

# Quarterly Financial Statements

# 2014

For the Financial Year ended 31 December 2014



## Cargills Bank Limited

### Income Statement - Bank

For the period ended 31st December 2014

|  | For the twelve months ended |                  |              | For the quarter ended |                  |                |
|--|-----------------------------|------------------|--------------|-----------------------|------------------|----------------|
|  | 31-Dec-14                   | 31-Dec-13        | Change       | 31-Dec-14             | 31-Dec-13        | Change         |
|  | Rs. '000                    | Rs. '000         | %            | Rs. '000              | Rs. '000         | %              |
| Interest income  | 343,436                     | 492,321          | (30)         | 85,097                | 172,708          | (51)           |
| Interest expenses  | (30,874)                    | (100,509)        | 69           | (14,591)              | (23,070)         | 37             |
| <b>Net interest income</b>   | <b>312,562</b>              | <b>391,812</b>   | <b>(20)</b>  | <b>70,506</b>         | <b>149,638</b>   | <b>(53)</b>    |
| Fees and commission income   | 12,318                      | -                | -            | 8,904                 | -                | -              |
| Fees and commission expenses   | (1,201)                     | -                | -            | (502)                 | -                | -              |
| <b>Net fees and commission income</b>  | <b>11,117</b>               | <b>-</b>         | <b>-</b>     | <b>8,402</b>          | <b>-</b>         | <b>-</b>       |
| Net gains / (losses) from trading  | 4,461                       | -                | -            | 3,502                 | -                | -              |
| Net gains / (losses) from financial instruments at fair value through profit & loss        | -                           | -                | -            | -                     | -                | -              |
| Net gains / (losses) from financial investments  | 2,074                       | -                | -            | 2,074                 | -                | -              |
| Other operating income   | 653                         | 503              | 30           | 158                   | 131              | 20             |
| <b>Total other income</b>  | <b>7,188</b>                | <b>503</b>       | <b>1,329</b> | <b>5,734</b>          | <b>131</b>       | <b>4,272</b>   |
| <b>Total operating income</b>  | <b>330,867</b>              | <b>392,315</b>   | <b>(16)</b>  | <b>84,642</b>         | <b>149,769</b>   | <b>(43)</b>    |
| Impairment for loans and other losses  | (16,764)                    | (35,842)         | 53           | (4,393)               | (35,842)         | 88             |
| <b>Net operating income</b>  | <b>314,103</b>              | <b>356,473</b>   | <b>(12)</b>  | <b>80,249</b>         | <b>113,927</b>   | <b>(30)</b>    |
| Personnel expenses   | (197,669)                   | (166,509)        | (19)         | (53,855)              | (44,777)         | (20)           |
| Other operating expenses   | (349,199)                   | (278,572)        | (25)         | (103,365)             | (65,003)         | (59)           |
| <b>Total operating Expenses</b>  | <b>(546,868)</b>            | <b>(445,081)</b> | <b>(23)</b>  | <b>(157,220)</b>      | <b>(109,780)</b> | <b>(43)</b>    |
| <b>Operating profit/ (loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)</b> | <b>(232,765)</b>            | <b>(88,608)</b>  | <b>(163)</b> | <b>(76,971)</b>       | <b>4,147</b>     | <b>(1,956)</b> |
| VAT and NBT on financial services  | (2,287)                     | -                | -            | -                     | -                | -              |
| <b>Profit/ (loss) before tax</b>   | <b>(235,052)</b>            | <b>(88,608)</b>  | <b>(165)</b> | <b>(76,971)</b>       | <b>4,147</b>     | <b>(1,956)</b> |
| Tax expenses   | 116,000                     | -                | -            | 116,000               | -                | -              |
| <b>Profit/(loss) for the period</b>  | <b>(119,052)</b>            | <b>(88,608)</b>  | <b>(34)</b>  | <b>39,029</b>         | <b>4,147</b>     | <b>841</b>     |
| <b>Earnings/ (loss) per share</b>  |                             |                  |              |                       |                  |                |
| Earnings/ (loss) per share (Rs.)   | (0.27)                      | (0.20)           | (34)         | 0.09                  | 0.01             | 841            |

