



**MCB Bank Limited**

Un-consolidated Financial Information  
Nine Months Ended September 30, 2008

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

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

**Contingencies and commitments**

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

\_\_\_\_\_  
**President and Chief Executive**

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**Director**

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**Director**

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**Director**

MCB Bank Limited

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

For the nine months ended September 30, 2008

Note	Quarter ended September 30, 2008	Nine months ended September 30, 2008	Quarter ended September 30, 2007	Nine months ended September 30, 2007
----- (Rupees in '000) -----				
Mark-up / return / interest earned	11,142,037	28,078,064	8,081,786	23,689,445
Mark-up / return / interest expensed	3,418,643	7,757,920	1,985,722	5,750,881
Net mark-up / interest income	7,723,394	20,320,144	6,096,064	17,938,564
Provision against loans and advances	754,723	1,996,410	253,407	1,441,713
Provision for diminution in the value of investments	-	210,431	156,886	130,913
Bad debts written off directly	-	-	45	199
	754,723	2,206,841	410,338	1,572,825
Net mark-up / interest income after provisions	6,968,671	18,113,303	5,685,726	16,365,739
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	618,535	2,166,509	644,167	1,973,581
Dividend income	283,556	492,958	382,843	577,493
Income from dealing in foreign currencies	577,696	535,439	139,956	552,657
Gain / (loss) on sale of securities - net	(33,388)	689,818	299,669	1,273,968
Gain / (loss) on trading in government securities - net	5,383	(12,347)	(71)	(121)
Other income	194,377	629,003	239,446	697,529
Total non mark-up / interest income	1,646,159	4,501,380	1,706,010	5,075,107
	8,614,830	22,614,683	7,391,736	21,440,846
<b>Non-mark-up / interest expenses</b>				
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	-	-	-	-
<b>Profit before taxation</b>	<b>5,666,959</b>	<b>16,296,022</b>	<b>5,279,940</b>	<b>16,380,964</b>
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
<b>Profit after taxation</b>	<b>3,946,462</b>	<b>11,623,359</b>	<b>3,584,252</b>	<b>11,247,380</b>
Earnings per share - basic and diluted - Rupees	11 <b>6.28</b>	<b>18.50</b>	5.70	17.90

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

\_\_\_\_\_  
President and Chief Executive

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Director

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Director

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Director

# MCB Bank Limited

## Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2008

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

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

\_\_\_\_\_  
President and Chief Executive

\_\_\_\_\_  
Director

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Director

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Director

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

	Capital Reserves			Other Reserves			Total	
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve	Statutory reserve	General reserve		Unappropriated profit
----- (Rupees in '000) -----								
Balance as at January 01, 2007	5,463,276	9,702,528	-	(53,637)	5,213,535	9,800,000	5,530,973	35,656,675
<b>Change in Equity</b>								
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
<b>Changes in equity</b>								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	3,810	3,810
Exchange differences on translation of net investment in foreign branches	-	-	-	42,895	-	-	-	42,895
Total expense / income recognized directly in equity	-	-	-	42,895	-	-	3,810	46,705
Profit after taxation for three months period ended December 31, 2007	-	-	-	-	-	-	4,018,182	4,018,182
Total recognized income for the period	-	-	-	42,895	-	-	4,021,992	4,064,887
Transferred to statutory reserve	-	-	-	-	401,818	-	(401,818)	-
Transferred to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-
Interim cash dividend - September 30, 2007	-	-	-	-	-	-	(1,570,704)	(1,570,704)
Balance as at December 31, 2007	6,282,768	9,702,528	-	(41,981)	6,740,091	17,600,000	5,130,750	45,414,156
<b>Changes in equity</b>								
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	15,524	15,524
Exchange differences on translation of net investment in foreign branches	-	-	-	269,662	-	-	-	269,662
Total expense / income recognized directly in equity	-	-	-	269,662	-	-	15,524	285,186
Profit after taxation for nine months period ended September 30, 2008	-	-	-	-	-	-	11,623,359	11,623,359
Total recognized income for the period	-	-	-	269,662	-	-	11,638,883	11,908,545
Transferred to statutory reserve	-	-	-	-	1,162,336	-	(1,162,336)	-
Final cash dividend - December 31, 2007	-	-	-	-	-	-	(3,141,384)	(3,141,384)
Transferred to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Interim cash dividend - March 31, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)
Interim cash dividend - June 30, 2008	-	-	-	-	-	-	(1,884,831)	(1,884,831)
Balance as at September 30, 2008	6,282,768	9,702,528	-	227,681	7,902,427	18,600,000	7,696,251	50,411,655

