

CARGILLS BANK LIMITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015

Statement of Changes in Equity

Income Statement

	Bank									Group								
	For the twelve 31-Dec-15 Rs. ' 000	months ended (31-Dec-14 Rs. ' 000			te quarter ender 31-Dec-14 Rs. ' 000	Change %	For the twelve 31-Dec-15 Rs. ' 000	months ended 31-Dec-14 Rs. ' 000	(Audited)		e quarter ender 31-Dec-14 Rs. ' 000	Change %						
Interest income Interest expenses Net interest income	531,928 (207,059) 324,869	343,436 (30,875) 312,561	55 (571) 4	183,896 (77,464) 106,432	85,097 (14,591) 70,506	116 (431) 51	686,298 (269,249) 417,049	409,717 (63,302) 346,415	68 (325) 20	222,658 (94,065) 128,593	123,057 (33,268) 89,789	81 (183) 43						
Fees and commission income Fees and commission expenses Net fees and commission income	47,251 (10,671) 36,580	12,317 (1,201) 11,116	284 (789) 229	15,206 (3,951) 11,255	8,902 (502) 8,400	71 (687) 34	49,954 (11,249) 38,705	13,549 (1,320) 12,229	269 (752) 217	15,732 (4,212) 11,520	9,699 (589) 9,110	62 (615) 26						
Net gains / (losses) from trading Net gains / (losses) from financial instruments at fair value through profit & loss Net gains / (losses) from financial investments	481 - 3,625	4,461 - 2.074	(89) - 75	187 - 1,111	3,502	(95) - (46)	481 62 3,625	4,461 676 2,074	(89) (91) 75	187 55 1,111	3,502 154 2,074	(95) (64) (46)						
Other income	21,193	653	3,145	7,938	158	4,924	30,023	4,302	598	9,533	2,079	359						
Total operating income	25,299 386,748	7,188 330,865	252 17	9,236 126,923	5,734 84,640	61 50	34,191 489.945	11,513 370,157	197 32	10,886 150,999	7,809	39 42						
Impairment for loans and other losses Individual impairment Collective impairment	(9,210) (11,476)	(11,110)	(3)	(535) 1,590	(4,393)	136	(25,741) (19,079)	(7,388) (2,878)	(248) (563)	(8,789) 1,073	(1,513) 2,899	(481) (63)						
Others Total impairment for loans and other losses	<u>20,328</u> (358)	<u>(5,654)</u> (16,764)	<u>460</u> 98	<u>22,556</u> 23,611	(4,393)	- 637	<u>20,328</u> (24,492)	<u>(5,654)</u> (15,920)	<u>460</u> (54)	<u>22,556</u> 14,840	1,386	- 971						
Net operating income	386,390	314,101	23	150,534	80,247	88	465,453	354,237	31	165,839	108,094	53						
Personnel expenses Depreciation and amortisation Other operating expenses Total operating expenses	(267,280) (130,697) (304,621)	(197,549) (105,581) (243,738) (546,868)	(35) (24) (25) (28)	(87,097) (37,459) (99,814) (224,370)	(53,736) (30,372) (73,113) (157,221)	(62) (23) (37) (43)	(307,977) (134,700) (343,174) (785,851)	(259,158)	(45) (25) (32) (36)	(96,254) (38,586) <u>(110,371)</u> (245,211)	(62,700) (31,693) (82,938)	(54) (22) (33) (38)						
Operating profit/ (loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)	(702,598)	(232,767)	(36)	(73,836)	(76,974)	(43)	(320,398)	(579,514)	(30)	(79,372)	(177,331)	(38)						
VAT and NBT on financial services	(010,200)	(2,287)	100	- (70,000)	(70,374)	-	(3,383)	(3,786)	11	(784)	(1,118)	30						
Proft/ (loss) before tax	(316,208)	(235,054)	(35)	(73,836)	(76,974)	4	(323,781)	(229,063)	(41)	(80,156)	(70,355)	(14)						
Tax expenses Profit/(loss) for the period	(316.208)	<u>116,000</u> (119,054)	(100) (166)	- (73.836)	<u>116,000</u> 39,026	(100)	<u>8,074</u> (315,707)	<u>115,851</u> (113,212)	(93)	<u>575</u> (79.581)	<u>115,851</u> 45,496	(100) (275)						
Attributable to: Equity holders of the bank Non-controlling interest Profit/(loss) for the period							(315,825) <u>118</u> (315,707)	(114,584) <u>1,372</u> (113,212)	(176) (91) (179)	(78,231) (1,350) (79,581)	43,976 <u>1,520</u> 45,496	(278) (189) (275)						
Earnings/ (loss) per share Equity shareholders of the parent for the period: Earnings/(loss) per share (Rs.)	(0.72)	(0.27)	(166)	(0.17)	0.09	(289)	(0.72)	(0.26)	(176)	(0.18)	0.10	(278)						
Statement of Profit or I	Loss ar	ıd Othe	er Co	mprel	nensive	e Inc	ome											
		ve months ender	d (Audited)		the quarter ende		For the twelve			For t	he quarter ende							
Des (14//1 and 1) for the married	31-Dec-15 Rs. ' 000	Rs. ' 000	Change %	31-Dec-15 Rs. ' 000	31-Dec-14 Rs. '000	Change %	31-Dec-15 Rs. '000	31-Dec-14 Rs. ' 000	Change %	31-Dec-15 Rs. ' 000	Rs. ' 000	Change %						
Profit/(loss) for the period Other comprehensive income, net of tax Items that will never be reclassified to profit & los			(166)	(73,836)	39,026	(289)	(315,707)	(113,212)	(179)	(79,581)	45,496	(275)						
Actuarial gains/(losses) on defined benefit obligation Deferred tax on actuarial gain	on (1,361 38		-	(1,361) 381	-	-	(1,240) 347	-	-	(1,361) 381	-	-						
	(980		-	(980)	-	-	(893)	-	-	(980)	-	-						
Items that are or may be reclassified to profit & lo: Net gains / (losses) on re-measuring available for sale financial assets Sri Lanka government securities		a) (607)	(2.072)	(4 779)	(6.020)	22	(15 120)	(607)	(2 072)	(4 779)	(6.220)	22						
Deferred tax charge/ (reverse) on available for sale resen	(15,139 ve <u>4,23</u>		(2,072) <u>2,074</u>	(4,778) <u>1,338</u>	(6,230) 195	23 586		(697) 195	(2,072) 2,074	(4,778) <u>1,338</u>	(6,230) 195	23 586						
Other comprehensive income for the period	(10,900) (502)	(2,071)	(3,440)	(6,035)	43	(10,900)	(502)	(2,071)	(3,440)	(6,035)	43						
net of tax	(11,880	D) (502)	(2,266)	(4,420)	(6,035)	27		(502)	(2,249)	(4,420)	(6,035)	27						
Total comprehensive income for the period, net of ta Attributable to: Equity holders of the bank	ax <u>(328.088</u>	<u>B) (119.556)</u>	(174)	(78,256)	32.991	(334)	(327,500) (327,638)	(113.714)	(188)	(84.001) (82,651)	<u>39.461</u> 37,941	(310) (315)						
Non-controlling interest Profit/(loss) for the period							<u>138</u> (327.500)	<u>1,372</u> (113,714)	(188)	(1,350) (84,001)	1,520	(189) (310)						
- · · · · ·	D				<u> </u>						39,461	(310)						
Statement of Financial				0		iecte	d Perf	orman										
		Audited)	31-Dec-1 (Audited) (Audite	ed)			ŝ		ank 5 31-Dec-14 (Audited)	Grou 31-Dec-2015 (Audited)							
Assets	Rs. '000	Rs. '000	Rs. '0	00 Rs.'	Regulat	ory capital	adequacy											

