



Press Release

MCB Bank declared highest dividend per share in the industry for H1' 2021 and announces increase in Unconsolidated profit to Rs.14.74bn

[Lahore: August 12, 2021] The Board of Directors of MCB Bank Limited (MCB) in its meeting under the Chairmanship of Mian Mohammad Mansha, on August 11, 2021, reviewed the performance of the Bank and approved the condensed interim financial statements for the half year ended June 30, 2021. The Board of Directors has declared 2nd interim cash dividend of Rs. 5.0 per share i.e. 50% bringing the total cash dividend for the year ending 2021 to 95%, continuing with its highest dividend payout trend.

Despite the challenges posed to the operating environment by the recently witnessed resurgence in COVID-19 infections amidst the fourth and the most virulent wave of the outbreak, MCB remained operationally resilient and capitalized on the earlier gained business traction to post another period of sustainable financial growth for its stakeholders.

MCB's unconsolidated Profit After Tax (PAT) for the six month period ended June 30, 2021 increased to Rs. 14.74 billion (+12%); translating into an Earning Per Share (EPS) of Rs. 12.44 against an EPS of Rs. 11.15 reported in the corresponding period last year.

Net Interest income reported at Rs. 31.55 billion with a drop of 12% on account of decreased earning margins due to the expansionary monetary policy regime adopted by the State Bank of Pakistan to combat the downside risks emanating from COVID-19 outbreak. Low policy rate diluted the impact of positive volumetric growth achieved by the Bank in its average earning assets.

Non-markup income registered phenomenal growth of 34% and aggregated to Rs. 9.50 billion against Rs. 7.08 billion in the corresponding period last year. Improved transactional volumes, surge in business activities, diversification of revenue streams through continuous enrichment of Bank's product suite, investments towards digital transformation and an unrelenting focus on upholding the high service standards in the industry supplemented a growth of 17% in fee income while the dividend income increased by 83%.

On the operating expenses side, despite sustained inflationary pressures amidst currency devaluation, higher compliance related regulatory charges, expansion in branch outreach and regular performance and merit adjustments of the Human Capital, the Bank was able to contain the growth to 6%.

On the provision front, the equity scrip disposals resulted in net reversal of Rs. 529 million for the six month period ended June 30, 2021. Proactive monitoring and recovery efforts led to a net provision reversal against non-performing loans (NPL's) aggregating to Rs. 1,387 million for the period under review.

On the financial position side, the total asset base of the Bank on an unconsolidated basis was reported at Rs. 1,861 billion (+6%). Analysis of the asset mix highlights that while the growth in gross advances remained subdued amidst a dearth of quality lending, the excess liquidity was diverted towards the investment book; which in turn grew by Rs. 80 billion and contributed the major share to the total increase. However, the consumer lending book grew by Rs. 3.98 billion (+14%) on account of significant activity in the construction and auto segment.



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Persistent focus on maintaining a robust risk management framework encompassing structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risks despite realization of systematic risks emanating from the evolving macroeconomic situation. The non-performing loan (NPLs) base of the Bank hence registered a decline over December 2020 to report at Rs. 51.06 billion.

The Bank has not taken FSV benefit in calculation of specific provision and carries unencumbered general provision reserve of Rs. 3.06 billion. The coverage and infection ratios of the Bank were reported at 95.67% and 9.98% respectively.

On the liabilities side, achieving growth in no-cost current account base remained a key strategic objective for the Bank. Thereby, non-remunerative deposits grew by 20% to close at Rs. 589 billion; improving their mix in the total deposits to 41% as at June 30, 2021 compared to 38% as at December 31, 2020. CASA mix was reported at 92% whereas the total deposits of the Bank grew by 12% to close the period at Rs. 1.44 trillion.

Return on Assets and Return on Equity reported at 1.63% and 18.66% respectively, whereas the book value per share was reported at Rs. 129.68.

Under Roshan Digital Account (RDA), the Bank has brought in over USD 125 million since the inception of the proposition in September 2020. The volume of foreign trade showed tremendous growth of 64% over H1'2020.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 19.51% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 16.07% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.33% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 245.82% and Net Stable Funding Ratio (NSFR) of 187.82% against requirement of 100%.

The Bank's exceptional performance has also been recognized by the globally coveted Finance Asia's Country Awards wherein it has been bestowed with the "Best Bank in Pakistan" accolade for the year 2020.

The Bank enjoys highest local credit ratings of AAA / A1+ categories for long term and short term respectively, based on PACRA notification dated June 23, 2021.

The Bank on consolidated basis is operating the 2nd largest network of more than 1,550 branches in Pakistan. The Bank remains one of the prime stocks traded in the Pakistani equity market with highest market capitalization in the industry.

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About MCB Bank:

MCB Bank, is one of the Largest & Most Innovative banks in Pakistan. The Bank operates a strong and vast network of Over 1,400 branches and over 1,450 ATMs in Pakistan and 11 overseas branches. With a customer base of over 7 million, MCB leads the banking & financial services sector in Pakistan and customers across the globe have 24/7 access to MCB Bank via our innovative and accessible Digital Banking Services.

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