

# FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018	BANK LKR	BANK (AUDITED) LKR	GROUP (AUDITED) PKR	
In Rupees Thousand	9/30/2018	12/31/2017	12/31/2017	12/31/2016
<b>Assets</b>				
Cash and cash equivalents	497,704	674,754	130,203,020	115,822,169
Balances with central banks	1,494,475	1,358,716	156,644,279	168,575,209
Placements with banks	931,787	851,420	500,000	100,000
Other financial assets held-for-trading	-	-	69,670,659	41,305,459
Reverse repurchase agreements	-	850,389	33,400,345	32,863,803
Loans and receivables to customers	3,634,519	3,876,365	851,502,420	748,466,297
Financial Investment – Available-for-sale	-	-	1,000,048,908	1,022,980,450
Financial Investment – Held-to-maturity	287,288	488,451	278,730,258	256,433,520
Other Financial Assets	989,280	397,927	-	-
Income Tax Receivable	77,308	65,204	-	-
Investments in associates and joint ventures	-	-	27,357,818	23,685,342
Property, plant and equipment	288,835	319,121	57,098,390	30,763,913
Investment Properties	-	-	-	-
Goodwill and Intangible assets	-	-	5,694,453	5,323,586
Deferred tax assets	24,276	24,276	-	-
Other assets	77,398	58,930	74,251,149	58,778,445
<b>Total assets</b>	<b>8,302,857</b>	<b>8,568,513</b>	<b>2,684,101,699</b>	<b>2,506,098,203</b>
<b>Liabilities</b>				
Due to banks	43,438	63,545	-	-
Due to other customers	2,108,781	2,479,216	1,998,935,057	1,885,959,026
Borrowing	-	30,022	367,802,667	331,728,654
Current tax liabilities	-	-	1,758,747	1,563,854
Deferred tax liabilities	-	-	971,358	6,090,963
Other provision	-	-	-	-
Employee benefit liabilities	51,880	45,228	5,706,547	4,334,368
Subordinated loan	-	-	9,994,000	9,999,000
Other liabilities	69,392	44,057	80,117,819	70,156,450
<b>Total liabilities</b>	<b>2,273,472</b>	<b>2,662,068</b>	<b>2,495,286,205</b>	<b>2,309,828,333</b>
<b>Equity</b>				
Statutory capital/Assigned capital	4,938,390	4,938,390	14,688,525	14,688,525
Statutory reserve fund	68,122	68,122	31,537,231	30,654,465
Retained earnings	(32,298)	106,931	97,106,542	106,142,374
Other reserves	1,055,142	790,002	42,016,515	41,367,795
Total shareholders' equity	6,029,396	5,906,445	188,815,494	196,268,870
Non Controlling Interest	-	-	3,487,281	3,435,710
<b>Total equity</b>	<b>6,029,386</b>	<b>5,906,445</b>	<b>188,815,494</b>	<b>196,268,870</b>
<b>Total equity and liabilities</b>	<b>8,302,857</b>	<b>8,568,513</b>	<b>2,684,101,699</b>	<b>2,506,098,203</b>
<b>Contingent liabilities and commitments</b>	<b>774,588</b>	<b>1,915,092</b>	<b>329,889,310</b>	<b>334,995,522</b>
<b>Memorandum Information</b>				
Number of Employees	61	69	18,129	17,303
Number of Branches	7	7	1,751	1,731

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018						
BANK	Share capital	Assigned capital	Reserve fund	Revaluation reserve	Retained earnings	Other reserves
In Rupees Thousand (LKR)						
Balance as at 01/01/2018 (Opening balance)	-	4,938,390	68,122	222,649	109,931	567,352
Total comprehensive income for the year	-	-	-	-	(142,200)	(142,200)
Profit/(loss) for the year	-	-	-	-	-	265,141
Other comprehensive income (net of tax)	-	-	-	-	-	265,141
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>4,938,390</b>	<b>68,122</b>	<b>222,649</b>	<b>(32,268)</b>	<b>832,493</b>
<b>Transaction with equity holders, recognised directly in equity</b>						
Share issue/increase of assigned capital	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-
Right issue	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-
Profit capitalisation during the year	-	-	-	-	-	-
<b>Total transaction with equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 30/09/2018 (Closing Balance)</b>	<b>-</b>	<b>4,938,390</b>	<b>68,122</b>	<b>222,649</b>	<b>(32,268)</b>	<b>832,493</b>

