



Cargills Bank Limited | Interim Financial Statement 2016

For The Nine Months Ended 30 September 2016



# INCOME STATEMENT

	Bank					
	For the nine months ended			For the quarter ended		
	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000	Change %	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000	Change %
Interest income	1,005,642	348,033	189	442,214	134,728	228
Interest expenses	(381,293)	(129,594)	(194)	(154,935)	(56,536)	(174)
<b>Net interest income</b>	<b>624,349</b>	<b>218,439</b>	<b>186</b>	<b>287,279</b>	<b>78,192</b>	<b>267</b>
Fees and commission income	63,284	32,048	97	24,343	14,274	71
Fees and commission expenses	(17,909)	(6,721)	(166)	(7,470)	(2,864)	(161)
<b>Net fees and commission income</b>	<b>45,375</b>	<b>25,327</b>	<b>79</b>	<b>16,873</b>	<b>11,410</b>	<b>48</b>
Net gains / (losses) from trading	3,886	294	1222	5,868	265	2,114
Net gains / (losses) from financial instruments at fair value through profit & loss	-	-	-	-	-	-
Net gains / (losses) from financial investments	7,734	2,514	208	4,829	868	456
Other income	25,641	13,255	93	7,245	6,173	17
<b>Total other income</b>	<b>37,261</b>	<b>16,063</b>	<b>132</b>	<b>17,942</b>	<b>7,306</b>	<b>146</b>
<b>Total operating income</b>	<b>706,985</b>	<b>259,829</b>	<b>172</b>	<b>322,094</b>	<b>96,908</b>	<b>232</b>
<b>Impairment for loans and other losses</b>						
Individual impairment	(1,812)	(8,674)	79	(640)	(983)	35
Collective impairment	(39,402)	(13,066)	(202)	(22,993)	(5,389)	(327)
Others	-	(2,227)	100	-	(2,227)	100
<b>Total impairment for loans and other losses</b>	<b>(41,214)</b>	<b>(23,967)</b>	<b>(72)</b>	<b>(23,633)</b>	<b>(8,599)</b>	<b>(175)</b>
<b>Net operating income</b>	<b>665,771</b>	<b>235,862</b>	<b>182</b>	<b>298,461</b>	<b>88,309</b>	<b>238</b>
Personnel expenses	(312,646)	(181,544)	(72)	(104,809)	(69,484)	(51)
Depreciation and amortisation	(108,630)	(93,238)	(17)	(34,971)	(31,494)	(11)
Other operating expenses	(318,682)	(204,806)	(56)	(115,384)	(65,171)	(77)
<b>Total operating Expenses</b>	<b>(739,958)</b>	<b>(479,588)</b>	<b>(54)</b>	<b>(255,164)</b>	<b>(166,149)</b>	<b>(54)</b>
<b>Operating profit/ (loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)</b>	<b>(74,187)</b>	<b>(243,726)</b>	<b>70</b>	<b>43,297</b>	<b>(77,840)</b>	<b>156</b>
VAT and NBT on financial services	(25,672)	-	-	(16,896)	-	-
<b>Profit/ (loss) before tax</b>	<b>(99,859)</b>	<b>(243,726)</b>	<b>59</b>	<b>26,401</b>	<b>(77,840)</b>	<b>134</b>
Tax expenses	-	-	-	-	-	-
<b>Profit/(loss) for the period</b>	<b>(99,859)</b>	<b>(243,726)</b>	<b>59</b>	<b>26,401</b>	<b>(77,840)</b>	<b>134</b>
<b>Earnings/ (loss) per share</b>						
<b>Equity shareholders of the parent for the period:</b>						
Earnings/ (loss) per share (Rs.)	(0.15)	(0.55)	72	0.05	(0.18)	126