## Cargills Bank Limited

### Income Statement - Group

For the period ended 31st December 2014

|  | For the twelve months ended |                  |              | For the quarter ended |                  |                |
|--|-----------------------------|------------------|--------------|-----------------------|------------------|----------------|
|  | 31-Dec-14                   | 31-Dec-13        | Change       | 31-Dec-14             | 31-Dec-13        | Change         |
|  | Rs. '000                    | Rs. '000         | %            | Rs. '000              | Rs. '000         | %              |
| Interest income  | 410,842                     | 492,321          | (17)         | 123,057               | 172,708          | (29)           |
| Interest expenses  | (64,426)                    | (100,509)        | 36           | (33,267)              | (23,070)         | (44)           |
| <b>Net interest income</b>   | <b>346,416</b>              | <b>391,812</b>   | <b>(12)</b>  | <b>89,790</b>         | <b>149,638</b>   | <b>(40)</b>    |
| Fees and commission income   | 13,549                      | -                | -            | 9,701                 | -                | -              |
| Fees and commission expenses   | (1,320)                     | -                | -            | (589)                 | -                | -              |
| <b>Net fees and commission income</b>  | <b>12,229</b>               | <b>-</b>         | <b>-</b>     | <b>9,112</b>          | <b>-</b>         | <b>-</b>       |
| Net gains / (losses) from trading  | 4,461                       | -                | -            | 3,502                 | -                | -              |
| Net gains / (losses) from financial instruments at fair value through profit & loss        | 676                         | -                | -            | 154                   | -                | -              |
| Net gains / (losses) from financial investments  | 2,074                       | -                | -            | 2,074                 | -                | -              |
| Other operating income   | 4,302                       | 503              | 755          | 2,082                 | 131              | 1,489          |
| <b>Total other income</b>  | <b>11,513</b>               | <b>503</b>       | <b>2,189</b> | <b>7,812</b>          | <b>131</b>       | <b>5,863</b>   |
| <b>Total operating income</b>  | <b>370,158</b>              | <b>392,315</b>   | <b>(6)</b>   | <b>106,714</b>        | <b>149,769</b>   | <b>(29)</b>    |
| Impairment for loans and other losses  | (15,920)                    | (35,842)         | 56           | 1,383                 | (35,842)         | 104            |
| <b>Net operating income</b>  | <b>354,238</b>              | <b>356,473</b>   | <b>(1)</b>   | <b>108,097</b>        | <b>113,927</b>   | <b>(5)</b>     |
| Personnel expenses   | (212,759)                   | (166,509)        | (28)         | (62,517)              | (44,777)         | (40)           |
| Other operating expenses   | (366,755)                   | (278,572)        | (32)         | (114,811)             | (65,003)         | (77)           |
| <b>Total operating Expenses</b>  | <b>(579,514)</b>            | <b>(445,081)</b> | <b>(30)</b>  | <b>(177,328)</b>      | <b>(109,780)</b> | <b>(62)</b>    |
| <b>Operating profit/ (loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)</b> | <b>(225,276)</b>            | <b>(88,608)</b>  | <b>(154)</b> | <b>(69,231)</b>       | <b>4,147</b>     | <b>(1,769)</b> |
| VAT and NBT on financial services  | (3,785)                     | -                | -            | (1,119)               | -                | -              |
| <b>Profit/ (loss) before tax</b>   | <b>(229,061)</b>            | <b>(88,608)</b>  | <b>(159)</b> | <b>(70,350)</b>       | <b>4,147</b>     | <b>(1,796)</b> |
| Tax expenses   | 115,851                     | -                | -            | 115,851               | -                | -              |
| <b>Profit/(loss) for the period</b>  | <b>(113,210)</b>            | <b>(88,608)</b>  | <b>(28)</b>  | <b>45,501</b>         | <b>4,147</b>     | <b>997</b>     |
| <b>Attributable to:</b>  |                             |                  |              |                       |                  |                |
| Equity holders of the bank   | (114,583)                   | (88,608)         | (29)         | 43,981                | 4,147            | 961            |
| Non-controlling interest   | 1,373                       | -                | -            | 1,520                 | -                | -              |
| <b>Profit/(loss) for the period</b>  | <b>(113,210)</b>            | <b>(88,608)</b>  | <b>(28)</b>  | <b>45,501</b>         | <b>4,147</b>     | <b>997</b>     |
| <b>Earnings/ (loss) per share</b>  |                             |                  |              |                       |                  |                |
| Equity shareholders of the parent for the period:  |                             |                  |              |                       |                  |                |
| Earnings/ (loss) per share (Rs.)   | (0.26)                      | (0.20)           | (29)         | 0.10                  | 0.01             | 961            |

**Cargills Bank Limited**

**Statement of Profit or Loss and Other Comprehensive Income-Bank**

For the period ended 31st December 2014

|   | For the twelve months ended |                 |        | For the quarter ended |           |        |
|---|-----------------------------|-----------------|--------|-----------------------|-----------|--------|
|   | 31-Dec-14                   | 31-Dec-13       | Change | 31-Dec-14             | 31-Dec-13 | Change |
|   | Rs. '000                    | Rs. '000        | %      | Rs. '000              | Rs. '000  | %      |
| <b>Profit/ loss for the period</b>  | <b>(119,052)</b>            | <b>(88,608)</b> | (34)   | <b>39,029</b>         | 4,147     | 841    |
| <b>Other comprehensive income, net of tax</b>                                   |                             |                 |        |                       |           |        |
| <b>Items that will never be reclassified to profit &amp; loss</b>               |                             |                 |        |                       |           |        |
| Net actuarial gains / (losses) on defined benefit plans                         | -                           | -               | -      | -                     | -         | -      |
| <b>Items that are or may be reclassified to profit &amp; loss</b>               |                             |                 |        |                       |           |        |
| <b>Net gains / (losses) on re-measuring available for sale financial assets</b> |                             |                 |        |                       |           |        |
| Sri Lanka government securities   | (697)                       | -               | -      | (6,231)               | -         | -      |
| Deferred tax asset on available for sale reserve                                | 195                         | -               | -      | 195                   | -         | -      |
| <b>Other comprehensive income for the period, net of tax</b>                    | <b>(502)</b>                | -               | -      | <b>(6,036)</b>        | -         | -      |
| <b>Total comprehensive income for the period</b>                                | <b>(119,554)</b>            | <b>(88,608)</b> | (35)   | <b>32,993</b>         | 4,147     | 696    |

