

Flash Note

Wednesday, August 2, 2023



Commercial Banks

MCB Bank Limited (MCB)

Earnings: MCB Bank Limited (MCB) announced its financial result for the second quarter of the year 2023. As per the financial result, the Bank reported PKR 13.6bn (PKR 11.5/share) earnings during 2QCY23 compared to PKR 2.21bn (PKR 1.87/share) last year, an increase of +4%q/q and a jump of +6.2x y/y. This brings total profitability for 1HCY23 to PKR 26.7bn (PKR 22.5/share), up by +40% y/y.

Dividend/Payout: The Company announced a cash dividend of PKR 7/share along with the result compared to PKR 4/share last year's same period. This brings the total dividend for the 1HCY23 to PKR 13/share compared to PKR 9/share in a similar period last year.

Operating Performance: During the 2QCY23 period under review, the Bank reported net-interest income of PKR 37bn (up by +77%/y/y) and non-interest income of PKR 8bn (up by +13%/y/y). As a result, the bank's total revenue stood at PKR 45bn (up by +61%/y/y). Moreover, MCB recorded operating expenses of PKR 13bn (up by +25%/y/y), which improved the bank's cost/income ratio to 29% (last year: 37%). The bank booked a provision charge of PKR 1.3bn during 2QCY23 compared to a provision charge of PKR 0.1bn in the same period last year. The tax charge for this quarter came at PKR 13.6bn (effective tax rate of 56% compared to 87% in 2QCY22).

Exhibit: Financial Highlights MCB Bank Limited (MCB)								
Latest result published for 2Q/23								
Period (PKRbn)	2Q/23	1Q/23	2022	4Q/22	3Q/22	2Q/22	1Q/22	2021
Net Interest Income	37	30	87	26	23	21	18	64
Fee Income	5	4	14	4	4	3	3	12
Treasury Income	3	2	10	0	4	4	2	7
Non-Interest Income	8	6	25	4	7	7	6	20
Total Revenue	45	36	112	30	30	28	24	84
Op. Exp.	(13)	(12)	(43)	(12)	(11)	(10)	(10)	(37)
Provision charge	(1.3)	(0.6)	3	1	1	(0.1)	0.9	5
Profit Before Tax	31	23	71	20	19	18	15	52
Tax	(17)	(10)	(39)	(7)	(10)	(15)	(6)	(21)
Profit After tax	13.63	13.05	32.74	12.89	8.73	2.21	8.91	30.81
EPS	11.50	11.02	27.63	10.88	7.36	1.87	7.52	26.00
DPS	7.00	6.00	20.00	6.00	5.00	4.00	5.00	19.00

Source: Company accounts, IGI Research. No. of shares: 1185.1mn

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