# Income Statement Contd.

	Group					
	For the nine months ended			For the quarter ended		
	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000	Change %	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000	Change %
Interest income	1,115,002	463,641	140	474,268	171,116	177
Interest expenses	(419,278)	(175,181)	(139)	(163,765)	(70,986)	(131)
<b>Net interest income</b>	<b>695,724</b>	<b>288,460</b>	<b>141</b>	<b>310,503</b>	<b>100,130</b>	<b>210</b>
Fees and commission income	63,727	34,197	86	24,847	15,051	65
Fees and commission expenses	(18,143)	(7,010)	(159)	(7,558)	(2,900)	(161)
<b>Net fees and commission income</b>	<b>45,584</b>	<b>27,187</b>	<b>68</b>	<b>17,289</b>	<b>12,151</b>	<b>42</b>
Net gains / (losses) from trading	3,886	294	1,222	5,868	265	2,114
Net gains / (losses) from financial instruments at fair value through profit & loss	(122)	6	(2,133)	137	44	211
Net gains / (losses) from financial investments	7,734	(4,985)	255	4,829	868	456
Other income	32,314	20,491	58	8,919	8,032	11
<b>Total other income</b>	<b>43,812</b>	<b>15,806</b>	<b>177</b>	<b>19,753</b>	<b>9,209</b>	<b>114</b>
<b>Total operating income</b>	<b>785,120</b>	<b>331,453</b>	<b>137</b>	<b>347,545</b>	<b>121,490</b>	<b>186</b>
<b>Impairment for loans and other losses</b>						
Individual impairment	(15,314)	(16,950)	10	(1,728)	(4,101)	58
Collective impairment	(32,466)	(20,153)	(61)	(23,363)	(6,119)	(282)
Others	-	(2,227)	100	-	(2,227)	100
<b>Total impairment for loans and other losses</b>	<b>(47,780)</b>	<b>(39,330)</b>	<b>(21)</b>	<b>(25,091)</b>	<b>(12,447)</b>	<b>(102)</b>
<b>Net operating income</b>	<b>737,340</b>	<b>292,123</b>	<b>152</b>	<b>322,454</b>	<b>109,043</b>	<b>196</b>
Personnel expenses	(341,818)	(205,585)	(66)	(114,857)	(80,244)	(43)
Depreciation and amortisation	(114,045)	(96,115)	(19)	(36,600)	(32,596)	(12)
Other operating expenses	(350,149)	(232,803)	(50)	(125,186)	(74,295)	(68)
<b>Total operating Expenses</b>	<b>(806,012)</b>	<b>(534,503)</b>	<b>(51)</b>	<b>(276,643)</b>	<b>(187,135)</b>	<b>(48)</b>
<b>Operating profit/ (loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)</b>	<b>(68,672)</b>	<b>(242,380)</b>	<b>72</b>	<b>45,811</b>	<b>(78,092)</b>	<b>159</b>
VAT and NBT on financial services	(28,989)	(2,598)	(1,016)	(17,882)	(815)	(2,094)
<b>Profit/ (loss) before tax</b>	<b>(97,661)</b>	<b>(244,978)</b>	<b>60</b>	<b>27,929</b>	<b>(78,907)</b>	<b>135</b>
Tax expenses	2,320	7,499	(69)	-	-	-
<b>Profit/(loss) for the period</b>	<b>(95,341)</b>	<b>(237,479)</b>	<b>60</b>	<b>27,929</b>	<b>(78,907)</b>	<b>135</b>
<b>Attributable to:</b>						
Equity holders of the bank	(96,229)	(238,947)	60	27,629	(78,656)	135
Non-controlling interest	888	1,468	(39)	300	(251)	220
<b>Profit/(loss) for the period</b>	<b>(95,341)</b>	<b>(237,479)</b>	<b>60</b>	<b>27,929</b>	<b>(78,907)</b>	<b>135</b>
<b>Earnings/ (loss) per share</b>						
<b>Equity shareholders of the parent for the period:</b>						
Earnings/ (loss) per share (Rs.)	(0.15)	(0.54)	60	0.05	(0.18)	135

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Bank					
	For the nine months ended			For the quarter ended		
	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000	Change %	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000	Change %
Profit/ loss for the period	(99,859)	(243,726)	59	26,401	(77,840)	134
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit &amp; loss</b>						
Actuarial gains/(losses) on defined benefit obligation	-	-	-	-	-	-
Deferred tax on actuarial gain	-	-	-	-	-	-
<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	(673)	(10,361)	94	19,755	(4,850)	507
Deferred tax charge/ (reverse) on available for sale reserve	188	2,901	(94)	(5,532)	1,358	(507)
	(485)	(7,460)	93	14,223	(3,492)	507
<b>Other comprehensive income for the period, net of tax</b>	(485)	(7,460)	93	14,223	(3,492)	507
<b>Total comprehensive income for the period, net of tax</b>	(100,344)	(251,186)	60	40,624	(81,332)	150

# Statement of Profit or Loss and Other Comprehensive Income Contd.

	Group					
	For the nine months ended			For the quarter ended		
	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000	Change %	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000	Change %
Profit/ loss for the period	(95,341)	(237,479)	60	27,929	(78,907)	135
<b>Other comprehensive income, net of tax</b>						
<b>Items that will never be reclassified to profit &amp; loss</b>						
Actuarial gains/(losses) on defined benefit obligation	846	121	599	-	-	-
Deferred tax on actuarial gain	(237)	(34)	(597)	-	-	-
	609	87	600	-	-	-
<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	(673)	(10,361)	94	19,755	(4,850)	507
Deferred tax charge/ (reverse) on available for sale reserve	188	2,901	(94)	(5,532)	1,358	(507)
	(485)	(7,460)	93	14,223	(3,492)	507
<b>Other comprehensive income for the period, net of tax</b>	124	(7,373)	102	14,223	(3,492)	507
<b>Total comprehensive income for the period, net of tax</b>	(95,217)	(244,852)	61	42,152	(82,399)	151
<b>Attributable to:</b>						
Equity holders of the bank	(96,225)	(246,340)	61	41,852	(82,148)	151
Non-controlling interest	1,008	1,488	(32)	300	(251)	220
<b>Profit/(loss) for the period</b>	(95,217)	(244,852)	61	42,152	(82,399)	151