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017						
Group	Share capital	Assigned capital	Reserve fund	Revaluation reserve	Retained earnings	Other reserves
In Rupees Thousand (PKR)						
Balance as at 01/01/2017 (Opening balance)	14,688,525	-	30,554,465	24,063,847	106,142,374	17,303,949
Total comprehensive income for the year	-	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	7,828,064	353,063
Other comprehensive income (net of tax)	-	-	-	-	(1,013,583)	3,781,096
<b>Total comprehensive income for the year</b>	<b>14,688,525</b>	<b>-</b>	<b>30,554,465</b>	<b>24,063,847</b>	<b>112,957,855</b>	<b>21,085,645</b>
<b>Transaction with equity holders, recognised directly in equity</b>						
Share issue/increase of assigned capital	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-
Right issue	-	-	-	-	-	-
Transfers to reserves during the period	-	-	-	-	-	-
Capital contribution to Statutory funds of associates	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-
Gain on Business Combination	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	-
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	-
Exchange transaction realized on sale of foreign operation	-	-	-	-	-	-
Exchange transaction realized on sale of Bank branches	-	-	-	-	-	-
Non-controlling interest acquired in HBSB during the period	-	-	-	-	-	-
<b>Total transaction with equity holders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31/12/2017 (Closing Balance)</b>	<b>14,688,525</b>	<b>-</b>	<b>31,537,231</b>	<b>21,287,326</b>	<b>97,106,542</b>	<b>185,378,213</b>

INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018	BANK LKR	BANK LKR	GROUP (AUDITED) PKR	
In Rupees Thousand	9/30/2018	9/30/2017	12/31/2017	12/31/2016
Interest income	331,209	502,161	148,010,269	141,089,244
Interest expenses	121,892	149,388	64,942,797	59,137,882
<b>Net interest income</b>	<b>209,217</b>	<b>352,773</b>	<b>83,067,472</b>	<b>81,951,362</b>
Fee and commission income	2,300	21,378	19,519,052	18,652,985
Fee and commission expense	-	-	-	-
<b>Net fee and commission income</b>	<b>2,300</b>	<b>21,378</b>	<b>19,519,052</b>	<b>18,652,985</b>
Net gain/(Loss) from trading	-	-	7,764,681	5,329,667
Net gain/(Loss) from financial instruments designated at fair value through profits or loss	-	-	-	-
Net gain/(loss) from financial investments	-	-	-	-
Other Operating income (net)	(23,662)	34,345	5,605,404	7,079,114
Total operating income	(23,662)	34,345	13,370,085	12,408,781
Impairment for loans and other losses	44,053	26,538	115,409	717,563
Individual impairment	47,553	29,220	593,289	209,973
Collective impairment	(3,500)	(2,682)	(632,842)	281,182
Other	-	-	(65,855)	226,408
<b>Net operating income</b>	<b>143,802</b>	<b>381,958</b>	<b>116,072,018</b>	<b>112,295,565</b>
Personnel expenses	147,885	129,205,611	29,205,611	25,774,279
Depreciation and amortisation	31,470	34,207	4,008,753	3,529,577
Other expenses	98,006	90,372	54,044,174	26,466,798
<b>Operating profit/(loss) before value added tax (VAT)</b>	<b>(133,559)</b>	<b>68,471</b>	<b>28,813,480</b>	<b>56,524,911</b>
Value added tax (VAT) on financial services	8,641	8,188	-	-
<b>Profit/(loss) before tax</b>	<b>(142,200)</b>	<b>37,583</b>	<b>28,813,480</b>	<b>56,524,911</b>
Tax expenses	-	-	20,831,353	22,318,857
<b>Profit/(loss) for the period</b>	<b>(142,200)</b>	<b>37,583</b>	<b>8,982,127</b>	<b>34,206,254</b>
Profit attributable to:				
Owners of the parent	(142,200)	37,583	7,829,064	34,070,145
Non-controlling interests	-	-	353,063	136,109
Earnings per share on profit	-	-	-	-
Basic earnings per ordinary share	-	-	5.34	23.23
Diluted earnings per ordinary share	-	-	5.34	23.23

HBL SRI LANKA STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018				
In Rupees Thousand	BANK LKR	BANK LKR	GROUP (AUDITED) PKR	
	9/30/2018	9/30/2017	12/31/2017	12/31/2016
Profit/(loss) for the period	(142,200)	37,583	8,182,127	34,206,254
Other Comprehensive income, net of tax	-	-	-	-
Changes in revaluation surplus Actuarial gains and losses on defined benefit plans	-	-	(1,017,131)	(624,497)
Gains and losses arising from translating the financial statements of foreign operation	-	-	3,625,685	(2,566,582)
Exchange differences on translation of foreign currency capital & reserve	265,141	46,312	-	-
Income tax on Other comprehensive income	-	-	(978,897)	1,215,873
Share of surplus on revaluation of investments/operating fixed assets of associates	-	-	(11,643,780)	(615,812)
Gain/(Loss) on revaluation of Assets	-	-	9,787,305	948,903
Deficit on revaluation of fixed assets	-	-	173,902	(1,642,115)
<b>Other comprehensive income for the period, net of taxes</b>	<b>265,141</b>	<b>46,312</b>	<b>8,356,029</b>	<b>32,564,139</b>
<b>Total comprehensive income for the period</b>	<b>122,941</b>	<b>83,894</b>	<b>8,356,029</b>	<b>32,564,139</b>
Attributable to:				
Owners of the parent	122,941	83,894	7,876,250	32,513,167
Non-controlling interests	-	-	479,779	(48,028)

