



Highest quarterly profit before tax in the history of MCB Bank

The Board of Directors of MCB Bank Limited, met under the Chairmanship of Mr. Mian Mohammad Mansha, on August 12, 2014 to review the performance of the Bank and approve the financial statements for the half year ended June 30, 2014.

From financial performance perspective, operational profitability from core business indicated significant improvement as MCB Bank reported the highest quarterly profit before tax in its history amounting to Rs 9.4 Billion. The impact of regulatory revision in minimum deposit rate was managed by strategically increasing CASA deposit base and tapering off high cost fixed deposits. This timely shift in concentration of earning assets based on interest rate call resulted in improvement of interest margins by 14%. On gross markup income side, the Bank recorded an increase of Rs. 4.6 Billion whereas markup expense registered an increase of Rs. 1.97 Billion. Non-markup income block of the Bank was reported at Rs. 5.45 Billion, primarily fuelled by an increase of 153% in income from dealing in foreign currencies. The administrative expense base (excluding pension fund reversal) recorded an increase of approximately 11%. Recovery trajectory observed over last few years in the NPL base continued during the first half of 2014, resulting in a reversal of provision of Rs 0.980 Billion. This translated into profit before tax at Rs. 17.80 Billion and profit after tax at Rs. 11.72 Billion.

Bank's total asset base was reported at an all-time high of Rs. 868.51 Billion which increased by a healthy 6% over December 31, 2013. Analysis of the asset mix highlights that net advances have increased by Rs. 35.8 Billion (14%) over December 2013, whereas net investments have decreased by Rs. 4.9 Billion (1%) over December 31, 2013. NPL base of the Bank, following the trend set over last few quarters, has further decreased by Rs. 0.414 Billion in the second quarter, taking the overall decrease to Rs. 1.167 Billion in the first half of 2014. Coverage ratio of the Bank was reported at 85.6% with infection ratio improving to 7.29%, primarily on account of significant increase in gross advances and corresponding decrease in NPL base. On the liabilities side, deposit base of the Bank recorded an increase of Rs. 53.4 Billion (8%) over December 2013. CASA base of the Bank was reported at 91% with Current deposits increasing by 23% and Savings deposits by 3% over December 2013 numbers. High cost Term deposits of the Bank decreased by 10% over December 2013 numbers.

MCB Bank reported the highest return on assets in the banking industry of 2.79%. Return on equity improved to 23.53% whereas book value per share improved to Rs. 91.68.

The Board of Directors declared 2nd interim cash dividend of Rs. 3.5 per share for the period ended June 30, 2014, which is in addition to Rs. 3 per share interim dividend

already paid to the shareholders.