**Cargills Bank Limited**

**Statement of Profit or Loss and Other Comprehensive Income - Group**

For the period ended 31st December 2014

|   | For the twelve months ended |           |        | For the quarter ended |           |        |
|---|-----------------------------|-----------|--------|-----------------------|-----------|--------|
|   | 31-Dec-14                   | 31-Dec-13 | Change | 31-Dec-14             | 31-Dec-13 | Change |
|   | Rs. '000                    | Rs. '000  | %      | Rs. '000              | Rs. '000  | %      |
| <b>Profit/ loss for the period</b>  | <b>(113,210)</b>            | (88,608)  | (28)   | <b>45,501</b>         | 4,147     | 997    |
| <b>Other comprehensive income, net of tax</b>                                   |                             |           |        |                       |           |        |
| <b>Items that will never be reclassified to profit &amp; loss</b>               |                             |           |        |                       |           |        |
| Net actuarial gains / (losses) on defined benefit plans                         | -                           | -         | -      | -                     | -         | -      |
| <b>Items that are or may be reclassified to profit &amp; loss</b>               |                             |           |        |                       |           |        |
| <b>Net gains / (losses) on re-measuring available for sale financial assets</b> |                             |           |        |                       |           |        |
| Sri Lanka government securities   | (697)                       | -         | -      | (6,231)               | -         | -      |
| Deferred tax asset on available for sale reserve                                | 195                         | -         | -      | 195                   | -         | -      |
| <b>Other comprehensive income for the period, net of tax</b>                    | <b>(502)</b>                | -         | -      | <b>(6,036)</b>        | -         | -      |
| <b>Total comprehensive income for the period</b>                                | <b>(113,712)</b>            | (88,608)  | (28)   | <b>39,465</b>         | 4,147     | 852    |

**Cargills Bank Limited**  
**Statement of Financial Position**  
**As at 31st December 2014**

|  | Bank                  |                       | Group                 |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 31-Dec-14<br>Rs. '000 | 31-Dec-13<br>Rs. '000 | 31-Dec-14<br>Rs. '000 | 31-Dec-13<br>Rs. '000 |
| <b>Assets</b>  |                       |                       |                       |                       |
| Cash and cash equivalents                                      | 39,039                | 5,146,345             | 61,238                | 5,146,345             |
| Balances with Central Bank                                     | 55,886                | -                     | 55,886                | -                     |
| Placements with banks  | 1,703,951             | -                     | 1,703,951             | -                     |
| Other financial instruments held for trading                   | -                     | -                     | 4,199                 | -                     |
| Loans and receivables to banks                                 | 503,425               | -                     | 511,425               | -                     |
| Loans and receivables to other customers                       | 2,230,418             | -                     | 3,085,835             | -                     |
| Financial investments available for sale                       | 1,034,027             | -                     | 1,034,373             | -                     |
| Financial investments held to maturity                         | -                     | -                     | 25,415                | -                     |
| Investment in subsidiary                                       | 459,200               | -                     | -                     | -                     |
| Property, plant & equipment                                    | 252,355               | 279,682               | 309,494               | 279,682               |
| Intangible assets  | 223,246               | 217,086               | 434,843               | 217,086               |
| Deferred tax assets  | 116,195               | -                     | 116,195               | -                     |
| Other assets   | 118,756               | 92,928                | 145,394               | 92,928                |
| <b>Total assets</b>  | <b>6,736,498</b>      | <b>5,736,041</b>      | <b>7,488,248</b>      | <b>5,736,041</b>      |
| <b>Liabilities and equity</b>                                  |                       |                       |                       |                       |
| Due to banks   | 264,457               | 4,626                 | 264,457               | 4,626                 |
| Due to other customers   | 1,265,615             | -                     | 1,919,132             | -                     |
| Other borrowings   | 551,083               | 1,001,784             | 551,083               | 1,001,784             |
| Deferred tax liabilities                                       | -                     | -                     | 5,028                 | -                     |
| Other liabilities  | 107,507               | 62,241                | 127,293               | 62,241                |
| <b>Total liabilities</b>                                       | <b>2,188,662</b>      | <b>1,068,651</b>      | <b>2,866,993</b>      | <b>1,068,651</b>      |
| <b>Equity</b>  |                       |                       |                       |                       |
| Stated capital   | 4,968,850             | 4,968,850             | 4,968,850             | 4,968,850             |
| Statutory reserves   | -                     | -                     | -                     | -                     |
| Available-for-sale reserve                                     | (502)                 | -                     | (502)                 | -                     |
| Accumulated loss   | (420,512)             | (301,460)             | (424,691)             | (301,460)             |
| <b>Total equity attributable to equity holders of the bank</b> | <b>4,547,836</b>      | <b>4,667,390</b>      | <b>4,543,657</b>      | <b>4,667,390</b>      |
| <b>Non controlling interest</b>                                | <b>-</b>              | <b>-</b>              | <b>77,598</b>         | <b>-</b>              |
| <b>Total equity</b>  | <b>4,547,836</b>      | <b>4,667,390</b>      | <b>4,621,255</b>      | <b>4,667,390</b>      |
| <b>Total liabilities and equity</b>                            | <b>6,736,498</b>      | <b>5,736,041</b>      | <b>7,488,248</b>      | <b>5,736,041</b>      |
| <b>Contingent liabilities &amp; commitments</b>                | <b>2,634,622</b>      | <b>-</b>              | <b>2,634,622</b>      | <b>-</b>              |
| <b>Net assets value per ordinary share (Rs.)</b>               | <b>10.34</b>          | <b>10.61</b>          | <b>10.33</b>          | <b>10.61</b>          |
| <b>Memorandum information</b>                                  |                       |                       |                       |                       |
| Number of employees  | 141                   | 175                   |                       |                       |
| Number of branches   | 3                     | -                     |                       |                       |

