

MCB Bank crosses PKR 2 Trillion Deposits milestone, reports record Profit Before Tax (PBT) of PKR 95.1 Billion for 9M 2024

MCB Bank Limited (MCB) has announced its financial results for the nine-month period ended September 30, 2024, reflecting a strong performance across all key areas. The Board of Directors of MCB in its meeting under the Chairmanship of Mian Mohammad Mansha, on October 23, 2024 approved the Bank's interim financial statements and declared a third interim cash dividend of PKR 9.00 per share (90%). This brings the total cash dividend for the nine months to PKR 27.00 per share (270%).

MCB continues to demonstrate robust growth, with the Bank crossing the PKR 2 trillion mark in total deposits, registering a 14% increase over December 2023.

The Bank posted a historically high profit before tax (PBT) of PKR 95.1 billion for the nine-month period, an increase of 8% year-on-year. Profit after tax (PAT) rose to PKR 48.5 billion, reflecting a 10% growth over the same period last year, and earnings per share (EPS) increased to PKR 40.88. The Bank's consistent focus on core earnings, cost optimization, and business diversification have played key roles in these results. On consolidated basis, the profit before tax was reported of PKR 104 billion for the nine months period ended September 30, 2024.

MCB's net interest income grew by 8% year-on-year, primarily driven by growth in average current deposits. Non-markup income also surged by 19% to PKR 26.9 billion, with notable contributions from fee commission income (PKR 16.4 billion, +15%), foreign exchange income (PKR 7.5 billion, +27%), and dividend income (PKR 2.4 billion, +21%).

In line with its strategy to diversify revenue streams, MCB saw strong growth in fee-based income across multiple channels, including a 36% increase in card-related income, 19% growth in branch banking fees and a 54% rise in investment service commissions. The Bank continues to invest in digital transformation, enhancing customer experience and operational efficiency, leading to broad-based growth across digital platforms.

Despite the high inflationary environment, MCB managed operating expenses prudently, reporting an increase of 17%, with key expenditures focused on staff costs, utilities, and IT-related upgrades. The Bank's cost-to-income ratio was maintained at an efficient 30.93%, ensuring strong financial discipline while continuing to invest in innovation and human capital.

Navigating a challenging operating and macroeconomic environment, the Bank has been addressing asset quality issues by maintaining discipline in management of its risk return decisions. Diversification of the loan book across customer segments and a robust credit underwriting framework that encompasses 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 was reported at PKR 55.1 billion as at September 30, 2024. The coverage and infection ratios of the Bank were reported at 91.98% and 7.59% respectively.

On the financial position side, total assets' base of the Bank was reported at PKR 2.8 trillion; representing an increase of 15.1% over year end i.e. December 31, 2023. An analysis of the assets' mix highlights that net investments and gross advances increased by PKR 258 billion

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(+21%) and PKR 103 billion (+17%) respectively, over year end, and represented more than 96% of the total reported growth.

A rigorous deposit mobilization drive, focused on building no cost deposits, translated into an exceptional growth of PKR 259 billion in Bank's total deposit base; which surpassed the 'two trillion' mark to report at PKR 2.064 trillion (+14%) as on September 30, 2024. Current deposits increased to PKR 978 billion (+12%) while the CASA ratio improved to 97.17% compared to 96.81% reported at year end.

Return on Assets and Return on Equity reported at 2.47% and 29.98% respectively, whereas the book value per share was reported at PKR 189.29.

During the period under review, MCB attracted home remittance inflows of USD 3,195 million (+34%), depicting a market share of 12.5%, to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) improved to 21.85% 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 capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 17.15% against the requirement of 6.0%. Bank's capitalization also resulted in a Leverage Ratio of 6.17% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 263.11% and Net Stable Funding Ratio (NSFR) of 153.61% against requirements of 100%.

Pakistan Credit Rating Agency re-affirmed credit ratings of MCB at "AAA / A1+" for long term and short term respectively, through its notification dated June 22, 2024.

MCB's exceptional performance and leadership in the financial sector were recognized by the Asian Development Bank (ADB) at the 10th Annual Trade and Supply Chain Finance Program (TSCFP) awards in Singapore. The Bank was honored with two prestigious accolades: **'Leading Partner Bank in Pakistan'** and the **'Momentum Award – Issuing Bank'**, highlighting MCB's contribution to trade growth and its reliability in supporting local businesses with international trade solutions.

The annual report 2023 of MCB Bank was rated 1st in the Banking Category and was also declared overall winner across all categories by the Joint Evaluation Committee of ICAP & ICMA. This award is a testament to MCB's focus on achieving excellence in governance practices and transparency in corporate reporting.

MCB operates the second-largest branch network (consolidated basis) in Pakistan, with over 1,650 branches, and remains one of the most capitalized and traded stocks in the local equity market.

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