

## Press Release

### MCB Bank announces financial results for the year ended December 31, 2017

**[Lahore: 16<sup>th</sup> February 2018]** The Board of Directors of MCB Bank Limited, met under the Chairmanship of Mian Mohammad Mansha, on February 15, 2018 to review the performance of the Bank and approve the financial statements for the year ended December 31, 2017.

During the year 2017, the Bank completed merger of NIB Bank Limited with and into MCB Bank Limited. The synergies from the merger were reflected in the financial numbers in NPL recoveries and deferred tax adjustment. On the financial performance side, MCB Bank Limited reported Profit Before Tax (PBT) of Rs. 31.01 billion and Profit After Tax (PAT) of Rs. 22.46 billion. In comparison with the last year, Profit Before Tax has decreased by 14.03% whereas Profit After Tax has increased by 2.59% on account of reversal of prior year tax charges. Net markup income of the Bank was reported at Rs. 42.41 billion, down by 3.21% over last year owing to the maturity of high yielding bonds and low-interest rate environment. On the gross markup income side, the Bank reported an increase of Rs. 6.69 billion whereas on the interest expense side, the Bank registered an increase of Rs. 8.09 billion over last year. To supplement its net interest margins, the Bank remained focused on increasing its low cost deposit base and venture in higher yielding assets.

On the non-markup income front, the Bank reported a base of Rs. 17.96 billion with the growth of 11% over last year despite significant capital market volatility in later half of the year. Major contributions to non-markup income growth were operational in nature with fees & commissions increasing by 22.44% YoY and income from dealing in foreign currencies increasing by 42.93% YoY.

The administrative expense base (excluding pension fund reversal) recorded an increase of 23.62% over last year mainly on account of amalgamation of NIB Bank Limited (NIB) with and into MCB Bank Limited. On the provision against advances front, the Bank continued with its recovery trajectory and posted a significant reversal of Rs. 2.90 billion. Based on the volatility in the equity markets, net impairment on equity investments was recorded to the tune of Rs. 3.57 billion.

The total asset base of the Bank on a standalone basis was reported at Rs. 1.33 trillion reflecting a healthy increase of 26.19% over December 2016. Analysis of the asset mix highlights that net investments have increased by Rs. 101.04 billion (+18.17%) with net advances increasing by Rs. 121.24 billion (+34.83%) over December 31, 2016. The coverage and infection ratios of the Bank were reported at 93.74% and 9.47% respectively.

On the liabilities side, the deposit base of the Bank registered a splendid increase of Rs. 187.05 billion (+23.94%) over December 2016, including Rs. 61 billion contribution from Ex-NIB Bank Limited. The significant increase in deposits resulted in MCB achieving an all-time high deposit base of Rs. 968 billion on standalone basis with deposits crossing Rs. 1 trillion mark on consolidated basis. MCB Bank Limited continued to enjoy one of the highest CASA mixes in the banking industry of 92.86% with current deposits increasing by 27% and savings deposits by 19% over December 2016. Strategic focus on current accounts resulted in increase in concentration level to 38.94% of the total deposit base. Earnings per share (EPS) for the year was Rs. 19.56 as compared to Rs. 19.67 for 2016. Return on Assets and

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Return on Equity were reported at 1.89% and 17.65% respectively, whereas book value per share stood at Rs. 115.18.

The Bank remained a well-capitalized institution with a capital base well above the regulatory limits and Basel capital requirements. 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 reflected by the highest market capitalization in the financial institution category as at December 31, 2017. Bank's total Capital Adequacy Ratio is 16.44% 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 14.42% against the requirement of 6.00%. Bank's well capitalization also resulted in a leverage ratio of 7.67% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 194.13% and Net Stable Funding Ratio (NSFR) of 128.80% against requirement of 90% and 100% respectively.

The Bank enjoys highest local credit ratings of AAA / A1+ categories for long term and short term respectively, based on PACRA notification dated June 19, 2017. Moreover, TFC rating of MCB Bank Limited (Ex-NIB) has been upgraded from A+ to AAA, based on the notification from PACRA dated October 06, 2017.

The Bank has filed a petition in the Honourable Lahore High Court for demerger of 90 branches from MCB and its merger into wholly owned subsidiary MCB Islamic Bank Limited.

The Board of Directors declared final cash dividend of Rs. 4.0 per share for the year ended December 31, 2017 which is in addition to Rs. 12.0 per share interim dividends already paid to shareholders.

**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 1300 Branches and ATMs in Pakistan and 11 branches overseas. With a customer base of over 6 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.

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