**Certification:**

These Financial Statements have been prepared in compliance with requirements of the Companies Act No. 07 of 2007.

Sgd.

**V S Premawardana**  
 Manager-Finance

We, the undersigned, being the Deputy Managing Director and the Deputy Chairman of Cargills Bank Limited, certify jointly that-

(A) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka,

(B) the information contained in these statements have been extracted from the unaudited financial statements of the bank.

Sgd.

**P S Mathavan**  
 Deputy Managing Director/Chief Financial Officer

Sgd.

**V R Page**  
 Deputy Chairman

25 February 2015  
 Colombo

**Cargills Bank Limited**  
**Statement of Changes in Equity - Bank**  
For the period ended 31st December 2014

|  | Stated capital   | Retained profit/ (loss) | Available-for-sale reserve | Total            |
|--|------------------|-------------------------|----------------------------|------------------|
|  | Rs. '000         | Rs. '000                | Rs. '000                   | Rs. '000         |
| Balance as at 01.01.2013                         | -                | (212,852)               | -                          | (212,852)        |
| <b>Total comprehensive income for the period</b> |                  |                         |                            |                  |
| Loss for the period                              | -                | (88,608)                | -                          | (88,608)         |
| Other comprehensive income net of tax            | -                | -                       | -                          | -                |
| Total comprehensive income for the period        | -                | (88,608)                | -                          | (88,608)         |
| <b>Transactions with owners of the bank</b>      |                  |                         |                            |                  |
| <b>Contributions and distributions</b>           |                  |                         |                            |                  |
| Issue of shares                                  | 4,968,850        | -                       | -                          | 4,968,850        |
| <b>Total transactions with equity owners</b>     | 4,968,850        | -                       | -                          | 4,968,850        |
| Balance as at 31.12.2013                         | 4,968,850        | (301,460)               | -                          | 4,667,390        |
| <b>Total comprehensive income for the period</b> |                  |                         |                            |                  |
| Loss for the period                              | -                | (119,052)               | -                          | (119,052)        |
| Other comprehensive income/ (loss) net of tax    | -                | -                       | (502)                      | (502)            |
| Total comprehensive income for the period        | -                | (119,052)               | (502)                      | (119,554)        |
| <b>Balance as at 31.12.2014</b>                  | <b>4,968,850</b> | <b>(420,512)</b>        | <b>(502)</b>               | <b>4,547,836</b> |