# STATEMENT OF FINANCIAL POSITION

As at	Bank		Group	
	30-Sep-16	31-Dec-15	30-Sep-16	31-Dec-15
	Rs. '000	(Audited) Rs. '000	Rs. '000	(Audited) Rs. '000
<b>Assets</b>				
Cash and cash equivalents	365,992	174,129	382,299	196,157
Balances with Central Bank	313,017	139,342	313,017	139,342
Placements with banks	1,701,280	2,018,773	1,701,280	2,018,773
Derivative financial instruments	2,674	-	2,674	-
Other financial instruments held for trading	-	-	1,470	2,300
Loans and receivables to banks	750,175	1,000,172	770,175	1,022,172
Loans and receivables to other customers	12,304,323	7,206,375	12,958,244	8,084,912
Financial investments available for sale	1,846,266	1,604,080	1,846,612	1,604,426
Financial investments held to maturity	-	-	41,471	40,036
Investment in subsidiary	574,917	459,200	-	-
Property, plant & equipment	213,920	242,350	263,636	296,324
Intangible assets	189,969	209,692	401,187	420,760
Deferred tax assets	121,004	120,815	129,314	124,834
Land held for sale	-	-	1,723	-
Other assets	182,569	273,463	199,750	303,248
<b>Total assets</b>	<b>18,566,106</b>	<b>13,448,391</b>	<b>19,012,852</b>	<b>14,253,284</b>
<b>Liabilities and equity</b>				
Due to banks	120,975	5,347	169,398	6,507
Derivative financial instruments	130	-	130	-
Due to other customers	7,295,400	3,870,200	7,601,013	4,587,188
Other borrowings	344,525	1,993,383	344,525	1,993,383
Deferred tax liabilities	-	-	-	-
Other liabilities	260,104	2,736,216	274,093	2,748,955
<b>Total liabilities</b>	<b>8,021,134</b>	<b>8,605,146</b>	<b>8,389,159</b>	<b>9,336,033</b>

# Statement of Financial Position Contd.

As at	Bank		Group	
	30-Sep-16	31-Dec-15	30-Sep-16	31-Dec-15
	Rs. '000	(Audited) Rs. '000	Rs. '000	(Audited) Rs. '000
<b>Equity</b>				
Stated capital	11,394,421	5,592,350	11,394,421	5,592,350
Statutory reserves	-	-	415	335
Available-for-sale reserve	(11,887)	(11,402)	(11,887)	(11,402)
Other reserves	-	-	-	-
Accumulated loss	(837,562)	(737,703)	(847,994)	(741,767)
<b>Total equity attributable to equity holders of the bank</b>	<b>10,544,972</b>	<b>4,843,245</b>	<b>10,534,955</b>	<b>4,839,516</b>
<b>Non controlling interest</b>	<b>-</b>	<b>-</b>	<b>88,738</b>	<b>77,735</b>
<b>Total equity</b>	<b>10,544,972</b>	<b>4,843,245</b>	<b>10,623,693</b>	<b>4,917,251</b>
<b>Total liabilities and equity</b>	<b>18,566,106</b>	<b>13,448,391</b>	<b>19,012,852</b>	<b>14,253,284</b>
<b>Contingent liabilities &amp; commitments</b>	<b>9,744,893</b>	<b>5,807,041</b>	<b>9,744,893</b>	<b>5,807,041</b>
Net assets value per ordinary share (Rs.)	11.94	10.03	11.93	10.02
<b>Memorandum information:</b>				
No. of employees	323	266	364	311
No. of branches	11	11	13	13

## Certification:

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

Sgd.

**A R M I Sanjeevanie**

*Head of Finance*

We, the undersigned, being the Managing Director and the Senior Director 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 Group and the Bank, unless indicated as audited.

Sgd.

**P S Mathavan**

*Managing Director/ Chief Executive Officer*

Sgd.