	Stated capital	Available- for-sale reserve	Accumulated loss	Total	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	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.01.2014-Audited	4,968,850	-	(301,461)	4,667,389	4,968,850	-	-	(301,461)	4,667,389	-	4,667,389
Total comprehensive income for the twelve months ended 31.12.2014											
Loss for the period	-	-	(119,054)	(119,054)	-	-	-	(114,584)	(114,584)	1,372	(113,212)
Other comprehensive income/ (loss) net of tax	-	(502)	(110.05.4)	(502)	-	-	(502)	(114 504)	(502)	-	(502)
Total comprehensive income for the period	-	(502)	(119,054)	(119,556)	-	-	(502)	(114,584)	(115,086)	1,372	(113,714)
Transactions with owners of the bank											
Contributions and distributions											
Non-controlling interest on acquisition	-	-	-	-	-	-	-	-	-	86,317	86,317
Acquisition of non controlling interest	-	-	-	-	-	-	-		-	(10,092)	(10,092)
Goodwill on change in shareholding	-	-	-		-	-	-	(8,649)	(8,649)		(8,649)
Total transactions with equity owners	-	-	-	-	-	-	-	(8,649)	(8,649)	76,225	67,576
Balance as at 01.01.2015-Audited	4,968,850	(502)	(420,515)	4,547,833	4,968,850	-	(502)	(424,694)	4,543,654	77,597	4,621,251
Total comprehensive income for the twelve months ended 31.12.2015											
Loss for the period	-	-	(316,208)	(316,208)	-	-	-	(315,825)	(315,825)	118	(315,707)
Other comprehensive income/ (loss) net of tax	-	(10,900)	(980)	(11,880)	-	-	(10,900)	(913)	(11,813)	20	(11,793)
Total comprehensive income for the period	-	(10,900)	(317,188)	(328,088)	-	-	(10,900)	(316,738)	(327,638)	138	(327,500)
Transactions with owners of the bank											
Contributions and distributions											
Issue of share capital	623,500	-	-	623,500	623,500	-	-	-	623,500	-	623,500
Tranfer to statutory reserve	-	-	-	- 600 E00	-	335	-	(335)	623.500	-	- 623.500
Total transactions with equity owners Balance as at 31.12.2015-Audited	623,500 5.592,350	(11,402)	(737,703)	623,500 4.843.245	623,500 5.592,350	335 335	(11,402)	(335) (741,767)	4,839,516	- 77,735	623,500 4,917,251
Dalalive as at 51.12.2013-AUUILEU	J,JJZ,JJU	(11,4UZ)	(101,100)	4,043,243	0,002,000	333	(11,402)	(/41,/0/)	4,033,310	11,100	4,317,2JI

