Flash Note

Thursday, August 6, 2026

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Commercial Banks

MCB Bank Limited (MCB)

Earnings: MCB Bank Limited (MCB) announced its financial result for the second quarter of the year 2026. As per the financial result, the Bank reported unconsolidated earnings of PKR 13.7bn (PKR 11.5/share) during 2QCY26 compared to PKR 13.5bn (PKR 11.4/share) last year, up by +1%y/y and +7%q/q. This brings total profitability for 1HCY26 to PKR 26.5bn (PKR 22.3/share), down by 3%y/y, compared to PKR 27.3bn (PKR 23.04/share) in the same period last year.

Dividend/Payout: The Bank announced a cash dividend of PKR 9.0/share along with the result bringing total cash payout for 1HCY26 to PKR 18/share.

Operating Performance: During the 2QCY26 period under review, the Bank's net-interest income grew by +2%y/y recording at PKR 37.1bn while non-interest income inclined by +22%y/y to PKR 10.2bn. As a result, MCB's total revenue clocked in at PKR 47.2bn (up by +6%y/y). Moreover, the Bank recorded operating expenses of PKR 19.0bn (up by +9%y/y), leading the bank's cost/income ratio at 40% (2QCY25: 39%). The bank booked a provision reversal of PKR 0.2bn during 2QCY26 compared to a provision reversal of PKR 1.8bn in the same period last year. The tax charge for this quarter came at PKR 14.7bn (effective tax rate of 52% against 53% in 2QCY25) bringing total effective tax rate for 1HCY26 to 52% (1HCY25: 53%).

Recommendation: We maintain a 'BUY' stance on MCB with our Dec-26 Target Price of PKR 468/share offering 12% upside from last close. The bank is trading at CY27 P/B of 1.7x and offers DY of 9.2%.

Exhibit: Financial Highlights MCB Bank Limited (MCB) Latest result published for 2Q'/26					
Period (PKRbn)	**2Q'/26**	**2Q'/25**	**1Q'/26**	**1H'26**	**1H'25**
Net Interest Income	37.1	36.2	38.2	75.3	71.3
Fee Income	6.0	4.6	5.9	11.9	9.8
Treasury Income	4.0	3.6	2.5	6.5	7.4
Non-Interest Income	10.2	8.3	8.5	18.7	17.5
Total Revenue	**47.2**	**44.5**	**46.7**	**94.0**	**88.9**
Op. Exp.	(19.0)	(17.5)	(19.1)	(38.1)	(35.1)
Provision charge	0.2	1.8	(0.9)	(0.7)	4.3
Profit Before Tax	28.4	28.8	26.7	55.1	58.1
Tax	(14.7)	(15.3)	(13.9)	(28.7)	(30.8)
Profit After tax	**13.7**	**13.5**	**12.8**	**26.5**	**27.3**
EPS	**11.5**	**11.4**	**10.8**	**22.3**	**23.0**
DPS	**9.0**	**9.0**	**9.0**	**18.0**	**18.0**

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

Analyst
Sakina Makati
sakina.makati@igi.com.pk
Tel: +92 21 111 234 234 Ext: 810

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IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@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
Saher Hussain	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	saher.hussain@igi.com.pk
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@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

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
Fax: (+92-21) 35309169, 35301780

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

LSE Plaza
Office No.1A at North Mezzanine Floor of the LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.
Tel: (+92-42) 38303565

Islamabad Office
3rd Floor, Kamran Centre,
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