



## Press Release

### MCB unconsolidated profit increased to Rs. 6.8bn in 1Q'21

**[Lahore: April 21, 2021]** The Board of Directors of MCB Bank Limited (MCB) in its meeting under the Chairmanship of Mian Mohammad Mansha, on April 20, 2021 reviewed the performance of the Bank and approved the condensed interim financial statements for the first quarter ended March 31, 2021. The Board of Directors has declared first interim cash dividend of Rs. 4.5 per share, continuing with its highest dividend payout trend.

During the period under review, MCB continued with its strategic focus on generating sustainable stakeholder value, while proactively monitoring the resurgence in COVID-19 outbreak and its potential ramifications on the macroeconomic and operating environment.

MCB's unconsolidated Profit After Tax (PAT) for the three month period ended March 31, 2021 increased to Rs. 6.79 billion; translating into an Earning Per Share (EPS) of Rs. 5.73 against an EPS of Rs. 5.50 in corresponding period last year. Net Interest income reported at Rs. 15.24 billion with a drop of 6.5% 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.

Non-markup income registered an increase of 22% to reach Rs. 4.75 billion as the improving transactional volumes and surging business activities supplemented a growth of 17% in fee income while dividend income increased by 86% over corresponding period last year.

On the operating expenses side (excluding pension fund reversal), despite sustained inflationary pressures, expansion in branch outreach, continued investment in technological infrastructure and regular performance and merit adjustments of the Human Capital, the Bank's focus of balancing short term tactical cost reductions with long term cost initiatives assisted in containing the growth in administrative expenses to 5%.

On the provision front, the Bank reversed provision on disposal of equity scrips, resulting in a net reversal of Rs. 570 million for the first quarter 2021. Based on the objective and subjective downgrades, net provision amounting to Rs. 444 was made against advances.

On the financial position side, the total asset base of the Bank on an unconsolidated basis was reported at Rs. 1.77 trillion. Analysis of the asset mix highlights that the net investments increased by Rs. 75 billion (7.4%) whereas the gross advances decreased by Rs. 33 billion (-6.5%) over December 2020. However, consumer lending book grew by Rs. 2.2 billion (+8%) in the first quarter 2021.

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 risk. The non-performing loan (NPLs) base of the Bank hence recorded a marginal increase of 1.2% over December 2020 to report at Rs. 51.8 billion. The Bank has not taken FSV benefit in calculation of specific provision and carries un-encumbered general provision reserve of Rs. 4.06 billion. The coverage and infection ratios of the Bank were reported at 98.1% and 10.8% respectively.

On the liabilities side, achieving growth in zero-cost and low-cost deposits remained a key strategic objective for the Bank. Thereby, non-remunerative deposits grew by 7% to close at Rs. 521.76 billion; improving their mix in the total deposits to 40% as at March 31, 2021



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compared to 38% as at December 31, 2020. CASA mix improved to 93.1% whereas the total deposits of the Bank grew by 2% against a subdued industry growth of 0.17% to close the period at Rs. 1.31 trillion.

Return on Assets and Return on Equity reported at 1.54% and 17.35% respectively, whereas the book value per share was reported at Rs. 127.16.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 20.11% 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 16.56% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.4% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 249.67% and Net Stable Funding Ratio (NSFR) of 188.19% against requirement of 100%.

The Bank enjoys highest local credit ratings of AAA / A1+ categories for long term and short term respectively, based on PACRA notification dated June 26, 2020.

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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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