

## Date

23-Jun-25

## Analyst

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## Applicable Criteria

- Methodology | Financial Institution Rating | Oct-24
- Methodology | Correlation Between Long-term & Short-term Rating Scales | Apr-25
- Methodology | Rating Modifiers | Apr-25

## 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-25)	Previous (22-Jun-24)
Action	Maintain	Maintain
Long Term	AAA	AAA
Short Term	A1+	A1+
Outlook	Stable	Stable
Rating Watch	-	-

The ratings reflect MCB Bank Limited's ("MCB" or "the Bank") expanding deposit base, strengthening core earnings, and growing market presence. The Bank's evolving risk management framework has contributed to improved asset quality and reduced delinquency across its loan portfolio. A key strategic strength remains the mobilization of low-cost and no-cost deposits, supported by a strong and stable deposit base. Current deposits rose to PKR 944.0bln in CY24 (CY23: PKR 870.6bln), marking a year-on-year growth of 8.4%. This growth is underpinned by a well-defined strategy, enhanced service quality, and targeted initiatives, including onboarding new-to-bank (NTB) customers, deepening existing relationships, and reactivating dormant accounts, all of which played a pivotal role in sustaining deposit momentum. The Bank continues to demonstrate a solid profit base, further strengthening its industry position. With a healthy buildup in core earnings, MCB reported a Profit Before Tax (PBT) of PKR 118.4bln (CY23: PKR 125.2bln). Total assets grew to PKR 2.70trln (CY23: PKR 2.43trln), posting a YoY increase of 11%. An analysis of the asset mix shows net investments at PKR 1.17trln (CY23: PKR 1.25trln), down 7% YoY, while gross performing advances grew significantly to PKR 1.04trln (CY23: PKR 568bln), marking an 83% increase due to improving credit demand and better portfolio performance. Net Interest Income rose slightly to PKR 149bln (CY23: PKR 148bln), showing a YoY growth of 1%. Despite ongoing inflationary challenges, the Bank managed its cost base efficiently, with operating expenses increasing by 17.6% during CY24 (CY23: 24.9%). Credit quality remained sound across consumer, commercial, and corporate segments, supported by continued efforts to reduce delinquencies. Besides optimization of domestic branch network, the Bank is engaged in expanding the international presence and continued to grow with MCB UAE expanding its footprint by opening a second branch in Sharjah. The Bank remained a key player in home remittances, recording USD 4.6 billion in inflows, recording a 41% increase and raising its market share to 13.2%. Amid declining interest rates, rising competitive pressures, and accelerated technology-driven transformation in banking, the Bank remained strategically focused on expanding its trade finance business, strengthening digital banking and payment solutions, enhancing customer-centric product offerings and deposit growth, and fostering an agile, risk-aware, and innovation-driven banking culture. During CY24, MCB Live achieved a transaction volume of PKR 1.7 trillion. The Capital Adequacy Ratio (CAR) of the Bank remained well above the regulatory threshold and reported at 19.3% as of Dec'24 (CY23: 20.4%).

The ratings are contingent upon the Bank's ability to maintain its current standing within the banking sector. Any decline in the Bank's perceived stability or adverse changes in ownership impacting governance effectiveness may carry negative implications.

### About the Entity

MCB Bank predominantly operates under the ownership of the distinguished Nishat Group, one of Pakistan's largest and most diversified business conglomerates. The Group, along with associated individuals and corporate entities from the Mansha family, holds a majority shareholding in the Bank, enabling strategic direction and effective governance. The Nishat Group commands a prominent position not only in Pakistan but also across South East Asia. The Group's consolidated ownership stake underscores its long-term commitment to the Bank, while Maybank International Trust (Labuan) Berhad holds a significant 18.78% shareholding. Its integrated presence across the financial services spectrum—including MCB Bank, Adamjee General Insurance, Adamjee Life Assurance, MCB Islamic Bank Limited, and MCB Investment Management Limited—continues to generate synergistic benefits. In terms of leadership, Mr. Shoaib Mumtaz retired as President & CEO in December 2024 and was succeeded by Mr. Muhammad Nauman Chughtai on December 21, 2024. Mr. Chughtai, an MBA from LUMS and CFA charter holder, brings over 32 years of experience, having previously served as Group Head Corporate Banking, and Chief Risk Officer at MCB Bank.

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.