**E M M Boyagoda**

*Senior Director*

31-Oct-2016

Colombo



# STATEMENT OF CHANGES IN EQUITY

	Stated capital Rs. '000	Bank		Total Rs. '000
		Available -for-sale Rs. '000	Accumulated loss Rs. '000	
Balance as at 01.01.2015–Audited	4,968,850	(502)	(420,515)	4,547,833
<b>Total comprehensive income for the nine months ended 30.09.2015</b>				
Loss for the period	-	-	(243,726)	(243,726)
Other comprehensive income/ (loss) net of tax	-	(7,460)	-	(7,460)
<b>Total comprehensive income for the period</b>	-	(7,460)	(243,726)	(251,186)
<b>Balance as at 30.09.2015</b>	4,968,850	(7,962)	(664,241)	4,296,647
<b>Total comprehensive income for the period 01.10.2015 to 31.12.2015</b>				
Loss for the period	-	-	(72,482)	(72,482)
Other comprehensive income/ (loss) net of tax	-	(3,440)	(980)	(4,420)
Total comprehensive income for the period	-	(3,440)	(73,462)	(76,902)
<b>Transactions with owners of the bank</b>				
<b>Contributions and distributions</b>				
Issue of share capital	623,500	-	-	623,500
Total Contributions and distributions	623,500	-	-	623,500
<b>Balance as at 01.01.2016–Audited</b>	5,592,350	(11,402)	(737,703)	4,843,245
<b>Total comprehensive income for the nine months ended 30.09.2016</b>				
Loss for the period	-	-	(99,859)	(99,859)
Other comprehensive income/ (loss) net of tax	-	(485)	-	(485)
Total comprehensive income for the period	-	(485)	(99,859)	(100,344)
<b>Transactions with owners of the bank</b>				
<b>Contributions and distributions</b>				
Issue of share capital	5,802,071	-	-	5,802,071
Total Contributions and distributions	5,802,071	-	-	5,802,071
<b>Balance as at 30.09.2016</b>	11,394,421	(11,887)	(837,562)	10,544,972

# Statement of Changes in Equity Contd.

	Group						
	Stated capital	Statutory reserves	Available -for-sale reserve	Accumulated loss	Attributable to owners of the bank	Non controlling interest	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.01.2015-Audited	4,968,850	-	(502)	(424,694)	4,543,654	77,597	4,621,251
<b>Total comprehensive income for the nine months ended 30.09.2015</b>							
Profit for the period	-	-	-	(238,947)	(238,947)	1,468	(237,479)
Other comprehensive income/ (loss) net of tax	-	-	(7,460)	67	(7,393)	20	(7,373)
Total comprehensive income for the period	-	-	(7,460)	(238,880)	(246,340)	1,488	(244,852)
Balance as at 30.09.2015	4,968,850	-	(7,962)	(663,574)	4,297,314	79,085	4,376,399
<b>Total comprehensive income for the period 01.10.2015 to 31.12.2015</b>							
Loss for the period	-	-	-	(76,878)	(76,878)	(1,350)	(78,228)
Other comprehensive income/ (loss) net of tax	-	-	(3,440)	(980)	(4,420)	-	(4,420)
Total comprehensive income for the period	-	-	(3,440)	(77,858)	(81,298)	(1,350)	(82,648)
<b>Transactions with owners of the bank</b>							
<b>Contributions and distributions</b>							
Issue of share capital	623,500	-	-	-	623,500	-	623,500
Transfer to statutory reserve	-	335	-	(335)	-	-	-
Total Contributions and distributions	623,500	335	-	(335)	623,500	-	623,500
Balance as at 01.01.2016-Audited	5,592,350	335	(11,402)	(741,767)	4,839,516	77,735	4,917,251
<b>Total comprehensive income for the nine months ended 30.09.2016</b>							
Profit for the period	-	-	-	(96,229)	(96,229)	888	(95,341)
Other comprehensive income/ (loss) net of tax	-	-	(485)	489	4	120	124
Total comprehensive income for the period	-	-	(485)	(95,740)	(96,225)	1,008	(95,217)
<b>Transactions with owners of the bank</b>							
<b>Contributions and distributions</b>							
Issue of share capital	5,802,071	-	-	-	5,802,071	-	5,802,071
Movement due to change in shareholding	-	-	-	(9,609)	(9,609)	10,190	581
Expense on right issue	-	-	-	(798)	(798)	(195)	(993)
Transfer to statutory reserve	-	80	-	(80)	-	-	-
Total Contributions and distributions	5,802,071	80	-	(10,487)	5,791,664	9,995	5,801,659
Balance as at 30.09.2016	11,394,421	415	(11,887)	(847,994)	10,534,955	88,738	10,623,693

## Note

Cargills Bank Limited participated in the rights issue of Colombo Trust Finance PLC, whereby its holding increased from 76.51% to 80.34% as at 5 January 2016.

As per SLFRS 10 on 'Consolidated Financial Statements', changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control are equity transactions and hence, recognized directly in equity.

