

## Press Release

### **With Impressive Operating Cost Control MCB Bank reports exceptional growth of 28% in Profit after Tax**

**[Lahore: April 23, 2020]** The Board of Directors of MCB Bank Limited (MCB) met under the Chairmanship of Mian Mohammad Mansha, on April 22, 2020 to review the performance of the Bank and approve the condensed interim financial statements for the first quarter ended March 31, 2020. The Bank has declared first interim cash dividend of Rs. 5.0 per share for the quarter ended March 31, 2020, continuing with its highest dividend payout trend.

The BOD of MCB also deliberated on the global impact of COVID 19 pandemic and its specific implications for the banking industry in Pakistan. Being categorized as one of the essential industries, the Bank has depicted strong resolve to serve its large customer base across the country despite facing significant operational challenges.

MCB's Profit After Tax (PAT) for the three months period ended March 31, 2020 increased by 28% to Rs. 6.519 billion. The strategic maturity profiling of the investments based on the anticipated interest rate calls resulted in a gradual shift from shorter to longer term investments over the last 12 month period, thereby capitalizing upon the significant opportunity available. Net interest income rose to Rs. 16.31 billion, 21% higher than the corresponding last period. Analysis of the interest earning assets highlights that income on advances increased by Rs. 1.8 billion, primarily on account of increase in yield of 176 bps. On the investment side, gross markup income increased by Rs. 10.94 billion, due to increased average volume by Rs. 207 billion and improved yield of 312 bps. On the interest bearing liabilities side, the cost of deposits increased by 197 bps as compared to corresponding last period.

On the operating expenses side excluding pension fund, despite the surge in inflationary pressures, the Bank was able to contain the growth in administrative expenses and reported a net decrease of Rs. 24 million as compared to corresponding last period. The control in administrative expense base is resultant of the expense management drive undertaken by the Bank in 2019. The stock market has responded to the COVID-19 pandemic with worrying volatility; resultantly, Bank has recorded a charge of Rs. 765 million

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against equity investment portfolio. The quality of the loan book is duly reflected in a muted net charge of Rs. 47.3 million for the first quarter 2020.

On the financial position side, the total asset base of the Bank on unconsolidated basis was reported at Rs. 1.56 trillion depicting an increase of 3% over December 2019. Analysis of the asset mix highlights that net investments increased by Rs. 88 billion (12%) whereas gross advances decreased by Rs 15.5 billion (-3%) over December 2019.

The Non-performing loan (NPLs) base of the Bank recorded a marginal increase of Rs. 511 million and was reported at Rs. 49.93 billion. The increase was primarily on account of currency devaluation impact of foreign currency denominated NPLs with no significant accretion in the number of cases. The Bank has not taken FSV benefit in calculation of specific provision. The coverage and infection ratios of the Bank were reported at 87.30% and 9.52% respectively.

On the liabilities side, the deposit base of the Bank registered an increase of Rs. 39.38 billion (+3.44%) over December 2019 whereas CASA base increase by 5.35%.

Return on Assets and Return on Equity improved to 1.70% and 17.88% respectively, whereas book value per share was reported at Rs. 123.57.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio is 19.51% against the requirement of 11.50% (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 15.38% against the requirement of 6.00%. Bank's capitalization also resulted in a leverage ratio of 6.94% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 218.11% and Net Stable Funding Ratio (NSFR) of 157.55% 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 27, 2019.

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**ENDS**

## **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 1400 Branches and over 1350 ATMs in Pakistan and 11 branches overseas. 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 World Class Internet Banking.

The Bank on consolidated basis is operating the 2<sup>nd</sup> 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.