June 2008 has assigned long-term credit rating of AA+ (crating of A1+ (A one plus) to the Bank.	louble A plus) and s	hort-term credit		

Notes to the Consolidated Condensed Interim Financial Information (Un-audited) For the nine months period ended September 30, 2008



	siness 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 month	ns ended Septemb	er 30, 2007		
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
		7,740,000	2,502,155				
Sagment assats (Gross of NDI s provision)				113 586 424	352 448		384 774 074
Segment assets - (Gross of NPLs provision) Total assets	15,103	146,018,104	124,802,895	113,586,424	352,448	- -	
Total assets		146,018,104 146,018,104	124,802,895 124,802,895	113,586,424	352,448 352,448	- -	384,774,974 384,774,974
Total assets	15,103	146,018,104	124,802,895			- - -	
	15,103	146,018,104 146,018,104	124,802,895 124,802,895	113,586,424		- - - -	384,774,974
Total assets Segment non performing loans	15,103	146,018,104 146,018,104 313,039	124,802,895 124,802,895 4,665,231	4,568,014		- - - -	384,774,974 9,546,284 6,666,013
Total assets Segment non performing loans Segment specific provision required Segment liabilities (Including segment equity) Deferred tax assets	15,103 15,103	146,018,104 146,018,104 313,039 112,511	124,802,895 124,802,895 4,665,231 3,692,903	4,568,014 2,860,599	352,448	-	384,774,974 9,546,284 6,666,013 331,700,823 406,695
Total assets Segment non performing loans Segment specific provision required Segment liabilities (Including segment equity) Deferred tax assets Provision for taxation	15,103 15,103 - - (150,324)	146,018,104 146,018,104 313,039 112,511 128,808,129	124,802,895 124,802,895 4,665,231 3,692,903 101,954,623	113,586,424 4,568,014 2,860,599 101,061,232	27,163	- - - - - -	384,774,974 9,546,284 6,666,013 331,700,823 406,695 2,391,288
Total assets Segment non performing loans Segment specific provision required Segment liabilities (Including segment equity) Deferred tax assets	15,103 15,103	146,018,104 146,018,104 313,039 112,511	124,802,895 124,802,895 4,665,231 3,692,903	4,568,014 2,860,599	352,448	<u>-</u>	384,774,974 9,546,284 6,666,013 331,700,823 406,695

7.53%

Segment cost of fund (%)

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 personnal (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:

	Direc	Directors		Associated companies		Other Related Parties	
Type of related party	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	
Deposits			(Rupe	es in '000)			
Deposits at beginning of the period / year	17,980	19,099	275,826	522,641	209,716	314,04	
Deposits received during the period / year	628,554	447,772	269,772,610	124,757,792	7,530,095	14,776,86	
Deposits repaid during the period / year	(636,191)	(448,891)	(269,207,178)	(125,004,607)	(7,655,447)	(14,881,19	
Deposits at the end of the period / year	10,343	17,980	841,257	275,826	84,364	209,71	
Advances (secured) Balance at beginning of the period / year	-	-	-	-	1,661,869	2,240,03	
Loan granted during the period / year	-	-	-	-	524,153	1,442,02	
Repayment during the period / year	-	-	-	-	(2,186,022)	(2,020,18	
Balance at end of the period / year		-	-	-		1,661,86	
					September 30, 2008	December 31, 2007 in '000)	
Receivable from Pension Fund					3,718,677	10,651,0	
	Direc	tors	Accoriated	companies	Other Related Parties		
					September 30, 2008		
Adamjee Insurance Company Limited			(Rupe	es in '000)			
Insurance premium paid	<u>-</u>		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							
			-		13,257	14,4	
- Service expenses	-	-				10.0	
- Service expenses - Cash sorting expenses	-	-	-	-	12,999	13,5	
Cash sorting expenses			-		12,999 5,863		
- Cash sorting expenses - Cash in transit expenses			-	-			
- Cash sorting expenses - Cash in transit expenses Others	-	-	-	-		1,7	
- Cash sorting expenses - Cash in transit expenses Others - Proceeds from sale of Vehicles to Executives	- - -			- -	5,863	1,7	
- Cash in transit expenses - Cash in transit expenses Others - Proceeds from sale of Vehicles to Executives - Gain on sale of vehicles to executives	- - - - 34,863	- - - - 102,141			5,863 16,329	1, ²	
•	- - - 34,863	102,141			5,863 16,329 (540)	13,3 1,7 5,7 2 108,6 51,4	



ISLAMIC BANKING BUSINESS Assets	September 30, 2008 (Rupees	December 31, 2007 s in '000)
Cash and balances with treasury banks Investments - net	397,956 1,781,727	601,665 1,419,000
Financing and receivables - Murabaha - Ijara - Islamic export refinance	3,446,656 1,279,858 964,250	2,406,402 1,585,202 738,178
Other Assets	2,812,053 10,682,500	764,036 7,514,483
Liabilities Bills payable	19,850	47,115
Deposits and other accounts - Current Accounts	299,670	440,567
- Saving Accounts - Term Deposits	546,619 60,974	907,283 76,382
- Others Borrowing from SBP Due to head office	8,825 661,500 7,850,000	30,256 593,000 4,750,000
Deferred tax liability Other liabilities	4,988 413,619	4,988 113,598
Net assets	9,866,045 816,455	6,963,189 551,294
Represented by:		
Islamic Banking Fund Reserves	650,000	400,000
Unappropriated profit	152,443 802,443	137,282 537,282
Surplus on revaluation of assets - net of tax	14,012 816,455	14,012 551,294
Remuneration to Shariah Advisor / Board	879	1,179
Charity Fund Opening Balance	4,227	3,244
Additions during the period / year Payments/ utilization during the period / year	1,525 3,700	983
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 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.

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MCB Bank Limited and Subsidiary Companies