# STATEMENT OF CASH FLOWS

	Bank			
	For the nine months ended		For the quarter ended	
	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000	30-Sep-16 Rs. '000	30-Sep-15 Rs. '000
Cash flows from operating activities				
Profit/ loss before tax	(99,859)	(243,726)	26,401	(77,840)
<b>Adjustments for:</b>				
Non-cash items included in profit/ loss before tax	157,380	120,598	61,269	41,549
Change in operating assets	(4,899,988)	(2,238,635)	(246,936)	246,156
Change in operating liabilities	1,057,310	1,901,401	521,416	733,202
Dividend income	(100)	(268)	-	(88)
<b>Net cash from/ (used in) operating activities</b>	<b>(3,785,257)</b>	<b>(460,630)</b>	<b>362,150</b>	<b>942,979</b>
<b>Cash flows from investing activities</b>				
Net purchase of property, plant and equipment	(42,982)	(25,144)	(6,556)	(14,756)
Net cash flow from acquisition of investment in subsidiary	(115,717)	-	-	-
Net purchase of intangible assets	(17,494)	(6,651)	(4,896)	(670)
Dividend received	100	268	-	88
<b>Net cash from/ (used in) investing activities</b>	<b>(176,093)</b>	<b>(31,527)</b>	<b>(11,452)</b>	<b>(15,338)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	5,802,071	-	-	-
Net proceeds from borrowings	(1,648,858)	565,145	(174,818)	(876,401)
<b>Net cash from/ (used in) financing activities</b>	<b>4,153,213</b>	<b>565,145</b>	<b>(174,818)</b>	<b>(876,401)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>191,863</b>	<b>72,988</b>	<b>175,880</b>	<b>51,240</b>
Cash and cash equivalents at the beginning of the period	174,129	39,039	190,112	60,787
<b>Cash and cash equivalents at the end of the period</b>	<b>365,992</b>	<b>112,027</b>	<b>365,992</b>	<b>112,027</b>

# Statement of Cash Flows Contd.

	Group			
	For the nine months ended		For the quarter ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	Audited	Audited	Audited	Audited
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash flows from operating activities</b>				
Profit/ loss before tax	(97,661)	(244,978)	27,929	(78,907)
<b>Adjustments for:</b>				
Non-cash items included in profit/ loss before tax	170,274	140,146	64,615	46,739
Change in operating assets	(4,670,435)	(2,286,020)	(244,049)	221,427
Change in operating liabilities	694,380	1,963,270	516,454	779,409
Gains/ (losses) on sale of property, plant & equipment	(13)	22	-	-
Dividend income	(129)	(356)	(26)	(122)
<b>Net cash from/ (used in) operating activities</b>	<b>(3,903,584)</b>	<b>(427,916)</b>	<b>364,923</b>	<b>968,546</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of investment securities	(1,435)	(16,283)	(716)	(615)
Net purchase of property, plant and equipment	(42,901)	(23,587)	(6,596)	(15,238)
Net purchase of intangible assets	(18,868)	(8,873)	(5,075)	(670)
Dividend received	129	356	26	122
<b>Net cash from/ (used in) investing activities</b>	<b>(63,075)</b>	<b>(48,387)</b>	<b>(12,361)</b>	<b>(16,401)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	5,802,652	-	-	-
Expenses on right issue	(993)	-	-	-
Net proceeds from borrowings	(1,648,858)	565,145	(174,818)	(876,401)
<b>Net cash from/ (used in) financing activities</b>	<b>4,152,801</b>	<b>565,145</b>	<b>(174,818)</b>	<b>(876,401)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>186,142</b>	<b>88,842</b>	<b>177,744</b>	<b>75,744</b>
Cash and cash equivalents at the beginning of the period	196,157	61,239	204,555	74,337
<b>Cash and cash equivalents at the end of the period</b>	<b>382,299</b>	<b>150,081</b>	<b>382,299</b>	<b>150,081</b>

# CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Bank				Total cost Rs. '000
	Held for trading	Loans and receivables	Available for sale	Other amortized	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
<b>As at 30.09.2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	365,992	-	-	365,992
Balance with Central Bank	-	313,017	-	-	313,017
Placements with banks	-	1,701,280	-	-	1,701,280
Derivative financial instruments	2,674	-	-	-	2,674
Loans and receivables to banks	-	750,175	-	-	750,175
Loans and receivables to other customers	-	12,304,323	-	-	12,304,323
Financial investments available for sale	-	-	1,846,266	-	1,846,266
<b>Total financial assets</b>	<b>2,674</b>	<b>15,434,787</b>	<b>1,846,266</b>	<b>-</b>	<b>17,283,727</b>
<b>Financial liabilities</b>					
Due to banks	-	-	-	120,975	120,975
Derivative financial instruments	130	-	-	-	130
Due to other customers	-	-	-	7,295,400	7,295,400
Other borrowings	-	-	-	344,525	344,525
<b>Total financial liabilities</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>7,760,900</b>	<b>7,761,030</b>
<b>As at 31.12.2015-Audited</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	174,129	-	-	174,129
Balance with Central Bank	-	139,342	-	-	139,342
Placements with banks	-	2,018,773	-	-	2,018,773
Loans and receivables to banks	-	1,000,172	-	-	1,000,172
Loans and receivables to other customers	-	7,206,375	-	-	7,206,375
Financial investments available for sale	-	-	1,604,080	-	1,604,080
<b>Total financial assets</b>	<b>-</b>	<b>10,538,791</b>	<b>1,604,080</b>	<b>-</b>	<b>12,142,871</b>
<b>Financial liabilities</b>					
Due to banks	-	-	-	5,347	5,347
Due to other customers	-	-	-	3,870,200	3,870,200
Other borrowings	-	-	-	1,993,383	1,993,383
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,868,930</b>	<b>5,868,930</b>

