

Driven by solid growth in current deposits, MCB Bank posts highest ever 1st half Profit Before Tax of Rs. 62.7 Billion (+16%)

The Board of Directors of MCB Bank Limited (MCB) in its meeting under the Chairmanship of Mian Mohammad Mansha, on August 07, 2024, reviewed performance of the Bank and approved the condensed interim financial statements for the half year ended June 30, 2024. The Board of Directors has declared 2nd interim cash dividend of Rs. 9.0 per share i.e. 90%, in addition to 90% already paid, bringing the total cash dividend for the half year ended June 30, 2024 to 180%.

Through focused efforts of the Bank's management in building no-cost deposits base and optimizing its earning assets mix, MCB's Profit Before Tax (PBT) for the 1st half of 2024 increased to Rs 62.7 billion with a growth of 16%. Profit After Tax (PAT) posted a growth of 20% to reach Rs. 31.9 billion; translating into Earning Per Share (EPS) of Rs. 26.95 compared to an EPS of Rs. 22.52 reported in the corresponding period last year.

On the back of strong volumetric growth in average current deposits and timely repositioning within the asset book, net interest income for 1H'24 increased by 12% over corresponding period last year.

Non-markup income increased to Rs. 18.3 billion (+30%) against Rs. 14.1 billion in the corresponding period last year with major contributions coming in from fee commission income of Rs. 11.3 billion (+29%), foreign exchange income of Rs. 4.9 billion (+38%) and dividend income of Rs. 1.7 billion (+13%).

Improving customer and interbank flows, diversification of revenue streams through continuous enrichment of service suite, investments towards digital transformation and an unrelenting focus on upholding high standards of service delivery supplemented a broad-based growth in income from fee commission; with trade and guarantee related business income growing by 50%, cards related income by 43%, credit related fee by 41% and branch banking customer fees by 20%.

The Bank continues to manage an efficient operating expense base and monitor costs prudently. Amidst a persistently high inflationary environment and continued investments in human resources and technological upgradation, the operating expenses of the Bank were reported at Rs. 28.4 billion (+18%). Increase was primarily on account of staff cost (+15%), utility cost (+28%) and IT related expenses (22%). The cost to income ratio of the Bank stands at 30.50% as compared to 29.58% reported in the corresponding period last year.

Navigating a challenging operating and macroeconomic environment, the Bank has been addressing asset quality issues by maintaining discipline in management of its risk return decisions. Diversification of the loan book across customer segments and a robust credit underwriting framework that encompasses structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk; the Non-performing loan (NPLs) base of the

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Bank was reported at Rs. 57.0 billion as at June 30, 2024. The coverage and infection ratios of the Bank were reported at 89.07% and 8.64% respectively.

On the financial position side, the total asset base of the Bank was reported at Rs. 2.67 trillion with increase of 10.1% over Dec 2023. Increase was contributed by 19% increase in investment base i.e. Rs. 232 billion over Dec 2023 and 6% increase in advances(gross) i.e. Rs. 37 billion over Dec 2023.

The Bank continued its focus on building no cost deposits, leading to a growth of Rs. 110 billion (+13%) in absolute current deposits during first half of 2024. The Bank's total deposit base stands at Rs. 1.99 trillion. The domestic cost of deposits was contained at 10.76% as compared to 7.93% in the corresponding period of last year despite the significant increase in average policy rate during the period.

Return on Assets and Return on Equity maintained at 2.50% and 30.08% respectively, whereas the book value per share was reported at Rs. 184.04.

During the period under review, MCB attracted home remittance inflows of USD 1,973 million (+23%) to consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is improved to 20.68% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 17.09% against the requirement of 6.23%. Bank's capitalization also resulted in a Leverage Ratio of 6.2% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 261.91% and Net Stable Funding Ratio (NSFR) of 164.85% against requirement of 100%.

Pakistan Credit Rating Agency re-affirmed credit ratings of MCB at "AAA / A1+" for long term and short term respectively, through its notification dated June 22, 2024.

The Bank on consolidated basis is operating the 2nd largest network of more than 1,650 branches in Pakistan. The Bank remains one of the prime stocks traded in the Pakistani equity market and ranks amongst the highest capitalized banks in the industry.

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