



Press Release

MCB Bank's Profit Before Tax crosses Rs 40 billion, impressive growth of 25% YoY

[Lahore: 5th February 2020] The Board of Directors of MCB Bank Limited met under the Chairmanship of Mian Mohammad Mansha on February 04, 2020, to review the performance of the Bank and approved the financial statements for the year ended December 31, 2019. The Board of Directors has declared 4th cash dividend of Rs. 5 per share i.e. 50% bringing the total cash dividend for the year ended 2019 to 170%, continuing with its highest dividend payout trend in commercial banks category.

MCB's profit before tax grew to Rs. 40.10 billion which reflects a tremendous growth of 25% over 2018, despite the tough operating environment. The key highlights were impressive increase in net interest margins through gradual shift in the maturity profiling of investment base along with a more refined structure.

The strategic profiling of the investments based on the interest rate calls resulted in a gradual shift from shorter to longer term investments, thereby capitalizing on the significant interest rate movement during the year. Net interest income rose to Rs. 59.62 billion, 30% higher than the last year on account of effective asset deployment of the low cost deposits. Analysis of the interest earning assets highlights that income on advances increased by Rs. 20.37 billion, primarily on account of increase in yield of 398bps. On the investment side, gross markup income increased by Rs. 30.76 billion, due to increased average volume by Rs. 66.61 billion and yield of 391bps. On the interest bearing liabilities side, the cost of deposits increased by 278bps over last year.

The non-markup income block of the Bank was reported at Rs. 16.68 billion with major contributions coming in from fee commission and foreign exchange income. One of the major revenue line supplementing the fee growth was commission from Bancassurance, with MCB Bank Limited leading the new business generation in percentage terms.

Despite the inflationary surge during the year, growth in the operational network and constant investment in digital, cyber security and information technology related platforms, the operating expense growth was contained to an impressive 5%, as efficient cost management remains one of the key strengths for MCB Bank Limited.

On the provision side, the bank reversed provision amounting to Rs. 158 million on advances; whereas, the Bank recorded net charge of Rs. 2.8 billion on equity portfolio in 2019.

On the financial position side, the total asset base of the Bank on unconsolidated basis was reported at Rs. 1.52 trillion depicting an increase of 1% over December 2018. Analysis of the asset mix highlights that net investments and advances are reported at Rs. 748.77 and Rs. 496.68 billion respectively.

The Non-performing loan base of the Bank recorded a marginal increase of Rs. 469 million and was reported at Rs. 49.42 billion. The coverage and infection ratios of the Bank were reported at 87.73% and 9.15% respectively.



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On the liabilities side, the deposit base of the Bank registered a significant increase of Rs. 95.73 billion (+9%) over December 2018.

Return on Assets and Return on Equity were reported at 1.59% and 16.84% respectively, whereas book value per share was reported at Rs. 122.54.

While complying with the regulatory capital requirements, The Bank's total Capital Adequacy Ratio is 18.86% against the requirement of 12.50% (including capital conservation buffer of 2.50%). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 15.70% against the requirement of 6.00%. Bank's capitalization also resulted in a leverage ratio of 7.07% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 197.13% and Net Stable Funding Ratio (NSFR) of 140.67% against requirement of 100.

The Bank enjoys highest local credit ratings of AAA / A1+ categories for long term and short term respectively, based on PACRA notification dated June 27, 2019.

ENDS

About MCB Bank:

MCB Bank is one of the Largest & Most Innovative banks in Pakistan. The Bank operates a strong and vast network of over 1400 Branches and over 1350 ATMs in Pakistan and 11 branches overseas. With a customer base of over 7 million, MCB leads the banking & financial services sector in Pakistan and customers across the globe have 24/7 access to MCB Bank via our World Class Internet Banking. The Bank on consolidated basis is operating the 2nd largest network of more than 1,550 branches in Pakistan. The Bank remains one of the prime stocks traded in the Pakistani equity market with highest market capitalization in the industry.

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