# Classification of Financial Assets and Financial Liabilities Contd.

	Group					Total
	Held for trading	Held to maturity	Loans and receivables	Available for sale	Other amortized cost	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
<b>As at 30.09.2016</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	382,299	-	-	382,299
Balance with Central Bank	-	-	313,017	-	-	313,017
Placements with banks	-	-	1,701,280	-	-	1,701,280
Derivative financial instruments	2,674	-	-	-	-	2,674
Other financial instruments held for trading	1,470	-	-	-	-	1,470
Loans and receivables to banks	-	-	770,175	-	-	770,175
Loans and receivables to other customers	-	-	12,958,244	-	-	12,958,244
Financial investments available for sale	-	-	-	1,846,612	-	1,846,612
Financial investments held to maturity	-	41,471	-	-	-	41,471
<b>Total financial assets</b>	<b>4,144</b>	<b>41,471</b>	<b>16,125,015</b>	<b>1,846,612</b>	<b>-</b>	<b>18,017,242</b>
<b>Financial liabilities</b>						
Due to banks	-	-	-	-	169,398	169,398
Derivative financial instruments	130	-	-	-	-	130
Due to other customers	-	-	-	-	7,601,013	7,601,013
Other borrowings	-	-	-	-	344,525	344,525
<b>Total financial liabilities</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,114,936</b>	<b>8,115,066</b>
<b>As at 31.12.2015–Audited</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	196,157	-	-	196,157
Balance with Central Bank	-	-	139,342	-	-	139,342
Placements with banks	-	-	2,018,773	-	-	2,018,773
Other financial instruments held for trading	2,300	-	-	-	-	2,300
Loans and receivables to banks	-	-	1,022,172	-	-	1,022,172
Loans and receivables to other customers	-	-	8,084,912	-	-	8,084,912
Financial investments available for sale	-	-	-	1,604,426	-	1,604,426
Financial investments held to maturity	-	40,036	-	-	-	40,036
<b>Total financial assets</b>	<b>2,300</b>	<b>40,036</b>	<b>11,461,356</b>	<b>1,604,426</b>	<b>-</b>	<b>13,108,118</b>
<b>Financial liabilities</b>						
Due to banks	-	-	-	-	6,507	6,507
Due to other customers	-	-	-	-	4,587,188	4,587,188
Other borrowings	-	-	-	-	1,993,383	1,993,383
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,587,078</b>	<b>6,587,078</b>

# SELECTED PERFORMANCE INDICATORS

As at	Bank		Group	
	30-Sep -2016	31-Dec -2015	30-Sep -2016	31-Dec -2015
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs. '000	10,544,972	4,843,245	10,546,450	4,917,724
Total Capital Base, Rs. '000	9,721,116	4,076,156	10,084,766	4,408,466
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement,5%)	63.43%	47.62%	60.69%	43.36%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement,10%)	61.99%	45.32%	61.10%	43.72%
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross non-Performing Advances Ratio.% (net of interest in suspense)	0.67%	1.31%	1.32%	2.40%
Net non-Performing Advances Ratio.% (net of interest in suspense and provision)	0.61%	1.19%	0.63%	1.28%
<b>Profitability</b>				
Interest Margin.%	6.06%	3.22%	6.36%	3.83%
Return on Assets (before Tax).%	(0.84%)	(3.13%)	(0.79%)	(2.98%)
Return on Equity.%	(1.85%)	(5.01%)	(1.77%)	(6.67%)
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs. '000	4,913,992	3,426,372	5,001,632	3,539,051
Statutory Liquid Assets Ratio, % (Minimum requirement,20%)	67.68%	93.27%	63.05%	80.61%

## Explanatory Notes

- 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 2015. 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.
- The total temporary differences arising from tax losses and tax credits amounted to Rs. 1,389 Mn. resulting in a deferred tax asset of Rs. 389 Mn. as at 30 September 2016. 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. 164 Mn. The unrecognized deferred tax asset as at 30 September 2016 was Rs 225 Mn.
- All known expenses have been provided for in these Interim Financial Statements.
- There were no pending litigation of a material nature against the bank.
- During nine months ended 30 September 2016, 400.14 Mn shares were allocated raising a capital of Rs. 5.8 Bn.
- No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the financial statements except for the following:

Repurchase agreement with Entrust Securities PLC (ES)

The Bank had entered into repo borrowing transactions with ES. The carrying value of borrowings amounted to Rs. 299.42 mn at 30 September 2016, and the market value of securities pledged to ES as collateral was Rs. 339.09 Mn at that date. ES failed to return the securities when the borrowings matured in 2016. These borrowings have been rolled forward at the request of National Savings Bank who have been appointed by CBSL to manage ES.