Classification of Financial Assets and Financial Liabilities

		Bar	ık		Group							
	Loans and receivables	Available for sale	Other amortized cost	Total	Held for trading	Held to maturity	Loans and receivables	Available for sale	Other amortized cost	Total		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
As at 31.12.2015-Audited Financial assets Cash and cash equivalents Balance with Central Bank Placements with banks Other financial instruments held for trading Loans and receivables to banks Loans and receivables to other customers	174,129 139,342 2,018,773 1,000,172 7,206,375	-		174,129 139,342 2,018,773 - 1,000,172 7,206,375	2,300	-	196,157 139,342 2,018,773 - 1,022,172 8,084,912			196,157 139,342 2,018,773 2,300 1,022,172 8.084,912		
Financial investments available for sale Financial investments available for sale Financial investments held to maturity Total financial assets	10,538,791	1,604,080	-	1,604,080	2,300	40,036	11,461,356	1,604,426		1,604,426 40,036 13,108,118		
Financial liabilities Due to banks Due to other customers Other borrowings Total financial liabilities	- 	 	5,347 3,870,200 <u>1,993,383</u> 5,868,930	5,347 3,870,200 <u>1,993,383</u> 5,868,930			- - -		6,507 4,587,188 <u>1,993,383</u> 6,587,078	6,507 4,587,188 <u>1,993,383</u> 6,587,078		
As at 31.12.2014-Audited Financial assets Cash and cash equivalents Balance with Central Bank Placements with banks Other financial instruments held for trading Loans and receivables to banks Loans and receivables to other customers Financial investments available for sale Financial investments held to maturity Total financial assets	39,039 55,886 1,718,737 503,425 2,230,418 4,547,505	1,034,026		39,039 55,886 1,718,737 - 503,425 2,230,418 1,034,026 - 5,581,531	4,199 - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	61,239 55,886 1,718,737 - 511,425 3,085,835 - - - 5,433,122	- - - 1,034,372 - 1,034,372	- - - - - - - - - - -	61,239 55,886 1,718,737 4,199 511,425 3,085,835 1,034,372 <u>25,415</u> 6,497,108		
Financial Liabilities Due to banks Due to other customers Other borrowings Total financial liabilities		 	279,242 1,265,615 551,083 2.095.940	279,242 1,265,615 551,083 2.095,940	-	- - -	- - -	- - -	279,242 1,919,132 551,083 2,749,457	279,242 1,919,132 551,083 2,749,457		