**Cargills Bank Limited**  
**Statement of Changes in Equity - Group**  
For the period ended 31st December 2014

|  | Stated<br>capital | Retained<br>profit/<br>(loss) | Available-<br>for-sale<br>reserve | Attributable<br>to owners of<br>the company | Non<br>Controlling<br>Interest | Total            |
|--|-------------------|-------------------------------|-----------------------------------|---|--------------------------------|------------------|
|  | Rs. '000          | Rs. '000                      | Rs. '000                          | Rs. '000                                    | Rs. '000                       | Rs. '000         |
| Balance as at 01.01.2013                         | -                 | (212,852)                     | -                                 | (212,852)                                   | -                              | (212,852)        |
| <b>Total comprehensive income for the period</b> |                   |                               |                                   |   |                                |                  |
| Loss for the period                              | -                 | (88,608)                      | -                                 | (88,608)                                    | -                              | (88,608)         |
| Other comprehensive income net of tax            | -                 | -                             | -                                 | -   | -                              | -                |
| <b>Total comprehensive income for the period</b> | -                 | (88,608)                      | -                                 | (88,608)                                    | -                              | (88,608)         |
| <b>Transactions with owners of the bank</b>      |                   |                               |                                   |   |                                |                  |
| <b>Contributions and distributions</b>           |                   |                               |                                   |   |                                |                  |
| Issue of shares                                  | 4,968,850         | -                             | -                                 | 4,968,850                                   | -                              | 4,968,850        |
| <b>Total transactions with equity owners</b>     | 4,968,850         | -                             | -                                 | 4,968,850                                   | -                              | 4,968,850        |
| <b>Balance as at 31.12.2013</b>                  | <b>4,968,850</b>  | <b>(301,460)</b>              | <b>-</b>                          | <b>4,667,390</b>                            | <b>-</b>                       | <b>4,667,390</b> |
| <b>Total comprehensive income for the period</b> |                   |                               |                                   |   |                                |                  |
| Loss for the period                              | -                 | (114,583)                     | -                                 | (114,583)                                   | 1,373                          | (113,210)        |
| Other comprehensive income/ (loss) net of tax    | -                 | -                             | (502)                             | (502)                                       | -                              | (502)            |
| <b>Total comprehensive income for the period</b> | -                 | (114,583)                     | (502)                             | (115,085)                                   | 1,373                          | (113,712)        |
| <b>Transactions with owners of the bank</b>      |                   |                               |                                   |   |                                |                  |
| <b>Contributions and distributions</b>           |                   |                               |                                   |   |                                |                  |
| Non-controlling interest on acquisition          | -                 | -                             | -                                 | -   | 86,317                         | 86,317           |
| Acquisition of non controlling interest          | -                 | (8,648)                       | -                                 | (8,648)                                     | (10,092)                       | (18,740)         |
| Goodwill on change in shareholding               | -                 | -                             | -                                 | -   | -                              | -                |
| <b>Total transactions with equity owners</b>     | -                 | (8,648)                       | -                                 | (8,648)                                     | 76,225                         | 67,577           |
| <b>Balance as at 31.12.2014</b>                  | <b>4,968,850</b>  | <b>(424,691)</b>              | <b>(502)</b>                      | <b>4,543,657</b>                            | <b>77,598</b>                  | <b>4,621,255</b> |

**Cargills Bank Limited**

**Statement of Cash Flows**

For the period ended 31st December 2014

|   | Bank                        |                  | Group                       |                  |
|---|-----------------------------|------------------|-----------------------------|------------------|
|   | For the twelve months ended |                  | For the twelve months ended |                  |
|   | 31-Dec-14                   | 31-Dec-13        | 31-Dec-14                   | 31-Dec-2013      |
|   | Rs. '000                    | Rs. '000         | Rs. '000                    | Rs. '000         |
| <b>Cash flows from operating activities</b>                 |                             |                  |                             |                  |
| Loss before tax   | (235,052)                   | (88,608)         | (229,061)                   | (88,608)         |
| <b>Adjustments for:</b>                                     |                             |                  |                             |                  |
| Non-cash items included in Loss before tax                  | 125,423                     | 107,088          | 126,958                     | 107,088          |
| Change in operating assets                                  | (5,565,344)                 | (65,086)         | (5,532,893)                 | (65,086)         |
| Change in operating liabilities                             | 1,570,713                   | 3,494            | 1,574,800                   | 3,494            |
| Charges fees on acquisition of subsidiary                   | 3,045                       | -                | 3,045                       | -                |
| Net gains from investing activities                         | -                           | -                | (4,436)                     | -                |
| Dividend income   | (79)                        | -                | (93)                        | -                |
| Provision for defined benefit plan                          | (3,078)                     | (3,845)          | (3,078)                     | (3,845)          |
| Tax paid  | -                           | -                | -                           | -                |
| <b>Net cash used in operating activities</b>                | <b>(4,104,372)</b>          | <b>(46,957)</b>  | <b>(4,064,758)</b>          | <b>(46,957)</b>  |
| <b>Cash flows from investing activities</b>                 |                             |                  |                             |                  |
| Net purchase of property, plant and equipment               | (53,516)                    | (181,867)        | (54,206)                    | (181,867)        |
| Net cashflow from acquisition of investment in subsidiary   | (462,245)                   | -                | (462,245)                   | -                |
| Net purchase of intangible assets                           | (36,551)                    | (111,185)        | (36,551)                    | (111,185)        |
| Proceeds from sale and maturity of financial investments    | -                           | -                | 90,910                      | -                |
| Dividend received   | 79                          | -                | 93                          | -                |
| <b>Net cash used in investing activities</b>                | <b>(552,233)</b>            | <b>(293,052)</b> | <b>(461,999)</b>            | <b>(293,052)</b> |
| <b>Cash flows from financing activities</b>                 |                             |                  |                             |                  |
| Proceeds from issue of shares                               | -                           | 4,968,850        | -                           | 4,968,850        |
| Borrowings paid during the period                           | (450,701)                   | 516,677          | (605,570)                   | 516,677          |
| <b>Net cash from financing activities</b>                   | <b>(450,701)</b>            | <b>5,485,527</b> | <b>(605,570)</b>            | <b>5,485,527</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>(5,107,306)</b>          | <b>5,145,518</b> | <b>(5,132,327)</b>          | <b>5,145,518</b> |
| Cash and cash equivalents at the beginning of the period    | 5,146,345                   | 827              | 5,193,565                   | 827              |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>39,039</b>               | <b>5,146,345</b> | <b>61,238</b>               | <b>5,146,345</b> |

