



MCB Bank announces financial results for the half year ended June 30, 2018

The Board of Directors of MCB Bank Limited, met under the Chairmanship of Mian Mohammad Mansha, on August 01, 2018 to review the performance of the Bank and approve the financial statements for the half year ended June 30, 2018.

During the six months period ended June 30, 2018, MCB Bank Limited reported Profit Before Tax (PBT) of Rs. 16.00 billion (-9.74%) and Profit After Tax (PAT) of Rs. 9.76 billion (-28.68%). The significant decrease in PAT was on account of a tax provision reversal amounting to Rs. 3.59 billion recorded in June 2017 results.

Net interest income of the Bank improved significantly by 12.49% over corresponding period last year and was reported at Rs. 22.55 billion. Analysis of the interest earning assets highlights that income on advances increased by Rs. 4.8 billion, primarily on account of significant increase in average advances volume of Rs. 118 billion with improved yield of 39bps. On the investment side, the average volume dropped by Rs. 88 billion with decrease in yield of 9bps, resulting in a decrease of Rs. 3.4 billion in investment income. On the interest expense side, the Bank registered a decrease of Rs. 756 million (-4.75%) in comparison with the same period last year. The decrease in cost was on account of improved current account concentration level and constant reduction in high cost deposits. Resultantly, the spread of the Bank improved to 3.69% from 3.48% of same period last year.

The non-markup income block of the Bank was reported at Rs 8.26 billion reflecting a decrease of 14.63% when compared with corresponding period last year. The Bank continued with its focus on core non-fund based income stream which was reflected in 11% growth in the fee, commission and brokerage line. Income from dealing in foreign currencies reflected an increase of Rs. 225 million (+32%) when compared with corresponding period last year. Capital gains and dividend income went down by Rs. 2.09 billion and Rs. 242 million respectively, due to the lackluster performance of the capital market during the period.

On the administrative expenses side, the Bank reported an increase of 18.87% (excluding pension fund) over corresponding period last year with major increase in personnel cost, rent, depreciation and repairs, primarily on account of cost associated with Ex-NIB operational activity. Administrative expenses include one-off expense of Rs. 1.90 billion on account of past service cost based on actuarial valuation of pension cost payable as per Honourable Supreme Court's order. On the provision against advances front, the Bank continued with its recovery trajectory and posted a reversal of Rs. 1.43 billion, with Rs. 220 million reversals in provision against investments.

The total asset base of the Bank on a standalone basis was reported at Rs. 1.42 trillion reflecting an increase of 7.11% over December 31, 2017. Analysis of the assets mix highlights that net investments have increased by Rs. 32.15 billion (+4.89%) with net advances increasing by Rs. 41.38 billion (+8.82%) over December 31, 2017. The coverage and infection ratios of the Bank improved to 94.07% (Dec 2017: 93.74%) and 8.49% (Dec 2017: 9.47%) respectively.



On the liabilities side, the deposit base of the Bank registered a significant increase of Rs. 50.26 billion (+5.19%) over December 2017 which resulted in the Bank crossing One Trillion Deposit benchmark. The increase of Rs. 50.26 billion is net of the deposits transferred to MCB' wholly owned subsidiary MCB Islamic Bank Limited to the tune Rs. 21.92 billion. MCB Bank Limited continued to enjoy one of the highest CASA mixes in the banking industry of 92.90% with current deposits increasing by 6% and savings deposits by 5% over December 2017. The concentration level of the current accounts stands improved to 39.23% of the total deposit size as at June 30, 2018.

Earnings per share (EPS) for the half year was Rs. 8.24 as compared to Rs. 12.30 during the same period last year. Return on Assets and Return on Equity were reported at 1.42% and 14.29% respectively, whereas book value per share was reported at Rs. 115.40.

While complying with the regulatory capital requirements, the Bank has the highest cash dividend per share in the industry with regular interim dividends and remains one of the prime stocks traded in the Pakistani equity markets. Bank's total Capital Adequacy Ratio is 16.56% against the requirement of 11.275% (including capital conservation buffer of 1.275%). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 14.82% against the requirement of 6.00%. Bank's capitalization also resulted in a leverage ratio of 7.38% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 180.53% and Net Stable Funding Ratio (NSFR) of 123.72% against requirement of 90% and 100% respectively.

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, 2018. Moreover, PACRA has maintained TFC rating of MCB Bank Limited at AAA, through its notification dated June 27, 2018.

During the second Quarter, the Bank has successfully completed the transfer of business of 90 branches from MCB Bank Limited to wholly owned subsidiary MCB Islamic Bank Limited.

The Board of Directors declared 2nd interim cash dividend of Rs. 4.0 per share for the half year ended June 30, 2018, which is in addition to Rs. 4.0 per share interim dividend already paid to shareholders.