Additional Disclosures

Total

	Ba	nk	Gro	and
As at	31-Dec-2015 (Audited) Rs. '000	31-Dec-2014 (Audited) Rs. '000	31-Dec-2015 (Audited) Rs. '000	31-Dec-2014 (Audited) Rs. '000
1) Loans and receivables to other customers				
Gross loans and receivables	7,238,202	2,241,528	8,211,851	3,166,635
(Less): Individual impairment	9,209		90,603	59,998
(Less): Collective impairment	22,618	11,110	36,336	20,802
Net loans and receivables	7,206,375	2,230,418	8,084,912	3,085,835
2) Loans and receivables to other customers - by product By product - domestic currency Overdrafts Trade finance Lease rentals receivable Hire purchase Staff Loans Housing loans Personal loans Term loans Vehicle loans	1,989,501 1,375,161 30,415 117,570 509,530 761,794 7,320	1,595,653 470,889 - 906 13,437 160,643	1,862,917 1,375,161 320,841 167,999 30,415 117,570 509,530 761,794 7,320	1,542,415 470,889 226,093 292,366 906 13,437 160,643
Money market loans Bills receivable Margin trading Securities purchased under resale agreements Others	1,593,766 3,766 - 668,409	- - -	1,740,695 3,766 194,141 698,917 239,815	138,324 72,639 38,425 210,498
Sub total	7,057,232	2,241,528	8,030,881	3,166,635
By product - Foreign currency Trade finance Sub total	<u>180,970</u> 180,970	-	<u>180,970</u> 180,970	
Total gross loans & advances	7.238.202	2.241.528	8.211.851	3.166.635
3) Movement In individual and collective impairment during the period for loans and receivables to other customers Movement in allowance for individual impairment Opening balance On acquisition of subsidiary Charge/(Write back) to income statement Net write-off (recoveries) during the year Closing balance	- 9,209 - 9,209	- - - -	59,998 - 25,740 <u>4,865</u> 90,603	63,347 7,388 (10,737) 59,998
Movement in allowance for collective impairment				
Opening balance On acquisition of subsidiary Charge/(Write back) to income statement Exchange rate variance on foreign currency provisions	11,110 11,476 32	- 11,110 -	32	17,924 2,878
Other movements Closing balance	22,618	11.110	<u>(3,577)</u> 36,336	20,802
		,		
Total impairment 4) Due to other customers - by product By product - domestic currency Current account deposits Savings deposits Time deposits	31,827 319,009 448,642 2,463,509	11.110 215,692 117,777 677,950	<u>126,939</u> 319,009 448,642 3,180,497	80.800 215,692 117,777 1,331,467
Certificate of deposits Margin deposits	380,108 13,933	220,789	380,108 13,933	220,789
Sub total	3,625,201	1,232,208	4,342,189	1,885,725
By product - foreign currency Current account deposits Savings deposits Time deposits Sub total	5,489 26,003 <u>213,507</u> 244,999	517 28,938 <u>3,952</u> 33,407	5,489 26,003 <u>213,507</u> 244,999	517 28,938 <u>3,952</u> 33,407
Total denosite	2 070 000	1 005 015	4 507 100	1 010 120
Total deposits	3,870,200	1,265,615	4,587,188	1,919,132