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

\_\_\_\_\_  
President and Chief Executive

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Director

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Director

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Director

# MCB Bank Limited

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

As at September 30, 2008

### 1 STATUS AND NATURE OF BUSINESS

MCB Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's ordinary shares are listed on all the stock exchanges in Pakistan whereas its Global Depository Receipts (GDRs) (representing two ordinary equity shares) are traded on the International Order Book (IOB) system of the London Stock Exchange. The Bank's registered office and principal office are situated at MCB Building, Jinnah Avenue, Islamabad and MCB 15-Main, Gulberg, Lahore respectively. The Bank operates 1,030 branches including 8 Islamic banking branches (December 31, 2007: 1020 branches including 8 Islamic banking branches) inside Pakistan and 7 (December 31, 2007: 6) branches outside the country (including the Karachi Export Processing Zone Branch). During the period Malayan Banking Berhad (Maybank) of Malaysia acquired 125,655,369 shares representing 20% stake in the Bank through Mayban International Trust (Labuan) Berhad.

### 2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in this unconsolidated condensed interim financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.2 The financial results of the Islamic banking branches have been consolidated in this unconsolidated condensed interim financial information for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 18 to this unconsolidated condensed interim financial information.

### 3 STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Approved accounting standards comprise of such International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the SECP and the SBP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

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

The disclosures made in this unconsolidated condensed interim financial information have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the disclosures required for full annual financial statements, and this unconsolidated condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2007.

### 4 BASIS OF MEASUREMENT

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

### 5 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

- 5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2007.
- 5.2 The risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2007.

### 6 SIGNIFICANT ACCOUNTING ESTIMATES

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

### 7. LENDINGS TO FINANCIAL INSTITUTIONS

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

8 INVESTMENTS - Net		Held by bank	Given as collateral	Total
		----- September 30, 2008 -----		
<b>8.1 Investments by types</b>				
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
		<u>67,244,599</u>	<u>25,750,451</u>	<u>92,995,050</u>
Associates	8.3	1,006,900	-	1,006,900
Subsidiaries		377,532	-	377,532
		<u>1,384,432</u>	<u>-</u>	<u>1,384,432</u>
		<u>68,629,031</u>	<u>25,750,451</u>	<u>94,379,482</u>
Less:				
Provision for diminution in the value of investments		(665,943)	-	(665,943)
Deficit on revaluation of available for sale securities - net		(2,985,340)	(22,341)	(3,007,681)
Deficit on revaluation of held-for-trading securities - net		(43,678)	-	(43,678)
<b>Investments - net</b>		<u>64,934,070</u>	<u>25,728,110</u>	<u>90,662,180</u>

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

8.2 Investments include Pakistan Investment Bonds amounting to Rs. 232.600 million (December 31, 2007: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against TT / DD discounting facilities and demand note facilities sanctioned to the Bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2007: Rs. 5 million) have been pledged with the Controller of Military Accounts on the account of Regimental Fund Account. Further Euro bonds issued by Government of Pakistan amounting to US\$ 29 Million (face value) are earmarked by Mashreqbank PSC against loan obtained by the Bank.

8.3 Investment of the Bank in Adamjee Insurance Company Limited is carried at cost amounting to Rs. 943.600 million (December 31, 2007: Rs. 943.600 million) as at September 30, 2008 in accordance with the treatment specified in International Accounting Standard (IAS) 28 "Accounting for Investments in Associates". The market value of the investment in Adamjee Insurance Company Limited as at September 30, 2008 amounted to Rs. 5,655.801 million (December 31, 2007: Rs. 10,671.631 million).

9 ADVANCES - net		September 30,	December 31,
		2008	2007
----- (Rupees in '000) -----			
Loans, cash credits, running finances, etc			
- In Pakistan		236,249,756	208,587,014
- Outside Pakistan		9,902,917	6,989,947
		<u>246,152,673</u>	<u>215,576,961</u>
Net Investment in Finance Lease			
- In Pakistan		5,786,131	6,904,399
- Outside Pakistan		92,159	67,710
		<u>5,878,290</u>	<u>6,972,109</u>
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		3,540,543	2,949,228
- Payable outside Pakistan		5,252,191	4,234,574
		<u>8,792,734</u>	<u>7,183,802</u>
Advances - gross			
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)
		<u>(12,027,568)</u>	<u>(10,772,274)</u>
<b>Advances - net of provision</b>		<u>248,796,129</u>	<u>218,960,598</u>

