

# MCB Bank Limited

## Corporate Briefing Takeaways

### Management Conference Call

The management of MCB held an analyst briefing today to discuss the 1QCY24 results and give an outlook on the bank's strategy going forward. Below are the key takeaways.

### Brief Takeaways

- To recall, MCB announced earnings (PAT) for 1QCY24 at PKR 17.8bn (EPS: PKR 15.04), depicting an increase of 28% YoY | 6% QoQ (4QCY23 EPS: PKR 14.24). On a YoY basis, higher markup and non-markup income contributed to an increase in overall profitability. However, on a QoQ basis, provisioning reversals and lower OPEX supported the earnings. Along with the result, MCB announced a cash dividend of PKR 9.0/share (1QCY23: PKR 6.0).
- The investment portfolio comprises 95% of gov't securities of which PKR 350bn is invested in T-Bills, PKR 247bn in Fixed PIBs, and PKR 601bn in Floaters as of Mar'24. Around PKR 80bn worth of Fixed PIBs are expected to mature in the 3QCY24 having an average yield of 10.25%.
- The average yield on investment increased to 19.25% in Mar'24 as compared to 15% in SPLY while yields on advances improved from 15.4% (Mar'23) to 18.5% (Mar'24).
- The Bank saw a rise in gross advances by PKR 24.97bn, representing a 4% increase. Within this, the corporate lending book grew by PKR 15.3bn, marking a 3% increase, while the retail loan portfolio surged by PKR 14.8bn, reflecting a notable 20% increase. With this, the coverage and infection ratios of the bank were reported at 92.7% and 8.6% respectively.
- Deposits were up from PKR 1.81trn (Dec'23) to PKR 1.85trn as of Mar'24. Going forward, the bank will continue focusing on improving CA proportion which rose to PKR 885bn as at Mar'24 from PKR 871bn as at Dec'23. With this, the bank's CASA decreased from 96.8% (Dec'23) to 96.7% (Mar'24).
- The recoveries from NIB NPL stock during the out-going quarter were around PKR 259bn, taking the overall stock to PKR 9.92bn as at Mar'24.
- The bank's CAR stands at 19.6% as at Mar'24, well-above the regulatory requirement of 11.5%.
- The bank expects a decrease in policy rates of ~200bps during the 2HCY24, with no cut expected in the Jun'24 policy.
- Regarding the PKR USD parity, the management anticipates a depreciation of the PKR by 4-5% during CY24.
- The management informed that the subjective provisioning mainly originated from the steel sector (SME segment).
- The bank intends to open 10-11 new conventional branches, alongside a more aggressive expansion of its Islamic network.

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