Statement of Financia	al Posit	ion		Selected Performance Indicators								
	Ba	nk	Gro	up		Bar	ik	Grou	D			
As at	31-Dec-15 (Audited)	(Audited)	31-Dec-15 (Audited)	31-Dec-14 (Audited)	As at			31-Dec-2015 (Audited)				
Assets	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Regulatory capital adequacy	. ,		. ,				
Cash and cash equivalents	174,129	39,039	196,157	61.239	Core capital (tier 1 capital), Rs. '000	4,283,138	3,978,793	4,372,130	4,075,246			
Balances with Central Bank	139.342				Total capital base, Rs. '000	4,076,156			4,096,048			
Placements with banks	2,018,773				Core capital adequacy ratio, as % of risk	4,070,100	0,700,000	4,400,400	4,000,040			
Other financial instruments held for trading			2,300		weighted assets	47.62%	90.40%	41.52%	74.80%			
Loans and receivables to banks	1,000,172	503,425			(minimum requirement,5%)							
Loans and receivables to other customers	7,206,375	2,230,418	8,084,912	3,085,835	Total capital adequacy ratio, as % of risk							
Financial investments available for sale	1,604,080	1,034,026	1,604,426	1,034,372	weighted assets	45.31%	85.44%	41.86%	75.20%			
Financial investments held to maturity	-	-	40,036	25,415	(minimum requirement,10%)							
Investment in subsidiary	459,200			-	Assets quality (quality of loan portfolio)							
Property, plant & equipment	242,350				Gross non-performing advances ratio,%	1 210/	0.000/	0 400/	4 000/			
Intangible assets	209,692				(net of interest in suspense)	1.31%	0.00%	2.40%	4.88%			
Deferred tax assets	120,815	116,195			Net non-performing advances ratio,%	1 100/	0.000/	1 000/	0.000/			
Other assets	273,463				(net of interest in suspense and provision)	1.19%	0.00%	1.28%	2.90%			
Total assets	13,448,391	6,751,280	14.253.284	7.503.029	(het of interest in suspense and provision)							
Liabilities and equity					Profitability							
Due to banks	5,347	279,242	6,507	279,242	Interest margin,%	3.22%	5.01%	3.83%	5.24%			
Due to other customers	3,870,200	1,265,615	4,587,188	1,919,132	Return on assets (before tax),%	(3.13%)	(3.77%)	(2.98%)	(3.47%)			
Other borrowings	1,993,383	551,083	1,993,383		Return on equity,%	(5.01%)	(2.58%)	(6.67%)	(2.44%)			
Deferred tax liabilities	-	-	-	5,028	Pogulatory liquidity	(0.02/0)	(210070)	(0.01.70)	(2.11.70)			
Other liabilities	2,736,216				Regulatory liquidity	2 400 270	0 000 071	2 520 051	0.071.500			
Total liabilities	8,605,146	2,203,447	9,336,033	2,881,778	Statutory liquid assets, Rs. '000	3,426,372	2,880,871	3,539,051	2,971,596			
Equity					Statutory liquid assets ratio, %							

