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**MCB Bank announces financial results for the nine months period ended September 30, 2018**

The Board of Directors of MCB Bank Limited met under the Chairmanship of Mian Mohammad Mansha on October 24, 2018, to review the performance of the Bank and approve the financial statements for the nine months period ended September 30, 2018.

During the nine months period ended September 30, 2018, MCB Bank Limited reported Profit Before Tax (PBT) of Rs. 23.32 billion (-10.32%) and Profit After Tax (PAT) of Rs. 14.31 billion (-25.22%). The significant decrease in PAT was on account of a tax provision reversal amounting to Rs. 3.59 billion recorded in 2017.

Strategic management of the earning asset mix resulted in 7.70% increase in net interest income over corresponding period last year. Analysis of the interest earning assets highlights that income on advances increased by Rs 6.8 billion, primarily on account of significant increase in average advances volume of Rs. 99 billion with improved yield of 49bps. On the investment side, the average volume dropped by Rs. 79 billion with increase in yield of 5bps, resulting in overall decrease of Rs. 4.0 billion in investments income. The interest expense of the Bank increased by Rs. 1.1 billion with growth in average deposits by Rs. 138 billion when compared with corresponding period last year. Current accounts registered an average increase of Rs. 51.3 billion improving the concentration level to 38% of total deposit base as at September 30, 2018. The Bank continued to enjoy one of the highest CASA base in the industry of 92.46%.

The non-markup income block of the bank was reported at Rs 11.76 billion reflecting a decrease of 15% when compared with corresponding period last year, primarily on account of capital market performance. The Bank continued with its focus on core non-fund based income stream which was reflected in 9% growth in the fee, commission and brokerage line. Income from dealing in foreign currencies reflected an increase of Rs. 196 million (+18%) when compared with corresponding period last year.

On the administrative expenses side, the bank reported an increase of 12.47% (excluding pension fund) over corresponding period last year with major increase in personnel cost, rent, depreciation and repairs, mainly 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. 1.92 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. 1.296 trillion reflecting a decrease of 2.4% over December 31, 2017. Analysis of the assets mix highlights that net investments have decreased by Rs. 203 billion (-30.87%) with Lending to Financial Institutions increased by Rs. 138 billion to leverage the interest rate volatility as at September 30, 2018. The coverage and infection ratios of the Bank were reported at 93.26% (Dec 2017: 93.74%) and 8.86% (Dec 2017: 9.47%) respectively.

On the liabilities side, the deposit base of the Bank registered a significant increase of Rs. 64.17 billion (+6.63%) over December 2017 which resulted in the Bank crossing **One Trillion**



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**Deposit** benchmark. The increase of Rs. 64.17 billion is net of the deposits transferred to MCB' wholly owned subsidiary MCB Islamic Bank Limited to the tune Rs. 21.92 billion. Earning per share (EPS) for the nine months period ended September 30, 2018 was Rs. 12.08 as compared to Rs. 16.86 during the same period last year. Return on Assets and Return on Equity were reported at 1.45% and 13.98% respectively, whereas book value per share was reported at Rs. 115.24.

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 15.52% 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 14.06% against the requirement of 6.00%. Bank's capitalization also resulted in a leverage ratio of 7.51% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 177.31% and Net Stable Funding Ratio (NSFR) of 129.85% against requirement of 90% and 100% respectively.

The Bank enjoys highest local credit ratings of AAA / A1+ 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.

The Board of Directors declared 3rd interim cash dividend of Rs. 4.0 per share for the nine months period ended September 30, 2018, which is in addition to Rs. 8.0 per share interim dividend already paid to shareholders.