# Cargills Bank Limited

## Classification of Financial Assets and Financial Liabilities

For the period ended 31st December 2014

| Bank                                     |                              |                              |                                   |                                |                                  |                   |
|--|------------------------------|------------------------------|-----------------------------------|--------------------------------|----------------------------------|-------------------|
| As at 31st December 2014                 |                              |                              |                                   |                                |                                  |                   |
|  | Held for Trading<br>Rs. '000 | Held to Maturity<br>Rs. '000 | Loans and Receivables<br>Rs. '000 | Available for Sale<br>Rs. '000 | Other Amortized Cost<br>Rs. '000 | Total<br>Rs. '000 |
| <b>Financial Assets</b>                  |                              |                              |                                   |                                |                                  |                   |
| Cash and cash equivalents                | -                            | -                            | 39,039                            | -                              | -                                | 39,039            |
| Balance with Central Bank                | -                            | -                            | 55,886                            | -                              | -                                | 55,886            |
| Placements with banks                    | -                            | -                            | 1,703,951                         | -                              | -                                | 1,703,951         |
| Loans & receivables to banks             | -                            | -                            | 503,425                           | -                              | -                                | 503,425           |
| Loans & receivables to other customers   | -                            | -                            | 2,230,418                         | -                              | -                                | 2,230,418         |
| Financial investments available for sale | -                            | -                            | -                                 | 1,034,027                      | -                                | 1,034,027         |
| <b>Total financial assets</b>            | -                            | -                            | <b>4,532,719</b>                  | <b>1,034,027</b>               | -                                | <b>5,566,746</b>  |

|                                    | Held for Trading<br>Rs. '000 | Held to Maturity<br>Rs. '000 | Loans and Receivables<br>Rs. '000 | Available for Sale<br>Rs. '000 | Other Amortized Cost<br>Rs. '000 | Total<br>Rs. '000 |
|------------------------------------|------------------------------|------------------------------|-----------------------------------|--------------------------------|----------------------------------|-------------------|
| <b>Financial Liabilities</b>       |                              |                              |                                   |                                |                                  |                   |
| Due to banks                       | -                            | -                            | -                                 | -                              | 264,457                          | 264,457           |
| Due to other customers             | -                            | -                            | -                                 | -                              | 1,265,615                        | 1,265,615         |
| Other borrowings                   | -                            | -                            | -                                 | -                              | 551,083                          | 551,083           |
| <b>Total financial liabilities</b> | -                            | -                            | -                                 | -                              | <b>2,081,155</b>                 | <b>2,081,155</b>  |

| Bank                          |                              |                              |                                   |                                |                                  |                   |
|-------------------------------|------------------------------|------------------------------|-----------------------------------|--------------------------------|----------------------------------|-------------------|
| As at 31st December 2013      |                              |                              |                                   |                                |                                  |                   |
|                               | Held for Trading<br>Rs. '000 | Held to Maturity<br>Rs. '000 | Loans and Receivables<br>Rs. '000 | Available for Sale<br>Rs. '000 | Other Amortized Cost<br>Rs. '000 | Total<br>Rs. '000 |
| <b>Financial Assets</b>       |                              |                              |                                   |                                |                                  |                   |
| Cash and cash equivalents     | -                            | -                            | 5,146,345                         | -                              | -                                | 5,146,345         |
| <b>Total financial assets</b> | -                            | -                            | <b>5,146,345</b>                  | -                              | -                                | <b>5,146,345</b>  |

|                                    | Held for Trading<br>Rs. '000 | Held to Maturity<br>Rs. '000 | Loans and Receivables<br>Rs. '000 | Available for Sale<br>Rs. '000 | Other Amortized Cost<br>Rs. '000 | Total<br>Rs. '000 |
|------------------------------------|------------------------------|------------------------------|-----------------------------------|--------------------------------|----------------------------------|-------------------|
| <b>Financial Liabilities</b>       |                              |                              |                                   |                                |                                  |                   |
| Due to banks                       | -                            | -                            | -                                 | -                              | 4,626                            | 4,626             |
| Other borrowings                   | -                            | -                            | -                                 | -                              | 1,001,784                        | 1,001,784         |
| <b>Total financial liabilities</b> | -                            | -                            | -                                 | -                              | <b>1,006,410</b>                 | <b>1,006,410</b>  |