Equity Stated capital Statutory reserves Available-for-sale reserve Other reserves Accumulated loss	5,592,350 - (11,402) - - (737,703)	4,968,850 (502) (420,515)	5,592,350 335 (11,402) - (741,767)	4,968,850 - (502) - (424,694)	Statutory liquid assets ratio, % (minimum requirement, 20%) Domestic banking unit 93.27%	237.10%	<u>80.61</u> Ba	<u>% 154.5</u> nk	9%		Gr	-0UD		Money market loans Bills receivable Margin trading Securities purchased under res Others Sub total
Total equity attributable to equity holders						For the twe	lve months	For the qua	arter ended	For the twe	lve months		arter ended	By product - Foreign currency
of the bank Non controlling interest	4,843,245	4,547,833	4,839,516 77.735	4,543,654 77,597		ended (31-Dec-15	Audited) 31-Dec-14			ended (/ 31-Dec-15			31-Dec-14	Trade finance Sub total
Total equity		4,547,833	4,917,251	4,621,251	Or all discuss forms and and in the state of the	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Total gross loans & advances
Total liabilities and equity Contingent liabilities & commitments	<u>13,448,391</u> 5,807,041	<u>6,751,280</u> 2.634.621	14,253,284 5,807,041		Cash flows from operating activities Profit/(loss) before tax	(316,208)	(235.054)	(73.836)	(76.974)	(323.781)	(229.063)	(80,156)	(70.355)	3) Movement In individual and co
Net assets value per ordinary share (Rs.)	10.30	10.34	10.02	10.33	Adjustments for:	. , ,	. , ,	.,,	.,,	. , ,	. , ,	.,,	.,,,	period for loans and receivable Movement in allowance for ind
Memorandum information	10.00	10.04	10.02	10.00	Non-cash items included in profit/ loss before tax	135,160	126,811	15,921	38,508			26,059	34,196	Opening balance
Number of employees	266	141	311	188	Change in operating assets Change in operating liabilities	(6,471,795) 4.954.373		(4,233,166) 3,052,972		(6,483,342) 4,957,291			(314,554) (85,889)	On acquisition of subsidiary Charge/(Write back) to income
Number of branches	11	3	13	5	Charges fees on acquisition of subsidiary	4,904,070	3,045		(156,592) 3.045		1,072,440	3,047,201	(03,009) 3.045	Net write-off (recoveries) duri
Certification:					Gains/ (losses) on sale of property, plant & equipment	(51)	-	(51)	-	(6)	, -	(28)	-	Closing balance Movement in allowance for coll
These Financial Statements have been prepa	red in compliar	nce with requ	irements of th	e Companies	Dividend income	(268)	(79)	-	-	(356)	(93)	-	-	Opening balance
Act No. 07 of 2007.					Benefits paid on defined benefit plans Tax paid	(440)		(440)	-	(440)	(845)	(440)	(845)	On acquisition of subsidiary Charge/(Write back) to income
(Sgd.)					Net cash from/ (used in) operating activities	(1,699,229)	(4,104,373)	(1,238,600)	(514,666)	- (1,685,789)		(1,255,928)	(434,402)	Exchange rate variance on fore
A R M I Sanjeewanie					Cash flows from investing activities									Other movements Closing balance
Head of Financial Reporting					Purchase of financial investments									Total impairment
We, the undersigned, being the Deputy Mar	naging Director	r and the Ma	naging Directo	or of Cargills	Proceeds from sale of investment securities	-	-	-	-	(14,621)	63,815	1,662	50,373	4) Due to other customers - by pro
Bank Limited, certify jointly that-	0 0		0 0	0	Net purchase of property, plant and equipment Net cashflow from acquisition of investment in subsidiary	(55,872)	(53,516) (462,245)	(30,726)	(12,121) (3,803)		(54,206) (462,245)	(31,086)	(12,141) (3,803)	By product - domestic currency
(A) the above statements have been prep		liance with t	he format an	d definitions	Net purchase of intangible assets	- (30,877)	(402,243) (36,550)	- (24,227)	(5,005)		(402,243) (36,550)	- (24,227)	(5,605)	Current account deposits
prescribed by the Central Bank of Sri Lar (B) the information contained in these staten		n extracted fr	om the unaud	ited financial	Dividend received	268	79			356	93	-	-	Savings deposits Time deposits
statements of the Group and the Bank, u					Net cash from/ (used in) investing activities	(86,481)	(552,232)	(54,953)	(16,460)	(100,093)	(489,093)	(53,651)	33,893	Certificate of deposits Margin deposits
(Sgd.)	(Sgd.)				Cash flows from financing activities									Sub total
P S Mathavan	(sgu.) Prem Kuma	r			Proceeds from issue of shares Net proceeds from borrowings	478,500 1.442.300	- (450.701)	478,500 877.155	- 551.649	478,500 1.442.300	- (658.808)	478,500 877.155	- 404.592	By product - foreign currency
Deputy Managing Director/ Chief Financial Officer	Managing Di	rector/ Chief Ex	xecutive Officer		Net cash from/ (used in) financing activities	1,920,800		1,355,655	<u>551,649</u>	1,920,800	(658,808)	1,355,655	404,592	Current account deposits Savings deposits
26-Feb-2016					Net increase (decrease) in cash and cash equivalents		(5,107,306)	62,102	20,523	134,918	(5,132,326)	46,076	4,083	Time deposits
Colombo					Cash and cash equivalents at the beginning of the period		5,146,345	112,027	18,516			150,081	57,156	Sub total
					Cash and cash equivalents at the end of the period	174,129	39,039	174,129	39,039	196,157	61,239	196,157	61,239	Total deposits

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 2014. Further, these interim financial statements have been prepared in compliance with the requirement of 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 2014. Further, these 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 that creatings and the resulting in a deferred tax asset of Rs. 376 Mn. as at 31 December 2015. 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 flas at 31 December 2015 was Rs 214 Mn.

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

There were no pending litigation of a material nature against the bank.
 No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the financial statements except for the following:

Minimum Capital Requirement

The circular dated 23 December 2014, on "Enhancement of Minimum Capital requirement of Banks" issued under Section 19 (3) of the Banking Act, requires all licensed commercial banks incorporated or established within Sri Lanka to increase their capital to Rs. 10 Billion commencing 1 January 2016. The main promoters of the Bank are in agreement to further invest in the Bank to meet the minimum capital requirement and the approval from Central Bank of Sri Lanka (CBSL) is pending as at the signing date.

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. 286.92 mn at 31 December 2015, and the market value of securities pledged to ES as collateral was Rs. 344.54 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 57.62 Mn as at year-end, due to insufficient clarity on the status of ES- specifically on CBSL actions to address issues with ES.