No provision has been made in the financial statements in respect of the potential exposure of Rs 39.67 Mn as at quarter-end, due to insufficient clarity on the status of ES- specifically on CBSL actions to address issues with ES.

# ADDITIONAL DISCLOSURES

As at	Bank		Group	
	30-Sep	31-Dec	30-Sep	31-Dec
	-2016	-2015	-2016	-2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>1) Loans and receivables to other customers</b>				
<b>Gross loans and receivables</b>	12,377,366	7,238,202	13,132,964	8,211,851
(Less): Individual impairment	11,008	9,209	105,903	90,603
(Less): Collective impairment	62,035	22,618	68,817	36,336
<b>Net loans and receivables</b>	<b>12,304,323</b>	<b>7,206,375</b>	<b>12,958,244</b>	<b>8,084,912</b>
<b>2) Loans and receivables to other customers – By product –</b>				
<b>By product – Domestic Currency</b>				
<b>Loans and advances</b>				
Overdrafts	3,218,592	1,989,501	3,118,151	1,862,917
Trade finance	1,518,510	1,375,161	1,518,510	1,375,161
Lease rentals receivable	-	-	329,592	320,841
Hire purchase	-	-	117,294	167,999
Staff Loans	107,551	30,415	107,551	30,415
Housing loans	277,345	117,570	277,345	117,570
personal loans	1,346,814	509,530	1,346,814	509,530
Term loans	2,748,648	761,794	2,748,648	761,794
Agriculture loans	-	71,832	-	71,832
Vehicle loans	32,453	7,320	32,453	7,320
Money market loans	2,405,267	1,593,766	2,569,230	1,740,695
Bills receivable	4,154	3,766	130,226	72,953
Margin trading	-	-	160,026	194,141
Securities purchased under resale agreements	-	668,409	8,945	698,917
Others	-	-	216,064	170,628
<b>Sub total</b>	<b>11,731,166</b>	<b>7,057,232</b>	<b>12,752,681</b>	<b>8,030,881</b>
<b>Others</b>				
Investments	419,031	-	153,114	-
<b>Sub total</b>	<b>419,031</b>	<b>-</b>	<b>153,114</b>	<b>-</b>
<b>Gross loans and receivables</b>	<b>12,150,197</b>	<b>7,057,232</b>	<b>12,905,795</b>	<b>8,030,881</b>
<b>By product – Foreign Currency</b>				
Trade finance	227,072	180,970	227,072	180,970
Money market loans	97	-	97	-
<b>Sub total</b>	<b>227,169</b>	<b>180,970</b>	<b>227,169</b>	<b>180,970</b>
<b>Total Gross Loans &amp; Advances</b>	<b>12,377,366</b>	<b>7,238,202</b>	<b>13,132,964</b>	<b>8,211,851</b>



As at	Bank		Group	
	30-Sep	31-Dec	30-Sep	31-Dec
	-2016	-2015	-2016	-2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>3) Movement in individual and collective impairment during the period for loans and receivables to other customers</b>				
<b>Movement in allowance for individual impairment</b>				
Opening balance	9,209	-	90,603	59,998
Charge/(Write back) to income statement	1,799	9,209	15,300	25,740
Net write-off (recoveries) during the period	-	-	-	4,865
Closing balance	11,008	9,209	105,903	90,603
<b>Movement in allowance for collective impairment</b>				
Opening balance	22,618	11,110	36,336	20,802
Charge/(Write back) to income statement	39,402	11,476	32,466	19,079
Exchange rate variance on foreign currency provisions	15	32	15	32
Other movements	-	-	-	(3,577)
Closing balance	62,035	22,618	68,817	36,336
Total impairment	73,043	31,827	174,720	126,939
<b>4) Due to other customers – By product</b>				
<b>By product – Domestic Currency</b>				
Current account deposits	408,472	319,009	408,472	319,009
Savings deposits	788,338	448,629	788,338	448,629
Time deposits	4,821,640	2,394,122	5,127,253	3,111,110
Certificate of deposits	732,660	380,108	732,660	380,108
Margin deposits	11,096	13,933	11,096	13,933
<b>Sub total</b>	<b>6,762,206</b>	<b>3,555,801</b>	<b>7,067,819</b>	<b>4,272,789</b>
<b>By product – Foreign Currency</b>				
Current account deposits	7,686	5,488	7,686	5,488
Savings deposits	185,145	26,016	185,145	26,016
Time deposits	340,363	282,895	340,363	282,895
<b>Sub total</b>	<b>533,194</b>	<b>314,399</b>	<b>533,194</b>	<b>314,399</b>
<b>Total deposits</b>	<b>7,295,400</b>	<b>3,870,200</b>	<b>7,601,013</b>	<b>4,587,188</b>

