

Date

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Analyst

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Applicable Criteria

- Methodology | Financial Institution Rating | Oct-25
- Methodology | Rating Modifiers | Apr-26
- Methodology | Correlation Between Long-term & Short-term Rating Scales | Apr-26

Related Research

- Sector Study | Commercial Banks | Jun-25

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PACRA Maintains Entity Ratings of MCB Bank Limited

Rating Type	Entity	
	Current (23-Jun-26)	Previous (23-Jun-25)
Action	Maintain	Maintain
Long Term	AAA	AAA
Short Term	A1+	A1+
Outlook	Stable	Stable
Rating Watch	-	-

The assigned ratings of MCB Bank Limited ("MCB" or "the Bank") reflect its solid financial profile, underpinned by a stable and well-diversified deposit franchise, sound capitalisation, and consistent earnings generation. Despite navigating a relatively lower interest rate environment during CY25, the Bank demonstrated commendable balance sheet resilience and strategic adaptability, reaffirming the strength of its core operating fundamentals. MCB's deposit base continues to represent a principal rating strength. Total deposits expanded to PKR 2.26trln, reflecting year-on-year growth of PKR 339bln. Notably, current deposits recorded a significant increase of PKR 274bln, further improving the CASA mix and contributing to a meaningful reduction in the domestic cost of deposits to 4.88%. The Bank's low-cost funding profile is supported by disciplined customer acquisition, deeper customer relationships, and dormant account reactivation, strengthening the stability of its liability base. The Bank made meaningful progress in its digital banking agenda during the year. MCB Live — the Bank's proprietary digital banking platform — expanded its registered user base to over 1.9 million customers, with annual transaction throughput surpassing PKR 3.2trln, representing an increase of 86% on a YoY basis. This sustained momentum reflects growing customer adoption and deeper engagement across digital channels, and is indicative of the Bank's continued commitment to enhancing customer convenience, modernising service delivery, and driving operational efficiency through technology-led innovation. MCB retained its position as a leading player in the home remittances segment, processing USD 4.4bln in inflows during CY25. While the Bank's market share moderated to 10.9% (CY24: 13.3%) amid an increasingly competitive landscape, it remained one of the foremost participants in the segment. MCB's sustained presence supports remittance flows and contributes to Pakistan's external account stability.

On the balance sheet, total assets grew to PKR 3,247.1bln in CY25 (CY24: PKR 2,703.3bln), driven predominantly by a substantial expansion in the investment portfolio, which increased to PKR 1,947.2bln (CY24: PKR 1,167.5bln). This trajectory reflects the Bank's continued strategic preference for government securities and other high-quality, low-risk assets, yielding a liquidity-heavy balance sheet structure consistent with prevailing industry trends. In line with the broader sectoral pattern, net advances contracted by 34% to PKR 690.3bln during CY25, with the advances (net) -to-deposit ratio declining correspondingly from 54.2% in CY24 to 30.5% in CY25. The Bank's capital position remains well above regulatory requirements, underscoring its financial soundness. The Capital Adequacy Ratio (CAR) was recorded at 19.5% (CY24: 19.4%), the Common Equity Tier-1 (CET1) ratio stood at 14.4%, and the Liquidity Coverage Ratio (LCR) was reported at 267.3% — collectively reflecting a well-capitalised institution with ample liquidity buffers to withstand stress scenarios.

In aggregate, MCB's ratings are supported by its established franchise strength, resilient and low-cost funding base, and prudent balance sheet management. These attributes, combined with sustained financial discipline and a well-entrenched operating framework, position the Bank favourably amid evolving macroeconomic conditions and an increasingly dynamic industry environment.

About the Entity

MCB Bank Limited is principally owned by the Nishat Group, one of Pakistan's leading diversified conglomerates, with the Mansha family and associated entities retaining majority ownership and providing strategic direction and governance oversight. Maybank International Trust (Labuan) Berhad remains a significant shareholder, holding an 18.78% stake in the Bank. The Group's presence across the financial services sector, including banking, insurance, and asset management, facilitates operational integration and supports the realization of group-level synergies. In terms of leadership, the Bank is led by CEO Muhammad Nauman Chughtai, a seasoned banking professional with over three decades of experience across corporate banking, risk management, consumer banking, and transaction banking. He is a CFA charter holder and has played a key role in strengthening the Bank's strategic direction and operational performance.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.