

INTERIM FINANCIAL  
STATEMENTS

2017

FOR THE THREE MONTHS ENDED 31 MARCH 2017



**Cargills Bank Limited**  
**Income Statement**

	Bank		
	For the three months ended		
	31-Mar-17	31-Mar-16	Change
	Rs. '000	Rs. '000	%
Interest income	578,943	241,263	140
Interest expenses	(250,750)	(97,376)	(158)
<b>Net interest income</b>	<b>328,193</b>	<b>143,887</b>	<b>128</b>
Fees and commission income	37,228	14,001	166
Fees and commission expenses	(8,206)	(4,614)	(78)
<b>Net fees and commission income</b>	<b>29,022</b>	<b>9,387</b>	<b>209</b>
Net gains / (losses) from trading	3,804	638	496
Net gains / (losses) from financial instruments at fair value through profit & loss	-	-	-
Net gains / (losses) from financial investments	1,535	1,163	32
Other income	27,986	14,380	95
<b>Total other income</b>	<b>33,325</b>	<b>16,181</b>	<b>106</b>
<b>Total operating income</b>	<b>390,540</b>	<b>169,455</b>	<b>130</b>
<b>Impairment for loans and other losses</b>			
Individual impairment	(14,950)	(575)	(2,500)
Collective impairment	3,104	(9,048)	134
Others	3,833	-	-
<b>Total impairment for loans and other losses</b>	<b>(8,013)</b>	<b>(9,623)</b>	<b>17</b>
<b>Net operating income</b>	<b>382,527</b>	<b>159,832</b>	<b>139</b>
Personnel expenses	(126,598)	(109,165)	(16)
Depreciation and amortisation	(33,651)	(36,680)	8
Other operating expenses	(129,734)	(101,583)	(28)
<b>Total operating Expenses</b>	<b>(289,983)</b>	<b>(247,428)</b>	<b>(17)</b>
<b>Operating profit/ (loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)</b>	<b>92,544</b>	<b>(87,596)</b>	<b>206</b>
VAT and NBT on financial services	(25,327)	(1,565)	(1,518)
<b>Profit/ (loss) before tax</b>	<b>67,217</b>	<b>(89,161)</b>	<b>175</b>
Tax expenses	(25,096)	-	-
<b>Profit/(loss) for the period</b>	<b>42,121</b>	<b>(89,161)</b>	<b>147</b>
<b>Attributable to:</b>			
Equity holders of the bank	42,121	(89,161)	147
Non-controlling interest	-	-	-
<b>Profit/(loss) for the period</b>	<b>42,121</b>	<b>(89,161)</b>	<b>147</b>
<b>Earnings/ (loss) per share</b>			
<b>Equity shareholders of the parent for the period:</b>			
Earnings/ (loss) per share (Rs.)	0.05	(0.18)	126

**Cargills Bank Limited**  
**Income Statement**

	Group		
	31-Mar-17	31-Mar-16	Change
	Rs. '000	Rs. '000	%
Interest income	609,443	281,877	116
Interest expenses	(259,747)	(113,542)	(129)
<b>Net interest income</b>	<b>349,696</b>	<b>168,335</b>	<b>108</b>
Fees and commission income	37,606	13,558	177
Fees and commission expenses	(8,234)	(4,612)	(79)
<b>Net fees and commission income</b>	<b>29,372</b>	<b>8,946</b>	<b>228</b>
Net gains / (losses) from trading	3,804	638	496
Net gains / (losses) from financial instruments at fair value through profit & loss	(2)	(391)	99
Net gains / (losses) from financial investments	1,535	1,163	32
Other income	29,581	17,381	70
<b>Total other income</b>	<b>34,918</b>	<b>18,791</b>	<b>86</b>
<b>Total operating income</b>	<b>413,986</b>	<b>196,072</b>	<b>111</b>
<b>Impairment for loans and other losses</b>			
Individual impairment	(11,040)	47,374	(123)
Collective impairment	3,810	(57,027)	107
Others	3,833	-	-
<b>Total impairment for loans and other losses</b>	<b>(3,397)</b>	<b>(9,653)</b>	<b>65</b>
<b>Net operating income</b>	<b>410,589</b>	<b>186,419</b>	<b>120</b>
Personnel expenses	(137,335)	(118,275)	(16)
Depreciation and amortisation	(35,504)	(37,834)	6
Other operating expenses	(138,879)	(112,632)	(23)
<b>Total operating Expenses</b>	<b>(311,718)</b>	<b>(268,741)</b>	<b>(16)</b>
<b>Operating profit/ (loss) before Value Added Tax (VAT) and Nation Building Tax (NBT)</b>	<b>98,871</b>	<b>(82,322)</b>	<b>220</b>
VAT and NBT on financial services	(28,174)	(2,495)	(1,029)
<b>Profit/ (loss) before tax</b>	<b>70,697</b>	<b>(84,817)</b>	<b>183</b>
Tax expenses	(25,096)	-	-
<b>Profit/(loss) for the period</b>	<b>45,601</b>	<b>(84,817)</b>	<b>154</b>
<b>Attributable to:</b>			
Equity holders of the bank	44,917	(85,671)	152
Non-controlling interest	684	854	(20)
<b>Profit/(loss) for the period</b>	<b>45,601</b>	<b>(84,817)</b>	<b>154</b>
<b>Earnings/ (loss) per share</b>			
<b>Equity shareholders of the parent for the period:</b>			
Earnings/ (loss) per share (Rs.)	0.05	(0.18)	129