# Cargills Bank Limited

## Classification of Financial Assets and Financial Liabilities

For the period ended 31st December 2014

| <b>Group</b>                                 |                                      |                                      |   |  |  |                           |
|--|--------------------------------------|--------------------------------------|---|--|--|---------------------------|
| <b>As at 31st December 2014</b>              | <b>Held for Trading<br/>Rs. '000</b> | <b>Held to Maturity<br/>Rs. '000</b> | <b>Loans and Receivables<br/>Rs. '000</b> | <b>Available for Sale<br/>Rs. '000</b> | <b>Other Amortized Cost<br/>Rs. '000</b> | <b>Total<br/>Rs. '000</b> |
| <b>Financial Assets</b>                      |                                      |                                      |   |  |  |                           |
| Cash and cash equivalents                    | -                                    | -                                    | 61,238                                    | -                                      | -  | 61,238                    |
| Balance with Central Bank                    | -                                    | -                                    | 55,886                                    | -                                      | -  | 55,886                    |
| Placements with banks                        | -                                    | -                                    | 1,703,951                                 | -                                      | -  | 1,703,951                 |
| Other financial instruments held for trading | 4,199                                | -                                    | -   | -                                      | -  | 4,199                     |
| Loans & receivables to banks                 | -                                    | -                                    | 511,425                                   | -                                      | -  | 511,425                   |
| Loans & receivables to other customers       | -                                    | -                                    | 3,085,835                                 | -                                      | -  | 3,085,835                 |
| Financial investments held to maturity       | -                                    | 25,415                               | -   | -                                      | -  | 25,415                    |
| Financial investments available for sale     | -                                    | -                                    | -   | 1,034,373                              | -  | 1,034,373                 |
| <b>Total financial assets</b>                | <b>4,199</b>                         | <b>25,415</b>                        | <b>5,418,335</b>                          | <b>1,034,373</b>                       | <b>-</b>                                 | <b>6,482,322</b>          |
| <b>Financial Liabilities</b>                 |                                      |                                      |   |  |  |                           |
| Due to banks                                 | -                                    | -                                    | -   | -                                      | 264,457                                  | 264,457                   |
| Due to other customers                       | -                                    | -                                    | -   | -                                      | 1,919,132                                | 1,919,132                 |
| Other borrowings                             | -                                    | -                                    | -   | -                                      | 551,083                                  | 551,083                   |
| <b>Total financial liabilities</b>           | <b>-</b>                             | <b>-</b>                             | <b>-</b>                                  | <b>-</b>                               | <b>2,734,672</b>                         | <b>2,734,672</b>          |
| <b>Group</b>                                 |                                      |                                      |   |  |  |                           |
| <b>As at 31st December 2013</b>              | <b>Held for Trading<br/>Rs. '000</b> | <b>Held to Maturity<br/>Rs. '000</b> | <b>Loans and Receivables<br/>Rs. '000</b> | <b>Available for Sale<br/>Rs. '000</b> | <b>Other Amortized Cost<br/>Rs. '000</b> | <b>Total<br/>Rs. '000</b> |
| <b>Financial Assets</b>                      |                                      |                                      |   |  |  |                           |
| Cash and cash equivalents                    | -                                    | -                                    | 5,146,345                                 | -                                      | -  | 5,146,345                 |
| <b>Total financial assets</b>                | <b>-</b>                             | <b>-</b>                             | <b>5,146,345</b>                          | <b>-</b>                               | <b>-</b>                                 | <b>5,146,345</b>          |
| <b>Financial Liabilities</b>                 |                                      |                                      |   |  |  |                           |
| Due to banks                                 | -                                    | -                                    | -   | -                                      | 4,626                                    | 4,626                     |
| Other borrowings                             | -                                    | -                                    | -   | -                                      | 1,001,784                                | 1,001,784                 |
| <b>Total financial liabilities</b>           | <b>-</b>                             | <b>-</b>                             | <b>-</b>                                  | <b>-</b>                               | <b>1,006,410</b>                         | <b>1,006,410</b>          |

