

Flash Note

Monday, 28 August 2017

Commercial Banks

HBL to be penalized up to a maximum amount of USD 629mn on its New York branch

- As per the latest PSX notice, Habib Bank Limited (HBL) has been served a notice for penalty by New York state's Department of Financial Services (DFS) up to a maximum amount of USD 629.6mn or PKR 66.11bn.
- In response, the HBL management has stated that penalty is despite the corrective measures taken by the bank and the bank does hold the right of appeal against the order of the regulator.
- To recall, HBL was found to have not complied with US anti-money laundering laws. As a result, US Authorities have now served the aforementioned notice citing these concerns. The Bank also announced winding down of its banking operations in New York. However, as per the bank, customers will continue to be able to transact their business through HBL's established correspondent relationships.
- This translates into per share impact of PKR 45.
- As of last, HBL BV stood at 136.1/share. We expect the bank to book the provisioning of penalty over a period.
- We will be revising our investment case for HBL.

Source: <https://www.psx.com.pk/newsattachment/102108.pdf>

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