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018	Bank LKR	Bank LKR	Group (Audited) PKR	
Item	2018 LKR	2017 LKR	2017 PKR	2016 PKR
<b>Cash Flow from Operating Activities</b>				
Profit before tax	(142,200)	37,582	62,530,585	56,524,911
(Gain)/Loss on disposal of Property, plant & equipment	-	(5)	(30,028)	(60,028)
(Gain)/Loss on sale of securities	-	-	(2,051,877)	(3,768,085)
Share of profit of associates & joint venture	-	-	4,008,753	3,529,577
Depreciation & Amortisation	31,470	34,345	4,008,753	3,529,577
Provision for gratuity	9,000	4,500	-	-
Impairment charge for loans & advances	44,053	26,538	(49,554)	491,155
(Increase)/Decrease in Interest Receivable	20,391	46,904	-	-
(Increase)/Decrease in Interest Payable	(3,173)	110	-	-
(Increase)/Decrease in accrued expenses	(7,018)	12,264	-	-
Increase in financial liabilities	-	-	-	-
Gratuity payments made	(2,368)	(7,950)	52,889	164,010
Other non cash items	(1,802)	(1,564)	(1,296,488)	(1,296,488)
Dividend income	-	-	(253,339)	329,478
Reversal against diminution in the value of investments	-	-	445,867	248,618
Workers Welfare Fund	-	-	1,039,582	1,073,521
Operating Profit before changes in Operating Assets & Liabilities	(51,644)	152,724	54,490,288	57,246,667
(Increase)/Decrease in Operating Assets and Liabilities				
(Increase)/Decrease in Operating Assets	132,227	936,821	(138,262,597)	(118,783,467)
(Increase)/Decrease in Operating Liabilities	(385,038)	801,757	188,271,024	281,720,503
<b>Net Cash from Operating Activities before Income Tax</b>	<b>(252,812)</b>	<b>1,738,617</b>	<b>45,008,715</b>	<b>142,817,658</b>
Income Tax (Paid) / Refunds	(2,530)	(3,362)	(27,250,907)	(27,319,492)
<b>Net Cash from Operating Activities</b>	<b>(307,049)</b>	<b>1,697,990</b>	<b>18,247,787</b>	<b>172,844,211</b>
<b>Cash Flow from Investing Activities</b>				
Dividends Received	1,802	1,564	1,259,924	1,230,935
Purchase of Property & Equipment	(1,184)	(5,487)	(19,722,077)	(4,151,831)
Proceeds from Sale of Property Plant & Equipment	-	5	83,110	74,238
Net cash flows from purchase of financial investments	-	-	(20,021,127)	(66,575,800)
Net cash flows on business combination	-	-	-	(3,150,125)
Effect of translation of net investment in foreign branches, subsidiaries & associates	-	-	3,781,686	(7,361,716)
<b>Net Cash from Investing Activities</b>	<b>618</b>	<b>(3,918)</b>	<b>(34,618,584)</b>	<b>(74,944,302)</b>
<b>Cash Flow from Financing Activities</b>				
Acquisition of additional interest in a subsidiary from a minority shareholder	-	-	(441,933)	-
Exchange adjustment on translation of non-controlling interest in subsidiary	-	-	143,980	(204,883)
Issuance (Repayment) of subordinated loan	-	-	(4,000)	(2,000)
Dividend paid	-	-	(15,160,303)	(21,016,417)
<b>Net Cash from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(15,468,247)</b>	<b>(21,223,200)</b>
<b>Cash outflow for settlement payment to New York State Department of Financial Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(306,432)</b>	<b>1,694,071</b>	<b>(23,717,115)</b>	<b>76,676,625</b>
Exchange difference in respect of cash & cash equivalent	265,141	46,313	11,241,165	(6,033,235)
Cash and Cash Equivalents at Beginning of the year	2,033,470	1,870,508	273,056,213	212,753,884
Cash and Cash Equivalents at end of the period	1,982,175	3,608,889	284,847,298	284,387,318

## ADDITIONAL DISCLOSURE

1) Loan & Receivables to Other Customers	BANK (LKR)	BANK (Audited) (LKR)	GROUP (Audited) (PKR)	
In Rupees Thousand	9/30/2018	12/31/2017	12/31/2017	12/31/2016
Gross loans & receivables	3,782,217	4,001,187	821,007,839	817,250,038
(Less): Individual Impairment	143,351	105,516	66,417,176	65,190,197
Collective Impairment	14,246	17,319	3,080,343	3,023,544
<b>Net loans and receivables including those designated at fair value through profit or loss</b>	<b>3,634,519</b>	<b>3,876,365</b>	<b>851,502,420</b>	<b>748,466,297</b>
(Less): Loans and receivables designated at fair value through profit or loss	-	-	-	-
<b>Net loans and receivables</b>	<b>3,634,519</b>	<b>3,876,365</b>	<b>851,502,420</b>	<b>748,466,297</b>

\* Provision is made according to prudential regulations issued by State Bank of Pakistan.

2) Loans and Receivables to Other Customers - By Product	BANK (LKR)	BANK (Audited) (LKR)	GROUP (Audited) (PKR)	
In Rupees Thousand	9/30/2018	12/31/2017	12/31/2017	12/31/201