# Cargills Bank Limited

## Selected Performance Indicators as at 31.12.2014

|   | Bank        |             | Group       |             |
|---|-------------|-------------|-------------|-------------|
|   | 31-Dec-2014 | 31-Dec-2013 | 31-Dec-2014 | 31-Dec-2013 |
| <b>Regulatory Capital Adequacy</b>  |             |             |             |             |
| Core Capital (Tier 1 Capital), Rs. '000   | 4,154,767   | -           | 4,209,480   | -           |
| Total Capital Base, Rs. '000  | 3,936,277   | -           | 4,230,282   | -           |
| Core Capital Adequacy Ratio, as % of Risk Weighted Assets<br>(Minimum requirement,5%)   | 82.15%      | -           | 70.09%      | -           |
| Total Capital Adequacy Ratio, as % of Risk Weighted Assets<br>(Minimum requirement,10%) | 77.83%      | -           | 70.44%      | -           |
| <b>Assets Quality (Quality of Loan Portfolio)</b>                                       |             |             |             |             |
| Gross non-Performing Advances Ratio,%<br>(net of interest in suspense)                  | 0.0%        | -           | 4.9%        | -           |
| Net non-Performing Advances Ratio,%<br>(net of interest in suspense and provision)      | 0.0%        | -           | 2.9%        | -           |
| <b>Profitability</b>  |             |             |             |             |
| Interest Margin,%   | 5.01%       | 12.91%      | 5.24%       | 12.91%      |
| Return on Assets (before Tax),%   | (3.77%)     | (2.92%)     | (3.47%)     | (2.92%)     |
| Return on Equity,%  | (2.58%)     | (3.98%)     | (2.44%)     | (3.98%)     |
| <b>Regulatory Liquidity</b>   |             |             |             |             |
| Statutory Liquid Assets, Rs. '000   | 2,880,871   | -           | 2,971,596   | -           |
| Statutory Liquid Assets Ratio, %<br>(Minimum requirement,20%)                           |             |             |             |             |
| Domestic Banking Unit   | 237.10%     | -           | 154.59%     | -           |

### Explanatory Notes

1). These interim financial statements of the bank have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKAS). There were no significant changes to the accounting policies and methods of computation since the last audited financial statements for the year 2013. Further, these interim financial statements have been prepared in compliance with the requirement of Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting'. Previous year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.

2). The total temporary differences arising from tax losses and tax credits amounted to Rs. 980 Mn. resulting in a deferred tax asset of Rs. 274 Mn. as at 31 December 2014. Based on the 5 years forecast prepared by the management and internal assessment carried out by the Board of directors, the recognition of deferred tax asset has been limited to Rs. 146 Mn. The unrecognized deferred tax assets as at 31st December 2014 was Rs 128 Mn.

3). There were no material events that took place since 31 December 2014, that require disclosure in these Interim Financial Statements.

4). In terms of Section 5 of the Banking Act No. 30 of 1988 (as amended from time to time ), the company was issued with a commercial banking license by the Central Bank of Sri Lanka on January 2014 to carry on domestic banking business and off-shore banking business.

5). The name of the company was changed from Cargills Agriculture and Commercial Bank Limited to Cargills Bank Limited in January 2014.

6). All known expenses have been provided for in these Interim Financial Statements.

7). There were no pending litigation of a material nature against the bank.

8). On 5th August 2014, the Company acquired 73.40% of Capital Alliance Finance PLC by acquiring 28,450,958 Ordinary Shares at price ranging from 15.40 to Rs. 15.50 per share.

Subsequently, with the mandatory offer (which was closed on 19th September 2014) and further acquisitions, the share holding was increased to 76.51% as at 25 February 2015.

9). 2013 figures are extracted from audited financial statements

**Cargills Bank Limited**  
**Additional Disclosures as at 31.12.2014**

|   | Bank             | Group            |
|---|------------------|------------------|
| <b>1) Loans and receivables to other customers</b>              |                  |                  |
| Gross loans and receivables                                     | 2,241,528        | 3,166,635        |
| (Less): Individual impairment                                   | -                | 59,998           |
| (Less): Collective impairment                                   | 11,110           | 20,802           |
|   | <b>2,230,418</b> | <b>3,085,836</b> |
| <b>Net loans and receivables</b>                                | <b>2,230,418</b> | <b>3,085,836</b> |
| <b>2) Loans and receivables to other customers - By product</b> |                  |                  |
| <b>By product - Domestic Currency</b>                           |                  |                  |
| Overdrafts  | 1,595,653        | 1,542,415        |
| Trade finance   | 470,889          | 470,889          |
| Housing loans   | 906              | 906              |
| personal loans  | 13,437           | 13,437           |
| Term loans  | 160,643          | 160,643          |
| Lease rentals receivable  | -                | 226,093          |
| Hire purchase   | -                | 292,366          |
| Bills receivable  | -                | 29,138           |
| Margin trading  | -                | 72,639           |
| Securities purchased under resale agreements                    | -                | 38,425           |
| Others  | -                | 319,684          |
| <b>Sub total</b>  | <b>2,241,528</b> | <b>3,166,635</b> |
| <b>3) Due to other customers - By product</b>                   |                  |                  |
| <b>By product - Domestic Currency</b>                           |                  |                  |
| Current account deposits  | 215,692          | 215,692          |
| Savings deposits  | 117,777          | 117,777          |
| Time deposits   | 677,950          | 1,331,467        |
| Certificate of deposits   | 220,789          | 220,789          |
| <b>Sub total</b>  | <b>1,232,208</b> | <b>1,885,725</b> |
| <b>By product - Foreign Currency</b>                            |                  |                  |
| Current account deposits  | 517              | 517              |
| Savings deposits  | 28,938           | 28,938           |
| Time deposits   | 3,952            | 3,952            |
| <b>Sub total</b>  | <b>33,407</b>    | <b>33,407</b>    |
| <b>Total deposits</b>   | <b>1,265,615</b> | <b>1,919,132</b> |