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

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

  

December 31, 2007					
Category of Classification	Classified Advances			Specific Provision Required	Specific Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned (OAEM)	9.1.1	101,910	-	101,910	-
Substandard		842,804	11,438	854,242	205,291
Doubtful		1,691,207	8,373	1,699,580	836,809
Loss		5,374,166	2,695,410	8,069,576	6,284,853
		<u>8,010,087</u>	<u>2,715,221</u>	<u>10,725,308</u>	<u>7,326,953</u>

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

## 10 BORROWINGS FROM FINANCIAL INSTITUTIONS

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

### 10.1 Details of borrowings (secured / unsecured)

#### Secured

Borrowings from State Bank of Pakistan		
Export refinance scheme	5,721,508	5,593,462
Long term financing - export oriented products scheme	2,179,472	2,473,077
	<u>7,900,980</u>	<u>8,066,539</u>
Borrowings from other financial institutions	-	2,932,600
Repurchase agreement borrowings	25,709,253	26,931,342
	<u>25,709,253</u>	<u>29,863,942</u>
	<u>33,610,233</u>	<u>37,930,481</u>

#### Unsecured

Overdrawn nostro accounts	501,248	976,350
Call borrowings	5,274,348	500,000
	<u>5,775,596</u>	<u>1,476,350</u>
	<u>39,385,829</u>	<u>39,406,831</u>

## 11 DEPOSITS AND OTHER ACCOUNTS

#### Customers

Fixed deposits	38,307,585	32,202,230
Savings deposits	164,647,737	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
	<u>314,642,113</u>	<u>282,318,422</u>

#### Financial institutions

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

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
<b>12 DEFERRED TAX ASSETS / (LIABILITY) - net</b>		
The details of the tax effect of taxable and deductible temporary differences are as follows:		
<b>Taxable temporary differences on:</b>		
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	-	156,700
Others	27,700	1,524
	<u>1,639,281</u>	<u>1,788,166</u>
<b>Deductible temporary differences on:</b>		
Provision for contributory benevolent scheme	(80,193)	(98,706)
Surplus on revaluation of Securities	(813,038)	-
Provision for post retirement medical benefits	(474,572)	(509,298)
	<u>(1,367,803)</u>	<u>(608,004)</u>
	<u>271,478</u>	<u>1,180,162</u>
<b>13 CONTINGENCIES AND COMMITMENTS</b>		
<b>13.1 Transaction-related contingent liabilities / commitments</b>		
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 / pavee guarantee	<u>2,232,145</u>	<u>1,809,117</u>
	<u>20,168,085</u>	<u>14,716,732</u>
<b>13.2 Trade-related contingent liabilities</b>	63,001,008	61,677,285
<b>13.3 Other contingencies</b>		
Claims against the Bank not acknowledged as debts	213,749	134,079
<b>13.4 Commitments to extend credit</b>		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
<b>13.5 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	<u>92,862,878</u>	<u>62,077,338</u>
Sale	<u>99,700,544</u>	<u>69,362,417</u>
<b>13.6 Commitments for the acquisition of fixed assets</b>	37,520	78,670
<b>13.7 Other commitments</b>		
Cross currency swaps (notional amount)	384,535	1,845,484
FX Options (notional amount)		
- Purchase	-	351,702
- Sale	-	351,702
Interest rate swaps (notional amount)	2,620,570	2,721,698
	<b>Nine months ended</b>	<b>September 30, 2008</b>
	<b>September 30, 2007</b>	
	---- (Rupees in '000) ----	
<b>14 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit after taxation attributable to ordinary shareholders	<u>11,623,359</u>	<u>11,247,380</u>
	<i>Number of shares</i>	
Weighted average number of shares outstanding during the period	<u>628,276,843</u>	<u>628,276,843</u>
	<i>Rupees</i>	
Earnings per share	<u>18.50</u>	<u>17.90</u>
<b>15 CREDIT RATING</b>		
PACRA through its notification in June 2008 has assigned long-term credit rating of AA+ (double A plus) and short-term credit rating of A1+ (A one plus) to the Bank.		

