

Commercial Banks

MCB: CY25 Management Call Takeaways

- MCB Bank Limited held (MCB) an investor briefing session to discuss the CY25 financial results and provide key insights on the future outlook for the Bank.
- To recall, the Bank reported CY25 earnings of PKR 54.2bn (EPS PKR 45.7), compared to earnings of PKR 57.6bn (EPS PKR 48.6) in the similar period last year. On quarterly basis, the bank reported earnings of PKR 13.1bn (EPS PKR 11.1) during 4QCY25 reflecting an increase of +43%/y when compared to same period last year.
- The management highlighted that the Bank's total deposits increased by +18%/y to PKR 2.3tn during CY25 while the CA proportion increased to 54% from 49% last year. The bank's CASA ratio stood at 97.4% by the end of CY25. Moreover the bank's cost of deposits stood at 4.9% for CY25. The Bank's hopes to maintain this momentum in deposit growth and CA mobilization going forward in CY26 also.
- In terms of future outlook, the management is of the view that the interest have bottomed out and there can be a potential rate hike in April or June 2026. Moreover in terms of strategy, the bank aims to maintain high-floating rate exposure and avoid speculative positioning.

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Key highlights from management conference call

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Analyst

Sakina Makati
sakina.makati@igi.com.pk

- The Bank's investments portfolio increased by 67% reaching PKR 1.95tn. The management informed that the investment book consists of 75% floating PIBs while 25% is held in Fixed PIBs. The overall yield of the portfolio declined to 12.3% in CY25 compared to 18.6% in CY24.
- The Bank operates a network of 1,724 branches including both domestic and international and the management informed that the Bank aims to add 40-50 new branches during CY26.
- Gross Advances have declined by ~33%/y during CY25 to reach PKR 736bn, mainly due to the removal of ADR-based taxation.
- The bank also witnessed a 12%/y increase in operating expenses which the management attributed to remittances related marketing costs, HR related expenses and inflationary pressures. However, the bank's cost to income ratio for CY25 clocked in at 37.7%, well below the industry average of 46.4%.
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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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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
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

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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

Fax: (+92-42) 38303559

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

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