

Flash Note

Wednesday, August 7, 2024

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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 2024. As per the financial result, the Bank reported unconsolidated earnings of PKR 15.38bn (PKR 12.98/share) during 2QCY24 compared to PKR 13.63bn (PKR 11.50/share) last year, a dip of -7%q/q and rise of +13%y/y.

Dividend/Payout: The Company announced a cash dividend of PKR 9/share along with the result taking the cumulative dividend for 1HCY24 to PKR 18/share.

Operating Performance: During the 2QCY24 period under review, the Bank's reported net-interest income remained flat at PKR 37bn while non-interest income increased by +12%/y/y to PKR 9bn. Notably, the Bank's FX income posted an increase of 56%q/q recording at PKR 3bn while fee and commission income declined by -14%q/q to PKR 5.2bn. As a result, the bank's total revenue clocked in at PKR 46bn (up by +2%/y/y). Moreover, MCB recorded operating expenses of PKR 15bn (up by +17%/y/y), however the bank's cost/income ratio increased to 33% (2QCY23: 29%). The bank booked a provision charge of PKR 0.6bn during 2QCY24 compared to a provision charge of PKR 1.3bn in the same period last year. The tax charge for this quarter came at PKR 15bn (effective tax rate of 49% compared to 56% in 2QCY23).

Exhibit: Financial Highlights MCB Bank Limited (MCB)					
Latest result published for 2Q/'24					
Period (PKRbn)	2Q/'24	2Q/'23	1Q/'24	1H'24	1H'23
Net Interest Income	37	37	38	75	67
Fee Income	5	5	6	11.3	9
Treasury Income	4	3	3	7	5
Non-Interest Income	9	8	9	18	14
Total Revenue	46	45	47	93	81
Op. Exp.	(15)	(13)	(15)	(30)	(25)
Provision charge	(1)	(1)	0.1	(1)	(2)
Profit Before Tax	30	31	33	63	54
Tax	(15)	(17)	(16)	(31)	(27)
Profit After tax	15.38	13.63	16.56	31.94	26.69
EPS	12.98	11.50	13.97	26.95	22.52
DPS	9.00	7.00	9.00	18.00	13.00

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

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- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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