

MCB Bank posts highest profit before tax in first quarter

April 30, 2013

RECORDER REPORT

The MCB Board of Directors met under the chairmanship of Mian Mohammad Mansha on April 29, to review the performance of the Bank and approved financial statements for the first quarter ended March 31. Despite the challenging operating environment, the Bank registered commendable achievement by posting highest quarterly profit before tax in its history of Rs 8.677 billion.

The Bank in contrast with the industry results posted an increase of two percent and four percent in profit before tax and profit after tax respectively. Net mark-up income of the Bank was reported at Rs 9.723 billion whereas non-mark-up income was reported at Rs 2.35 billion. Administrative expenses (before pension fund reversal) of Rs 4.338 billion witnessed a decrease of two percent over the corresponding period last year. Due to strengthened risk management framework and policies adopted by the Bank, a reversal in provisioning charge of Rs 840 million was reported for the quarter ended March 31, as compared to a provision charge of Rs 75 million for corresponding period last year.

The Bank's total asset base was reported at Rs 759.116 billion which decreased by one percent over Rs 767.075 billion as of December 31, 2012. Net investments increased by Rs 664 million to Rs 402.733 billion. Gross advances were reported at Rs 262.36 billion while the infection ratio of the Bank further improved to 9.41 percent (December 2012: 9.74 percent).

On the deposit front, the Bank continued with its strategy of shifting its base to low cost current and saving accounts, each growing by five percent over December 31, 2012 and taking the total CASA base to an all-time high of 86 percent. Convergent with the declining interest rate scenario, the decrease in high cost fixed deposits can be marked over a series of quarters, with a four percent decline in the quarter ended March 31.

Earnings per share (EPS) for the period came to Rs 5.7 compared to Rs 5.51 for March 31, 2012. Return on assets improved to 3.02 percent whereas return on equity was recorded at 25.51 percent with book value per share improving to Rs 90.95. The Board of Directors declared cash dividend of Rs 3.5 (March 31, 2012: cash dividend Rs 3 per share) for the period ended March 31.-PR

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