

Commercial Banks: MCB Bank Limited

Result Review: CY25 EPS arrived at PKR 49.29

REP-300

- MCB reported earnings of PKR 14.1bn (EPS: PKR 11.88) for 4QCY25, reflecting a growth of 33.8% YoY. This took CY25 profitability to PKR 58.4bn (EPS: PKR 49.29), down by 7.6% YoY. The bank also announced a cash dividend of PKR 9.0/share, bringing the cumulative payout for CY25 to PKR 36.0/share.
- NII clocked in at PKR 161.2bn in CY25 (-4% YoY), as interest earned declined 20.8% YoY, and interest expenses were down 32.3% YoY.
- Non-markup income remained stagnant for the year, posting an increase of 0.4% YoY. Primary upward drivers were Dividend income (+51.9% YoY) and FX Income (+12.9% YoY). This advance was largely offset by a decline in Fee income (-1.8% YoY) and a lower gain booked on sale of securities (-65.7% YoY).
- With respect to provisioning, MCB recorded a net provisioning reversal for the year at PKR 5.06bn compared to a provisioning expense of PKR 4.87bn in CY24.
- OPEX grew by 13% YoY in CY25, equaling PKR 85.3bn, resulting in the Cost-to-Income ratio to increase to 42.1% in CY25 from 36.1% in CY24. Meanwhile, effective tax rose to 53% in CY25 from 51.6% in CY24.
- On the balance sheet front, deposits surged by 18.7% YoY to the highest ever recorded figure of PKR 2.53trn. Meanwhile, Investments were recorded at PKR 2.09trn (+60.7% YoY) and Advances settled at PKR 821mn (-29.5% YoY).

Valuation

- The stock is currently trading at a P/B ratio of 1.6x with a dividend yield of 8.6% for CY26e.

Exhibit: Financial Highlights

	CY25	CY24	YoY	4QCY25	4QCY24	YoY
Income Statement						
Mark-up/interest earned	327,508	413,551	-20.8%	83,123	95,062	-12.6%
Mark-up/interest expensed	166,305	245,604	-32.3%	42,075	55,780	-24.6%
Net markup-up/interest income	161,203	167,947	-4.0%	41,047	39,282	4.5%
Total non-mark-up/interest income	41,403	41,240	0.4%	11,228	12,073	-7.0%
Total income	202,606	209,188	-3.1%	52,276	51,355	1.8%
Total provisions	(5,067)	4,878	nm	292	4,060	-92.8%
Operating Expense	85,381	75,573	13.0%	22,342	20,921	6.8%
Profit before tax	125,119	131,177	-4.6%	30,240	27,198	11.2%
Total taxation	66,344	67,711	-2.0%	16,089	16,558	-2.8%
Profit after tax*	58,415	63,225	-7.6%	14,075	10,519	33.8%
EPS (PKR)	49.29	53.35		11.88	8.88	
DPS (PKR)	36.00	36.00		9.00	9.00	
Balance Sheet						
Net Advances	821,712	1,165,915	-29.5%			
Deposits	2,529,503	2,130,525	18.7%			
Investments	2,099,046	1,306,556	60.7%			
Borrowings	476,169	320,237	48.7%			
Ratio Analysis						
BVPS (PKR)	284.5	242.0				
ADR	32.5%	54.7%				
IDR	83.0%	61.3%				
NIMs	5.7%	7.1%				
Cost to Income	42.1%	36.1%		42.7%	40.7%	
Effective Tax Rate	53.0%	51.6%		53.2%	60.9%	

Source (s): Company Financials, AHL Research, *profit attributable to equity shareholders of the bank

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Arif Habib Limited (AHL) has a shareholding in MCB