

# Flash Note

Tuesday, February 6, 2024

**IGI**  
Securities

SERVING YOU SINCE 1994

## Commercial Banks

### MCB Bank Limited (MCB)

**Earnings:** MCB Bank Limited (MCB) announced its financial result for the fourth quarter of the year 2023. As per the financial result, the Bank reported unconsolidated earnings of PKR 15.48bn (PKR 13.07/share) during 4QCY23 compared to PKR 12.89bn (PKR 10.88/share) last year, decline of 11%q/q and a jump of +20%/y/y. This brings total profitability for CY23 to PKR 59.63bn (PKR 50.32/share), up by +82%/y/y.

**Dividend/Payout:** The Company announced a cash dividend of PKR 9/share along with the result bringing total cash payout for CY23 to PKR 30.0/share compared to PKR 20.0/share in a similar period last year.

**Operating Performance:** During the 4QCY23 period under review, the Bank reported net-interest income of PKR 41bn (up by +61%/y/y) and non-interest income of PKR 10bn (up by +2.4xy/y). As a result, the bank's total revenue stood at PKR 52bn (up by +72%/y/y). Moreover, MCB recorded operating expenses of PKR 15bn (up by +31%/y/y), which improved the bank's cost/income ratio to 30% (4QCY22: 39%). The bank booked a provision reversal of PKR 0.9bn during 4QCY23 compared to a provision reversal of PKR 1.5bn in the same period last year. The tax charge for this quarter came at PKR 22bn (effective tax rate of 58% compared to 35% in 4QCY22. This brings total effective tax rate for CY23 to 52% compared to 54% in the similar period last year.

Exhibit: Financial Highlights MCB Bank Limited (MCB) - Unconsolidated										
Latest result published for 4Q'/23										
Period (PKRbn)	CY23	4Q'/23	3Q'/23	2Q'/23	1Q'/23	CY22	4Q'/22	3Q'/22	2Q'/22	1Q'/22
Net Interest Income	148	41	39	37	30	87	26	23	21	18
Fee Income	20	6	5	5	4	14	4	4	3	3
Treasury Income	12	4	3	3	2	10	0	4	4	2
Non-Interest Income	33	10	9	8	6	25	4	7	7	6
<b>Total Revenue</b>	<b>181</b>	<b>52</b>	<b>48</b>	<b>45</b>	<b>36</b>	<b>112</b>	<b>30</b>	<b>30</b>	<b>28</b>	<b>24</b>
Op. Exp.	(55)	(15)	(14)	(13)	(12)	(43)	(12)	(11)	(10)	(10)
Provision charge	(0.4)	0.9	0.7	(1.3)	(0.6)	2.8	1.5	0.5	(0.1)	0.9
Profit Before Tax	125	37	34	31	23	71	20	19	18	15
Tax	(66)	(22)	(17)	(17)	(10)	(39)	(7)	(10)	(15)	(6)
<b>Profit After tax</b>	<b>59.63</b>	<b>15.48</b>	<b>17.46</b>	<b>13.63</b>	<b>13.05</b>	<b>32.74</b>	<b>12.89</b>	<b>8.73</b>	<b>2.21</b>	<b>8.91</b>
<b>EPS</b>	<b>50.32</b>	<b>13.07</b>	<b>14.73</b>	<b>11.50</b>	<b>11.02</b>	<b>27.63</b>	<b>10.88</b>	<b>7.36</b>	<b>1.87</b>	<b>7.52</b>
<b>DPS</b>	<b>30.00</b>	<b>9.00</b>	<b>8.00</b>	<b>7.00</b>	<b>6.00</b>	<b>20.00</b>	<b>6.00</b>	<b>5.00</b>	<b>4.00</b>	<b>5.00</b>

Source: Company accounts, IGI Research. No. of shares: 1,185.1mn

#### Analyst

Abdullah Farhan

[Abdullah.Farhan@igi.com.pk](mailto:Abdullah.Farhan@igi.com.pk)

Tel: +92 21 111 234 234 Ext: 912

# Important Disclaimer and Disclosures

**Research Analyst(s) Certification:** The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

**Disclaimer:** The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

**Rating system:** IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

## Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)

Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

**Risk:** Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

**Basic Definitions and Terminologies used:** **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2024 IGI Finex Securities Limited

# Contact Details

## Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

## Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

## IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: [www.igisecurities.com.pk](http://www.igisecurities.com.pk)

### Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,  
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600  
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234  
 Fax: (+92-21) 35309169, 35301780

### Lahore Office

Shop # G-009, Ground Floor,  
 Packages Mall  
 Tel: (+92-42) 38303560-69  
 Fax: (+92-42) 38303559

### Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,  
 Block- B, Jinnah Avenue, Blue Area  
 Tel: (+92-51) 2604861-2, 2604864, 2273439  
 Fax: (+92-51) 2273861

### Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The  
 Regency International 949, The Mall  
 Faisalabad  
 Tel: (+92-41) 2540843-45

### Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,  
 Model Town, Town Hall Road  
 Tel: (+92-68) 5871652-3  
 Fax: (+92-68) 5871651

### Multan Office

Mezzanine Floor, Abdali Tower,  
 Abdali Road  
 Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2024 IGI Finex Securities Limited