**16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

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

<b>Nine months ended September 30, 2008</b>						
	<b>Corporate Finance</b>	<b>Trading and Sales</b>	<b>Retail &amp; Consumer Banking</b>	<b>Commercial Banking</b>	<b>Eliminations</b>	<b>Total</b>
------(Rupees in '000)-----						
Total income	67,651	7,701,854	14,852,328	10,133,611	(176,000)	<b>32,579,444</b>
Total expenses	(10,584)	(892,546)	(13,303,972)	(2,252,320)	176,000	<b>(16,283,422)</b>
Income tax expense	-	-	-	-	-	<b>(4,672,663)</b>
<b>Net income</b>	<b>57,067</b>	<b>6,809,308</b>	<b>1,548,356</b>	<b>7,881,291</b>	<b>-</b>	<b>11,623,359</b>
Segment assets - (Gross of NPLs Provisions)	-	126,259,271	146,856,708	189,495,602	-	<b>462,611,581</b>
<b>Total assets</b>	<b>-</b>	<b>126,259,271</b>	<b>146,856,708</b>	<b>189,495,602</b>	<b>-</b>	<b>462,611,581</b>
Segment non performing loans	-	-	<b>5,256,233</b>	<b>8,064,083</b>	-	<b>13,320,316</b>
Segment specific provision required	-	-	<b>3,569,811</b>	<b>5,476,785</b>	-	<b>9,046,596</b>
Segment liabilities	-	112,929,469	122,620,065	159,339,852	-	<b>394,889,386</b>
Deferred tax liabilities - net	-	-	-	-	-	<b>271,478</b>
Provision for taxation	-	-	-	-	-	<b>1,888,476</b>
<b>Total liabilities - net</b>	<b>-</b>	<b>112,929,469</b>	<b>122,620,065</b>	<b>159,339,852</b>	<b>-</b>	<b>397,049,340</b>
Segment return on assets (ROA) (%)	-	<b>7.19%</b>	<b>1.44%</b>	<b>5.71%</b>	-	<b>3.42%</b>
Segment cost of fund (%)	-	<b>4.72%</b>	<b>2.61%</b>	<b>3.86%</b>	-	<b>2.76%</b>
<b>Nine months ended September 30, 2007</b>						
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)
<b>Net income</b>	<b>156,634</b>	<b>7,637,310</b>	<b>2,175,395</b>	<b>6,411,625</b>	<b>-</b>	<b>11,247,380</b>
Segment assets - (Gross of NPLs provision)	14	145,478,164	127,894,469	115,886,879	-	389,259,526
<b>Total assets</b>	<b>14</b>	<b>145,478,164</b>	<b>127,894,469</b>	<b>115,886,879</b>	<b>-</b>	<b>389,259,526</b>
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
<b>Total liabilities - net</b>	<b>(160,804)</b>	<b>128,813,350</b>	<b>101,961,463</b>	<b>101,064,421</b>	<b>-</b>	<b>334,464,322</b>
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%

## 17 RELATED PARTY TRANSACTIONS

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

Transactions between the bank and its related parties are carried out at an arm's length basis under the comparable uncontrolled price method. However, the transactions between the bank and one of its subsidiary MNET Services (Private) Limited are carried out on 'cost plus' method. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. There are no transactions with key management personnel other than under their terms of employment. Remuneration to the executives and key management personnel are determined in accordance with the terms of their employment.

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

Type of related party	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended
	September 30, 2008	Dec 31, 2007	September 30, 2008	Dec 31, 2007	September 30, 2008	Dec 31, 2007	September 30, 2008	Dec 31, 2007
----- (Rupees in '000) -----								
<b>Deposits</b>								
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	December 31, 2007
Receivable from Pension Fund	3,718,677	10,651,047

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

	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	----- (Rupees 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	-	-	-	-	75,123	47,018	-	-
Networking service expenses	-	-	-	-	498	4,712	-	-

### Muslim Commercial Financial Services (Private) Limited

Custodian charges revenue	-	-	-	-	-	3	-	-
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### 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	-	-
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### MCB Employees Foundation

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

### Others

- Proceeds from sale of Vehicles to Executives	-	-	-	-	-	-	16,329	5,278
-( 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	-	-	-	-	-	-	56,827	51,457
- Contribution / (expense) on provident fund	-	-	-	-	-	-	99,440	80,899

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

**18 ISLAMIC BANKING BUSINESS**

September 30, 2008      December 31, 2007

**Assets**

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

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

**Liabilities**

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

**Represented by:**

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

Remuneration to Shariah Advisor / Board	879	1,179
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**Charity Fund**

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

**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. Nil (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.

\_\_\_\_\_  
President and Chief Executive\_\_\_\_\_  
Director\_\_\_\_\_  
Director\_\_\_\_\_  
Director