# SHAREHOLDERS' INFORMATION

## Twenty three largest shareholders as at 30 September 2016

	No. of shares	%
1. Cargills (Ceylon) PLC	350,696,905	39.71
2. CT Holdings PLC	223,345,953	25.29
3. Monetary Board of Sri Lanka – On Behalf of EPF	44,000,000	4.98
4. Multitex Investment Limited	30,800,000	3.49
5. MJF Foundation Investments (Pvt) Ltd	28,000,000	3.17
6. Asian Alliance Insurance PLC	26,600,000	3.01
7. MAS Capital (Private) Limited	22,000,000	2.49
8. Rosewood (Pvt) Ltd	16,000,000	1.81
9. Phoenix Ventures Limited	13,200,000	1.49
10. Aindri Holdings Pte Ltd	11,000,000	1.25
11. A I A Holdings Lanka (Pvt) Ltd	11,000,000	1.25
12. Softlogic Holdings PLC	10,000,000	1.13
13. Gardiya Lokuge Harris Premaratne	9,089,000	1.03
14. Merrill Joseph Fernando	7,800,000	0.88
15. Softlogic Finance PLC	7,400,000	0.84
16. GF Capital Global Limited	6,100,000	0.69
17. Periyasampillai Barathakumar	4,400,000	0.50
18. Periyasampillai Muruganandhan	4,400,000	0.50
19. Periyasampillai Anandara jah	4,400,000	0.50
20. Periyasampillai Devaraj	4,400,000	0.50
21. Periyasampillai Barathanickam	4,400,000	0.50
22. Rajah Mahinda Nanayakkara	4,400,000	0.50
23. Lalan Rubber Holdings (Pvt) Ltd	4,400,000	0.50
<b>Sub total</b>	<b>847,831,858</b>	<b>96.00</b>
Other Shareholders	35,311,000	4.00
<b>Total</b>	<b>883,142,858</b>	<b>100.00</b>

# CORPORATE INFORMATION

## NAME OF THE COMPANY

Cargills Bank Limited

## LEGAL FORM

A public limited liability incorporated in Sri Lanka on 3 November 2011 under the Companies Act No. 07 of 2007.

A licensed Commercial Bank under the Banking Act No. 30 of 1988.

## REGISTRATION NUMBER

PB 4847

## ACCOUNTING YEAR-END

December 31

## HEAD OFFICE & REGISTERED OFFICE

No. 696, Galle Road, Colombo 03.

## TELEPHONE

011-76 40 000

## FACSIMILE

011-76 40 606

## SWIFT CODE

CGRBLK LX

## E-MAIL

info@cargillsbank.com

## WEB PAGE

www.cargillsbank.com

## TAX PAYER IDENTIFICATION NUMBER (TIN)

134 048 476

## SUBSIDIARY COMPANIES

### Name of the Company

Colombo Trust Finance PLC

Holding : 80.34%

## Nature of Business

Finance Company

## AUDITORS

KPMG

Chartered Accountants,  
No. 31 A, Sir Mohammed Macan Markar Mw,  
Colombo 03.

## LAWYERS

Julius & Creasy  
No. 41, Janadhipathi Mawatha,  
Colombo 01.

## COMPLIANCE OFFICER

R M P Rathnayake

## COMPANY SECRETARY

S M Dunuwille (Ms.)

## BOARD OF DIRECTORS

Louis R Page - Chairman  
V R Page - Deputy Chairman  
P S Mathavan - Managing  
Director/ Chief Executive Officer  
E M M Boyagoda- Senior Director  
W K F De Silva (Ms.)  
M O F Saleh  
R A Ebell

## BOARD SUB-COMMITTEES

Board Human Resources & Remuneration  
Committee  
V R Page - Chairman  
M O F Saleh  
R A Ebell  
P S Mathavan - Managing  
Director/ Chief Executive Officer  
S M Dunuwille (Ms.) - Secretary

## Board Integrated Risk Management Committee

E M M Boyagoda- Chairman  
M O F Saleh  
R A Ebell  
P S Mathavan - Managing  
Director/ Chief Executive Officer  
Udana Fernando - Secretary

## Board Nomination Committee

M O F Saleh - Chairman  
V R Page  
P S Mathavan - Managing  
Director/ Chief Executive Officer  
W K F De Silva (Ms.)  
S M Dunuwille (Ms.) - Secretary

## Board Audit Committee

R A Ebell -Chairman  
V R Page  
E M M Boyagoda  
R Amarasinghe - Secretary

## Board Credit Committee

V R Page - Chairman  
E M M Boyagoda  
M O F Saleh  
P S Mathavan - Managing  
Director/ Chief Executive Officer  
P Rajanathan - Secretary

## Board Strategic Planning Committee

V R Page - Chairman  
P S Mathavan - Managing  
Director/ Chief Executive Officer  
E M M Boyagoda- Senior Director  
M O F Saleh  
R A Ebell  
S M Dunuwille (Ms.) - Secretary



**CargillsBank**  
Banking on the Human Spirit

Cargills Bank Limited  
No. 696, Galle Road, Colombo 03.