

# Flash Note

Thursday, 26 October 2017

## Commercial Banks

### HMB: Earnings for 3QCY17 down 29%YoY due to PKR 1.2bn fall in capital gains

- Habib Metropolitan Bank Limited (HMB) reported unconsolidated earnings for 3QCY17 of PKR 1.0bn (PKR 0.97/share), down by 29%YoY (up by +6%QoQ). This brings 9MCY17 total earnings to PKR 3.3bn (PKR 3.11/share), down by 15%YoY.
- The bank did not announce any cash dividend for 3QCY17.
- During the quarter, the bank recorded +21%YoY rise in interest income, primarily due to falling interest expense (down 7%YoY), as well as +20%YoY rise in fee income. However, total revenue fell by 5%YoY due to PKR 1.2bn decline in capital gains.
- Higher operating expenses (up +14%YoY), further dented the bottom-line.
- Resultantly, profit after tax declined by 29%YoY despite 18%YoY lower taxation.

Exhibit:

#### HMB Result Highlights

PKRmn (Period end=Dec)	3QCY17	YoY	QoQ	9MCY17	9MCY16	YoY
Interest Earned	8,724	3%	8%	24,696	25,493	-3%
Interest Expensed	5,233	-7%	14%	14,309	16,715	-14%
<b>Net Interest Income</b>	<b>3,492</b>	<b>21%</b>	<b>0%</b>	<b>10,387</b>	<b>8,778</b>	<b>18%</b>
Fee Income	851	20%	2%	2,527	2,239	13%
Capital Gain & Div. Income	(358)	n.m	n.m	703	2,766	-75%
<b>Non-Interest Income</b>	<b>956</b>	<b>-47%</b>	<b>-51%</b>	<b>4,201</b>	<b>6,040</b>	<b>-30%</b>
Total Revenue	4,448	-5%	-18%	14,588	14,818	-2%
Operating Expenses	2,795	14%	-2%	8,117	6,990	16%
Pre-Provisioning Profits	1,653	-27%	-36%	6,471	7,828	-17%
NPL (Rev.) / Prov.	1	-97%	-100%	728	1,046	-30%
Pre-Tax Profits	1,652	-25%	-21%	5,743	6,781	-15%
Taxation	638	-18%	-44%	2,487	2,963	-16%
<b>Profit After Tax</b>	<b>1,015</b>	<b>-29%</b>	<b>6%</b>	<b>3,256</b>	<b>3,819</b>	<b>-15%</b>
EPS (PKR)	0.97			3.11	3.64	
DPS (PKR)	-			-	-	
BVPS (PKR) Est.	37.72					

#### KEY RATIOS

Cost-To-Income Ratio	63%		56%	47%
Effective Tax Rate	39%		43%	44%
Non-Il / Total Income	21%		29%	41%

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1047.8

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