

Press Release

MCB Bank reports exceptional growth of 24% in Profit Before Tax – Announces highest quarterly dividend of Rs. 4 / share for banking industry

The Board of Directors of MCB Bank Limited met under the Chairmanship of Mian Mohammad Mansha, on April 24, 2019 to review the performance of the Bank and approve the condensed interim financial statements for the first quarter ended March 31, 2019. The Bank has declared first interim cash dividend of Rs. 4 per share for the quarter ended March 31, 2019, continuing with its highest dividend payout trend.

Standalone Profit Before Tax (PBT) of the Bank for the three months period ended March 31, 2019 increased by 24% to Rs. 9.08 billion. The effective tax rate for the quarter increased to 44% primarily on account of super tax @ 4% recorded for the tax year 2018, as enacted through the Second Supplementary Act, 2019.

Based on the interest rate calls, the shorter term maturity profiling of the asset base enabled the Bank to leverage the significant interest rate hike. Resultantly, the net interest income increased by an impressive 22% over corresponding period last year. The non-markup income block of the Bank was reported at Rs 3.5 billion with major contributions coming in from fee line under credit, guarantees and remittance segments.

On the operating expenses side excluding pension fund, despite the surge in inflationary pressures, the Bank was able to contain the growth percentage to 12%. The increase includes the deposit protection premium cost amounting to Rs. 288 million, which was made applicable from July 01, 2018. Excluding the impact of deposit protection premium, the increase in operating cost was only 8.31%. The bank continued with its recovery trajectory of classified portfolio and reversed provision amounting to Rs. 405 million on advances whereas reversal of Rs. 26 million was recorded on equity portfolio in first quarter of 2019.

The Bank remained ahead of the industry on the domestic deposits front, increasing its share to 7.66% from 7.57% as of December 2018. Based on the weekly averages, the domestic deposit base of MCB has grown by 1% as opposed to decline of 2% reported by the industry. Focusing on its low cost deposit base, the Bank was able to add 150,000 new accounts during the first quarter of 2019, which reflects the customer confidence and the inherent value of a strong brand name.

The Bank on a consolidated basis is operating the 2nd largest network of 1,550 branches in Pakistan. This includes 176 Islamic Banking branches of its wholly owned Islamic Banking subsidiary. The Bank remains one of the prime stocks traded in the Pakistani equity markets with highest market capitalization in the industry. The profitability and payout returns of the Bank are one of the highest in the industry.

The Bank remains well capitalized as the Capital Adequacy Ratio is 17.82% against the requirement of 11.90% (including capital conservation buffer of 1.90%). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 15.72% against the requirement of 6.00%. Bank's capitalization also resulted in a leverage ratio of 7.28% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 195.96% and Net Stable Funding Ratio (NSFR) of 132.20% against requirement of 100%.

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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.