**Cargills Bank Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**

	Bank		
	For the three months ended		
	31-Mar-17	31-Mar-16	Change
	Rs. '000	Rs. '000	%
<b>Profit/ (loss) for the period</b>	<b>42,121</b>	<b>(89,161)</b>	<b>147</b>
<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 obligation	-	-	-
Deferred tax asset/ (liability) on 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	(4,710)	(39,193)	88
Deferred tax asset on available for sale reserve	1,319	10,974	(88)
	(3,391)	(28,219)	88
<b>Other comprehensive income for the period, net of tax</b>	<b>(3,391)</b>	<b>(28,219)</b>	<b>88</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>38,730</b>	<b>(117,380)</b>	<b>133</b>
<b>Attributable to:</b>			
Equity holders of the bank	38,730	(117,380)	133
Non-controlling interest	-	-	-
<b>Profit/(loss) for the period</b>	<b>38,730</b>	<b>(117,380)</b>	<b>133</b>

**Cargills Bank Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**

	Group		
	31-Mar-17	31-Mar-16	Change
	Rs. '000	Rs. '000	%
<b>Profit/ (loss) for the period</b>	<b>45,601</b>	<b>(84,817)</b>	<b>154</b>
<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 obligation	-	-	-
Deferred tax asset/ (liability) on 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	(4,710)	(39,193)	88
Deferred tax asset on available for sale reserve	1,319	10,974	(88)
	(3,391)	(28,219)	88
<b>Other comprehensive income for the period, net of tax</b>	<b>(3,391)</b>	<b>(28,219)</b>	<b>88</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>42,210</b>	<b>(113,036)</b>	<b>137</b>
<b>Attributable to:</b>			
Equity holders of the bank	41,526	(113,890)	136
Non-controlling interest	684	854	(20)
<b>Profit/(loss) for the period</b>	<b>42,210</b>	<b>(113,036)</b>	<b>137</b>

**Cargills Bank Limited**  
**Statement of Financial Position**

As at	Bank		Group	
	31-Mar-17 Rs. '000	31-Dec-16 (Audited) Rs. '000	31-Mar-17 Rs. '000	31-Dec-16 (Audited) Rs. '000
<b>Assets</b>				
Cash and cash equivalents	684,363	618,120	422,742	356,183
Balances with Central Bank	573,529	417,161	573,529	417,161
Placements with banks	1,745,496	2,118,462	1,745,496	2,118,462
Securities purchased under resale agreements	150,036	1,350,759	181,572	1,389,397
Derivative financial instruments	800	-	800	-
Other financial instruments held for trading	-	-	1,343	1,345
Loans and receivables to banks	163,506	158,367	163,506	158,367
Loans and receivables to other customers	15,546,310	13,424,038	16,421,409	14,313,169
Financial investments available for sale	1,470,693	1,569,722	1,471,039	1,570,068
Financial investments held to maturity	-	-	43,535	42,402
Investment in subsidiary	566,917	566,917	-	-
Property, plant & equipment	265,337	213,253	314,560	261,727
Intangible assets	156,314	166,728	367,160	377,516
Deferred tax assets	192,577	200,360	202,554	210,337
Other assets	215,568	185,411	232,727	200,772
<b>Total assets</b>	<b>21,731,446</b>	<b>20,989,298</b>	<b>22,141,972</b>	<b>21,416,906</b>
<b>Liabilities and equity</b>				
Due to banks	315,513	282,533	317,069	305,314
Derivative financial instruments	114	2,915	114	2,915
Due to other customers	10,122,346	9,435,089	10,421,977	9,729,111
Securities sold under repurchase agreements	239,109	340,702	239,109	340,702
Deferred tax liabilities	-	-	-	-
Other liabilities	362,455	274,880	378,709	296,080
<b>Total liabilities</b>	<b>11,039,537</b>	<b>10,336,119</b>	<b>11,356,978</b>	<b>10,674,122</b>
<b>Equity</b>				
Stated capital	11,394,421	11,394,421	11,394,421	11,394,421
Statutory reserves	2,709	603	3,044	938
Other reserves	(19,489)	(16,098)	(19,489)	(16,098)
Accumulated loss	(685,732)	(725,747)	(682,971)	(725,782)
<b>Total equity attributable to equity holders of the bank</b>	<b>10,691,909</b>	<b>10,653,179</b>	<b>10,695,005</b>	<b>10,653,479</b>
<b>Non controlling interest</b>	<b>-</b>	<b>-</b>	<b>89,989</b>	<b>89,305</b>
<b>Total equity</b>	<b>10,691,909</b>	<b>10,653,179</b>	<b>10,784,994</b>	<b>10,742,784</b>
<b>Total liabilities and equity</b>	<b>21,731,446</b>	<b>20,989,298</b>	<b>22,141,972</b>	<b>21,416,906</b>
<b>Contingent liabilities &amp; commitments</b>	<b>14,168,688</b>	<b>10,619,325</b>	<b>14,168,688</b>	<b>10,619,325</b>
<b>Net assets value per ordinary share (Rs.)</b>	<b>12.11</b>	<b>12.06</b>	<b>12.11</b>	<b>12.06</b>
<b>Memorandum information:</b>				
No. of employees	436	430	477	471
No. of branches	15	15	17	17

Certification:

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

(Sgd.)

**A R M I Sanjeewanie**

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

30-May-2017

Colombo

(Sgd.)

**E M M Boyagoda**

Senior Director

**Cargills Bank Limited**  
**Statement of Changes in Equity**

	Stated capital	Statutory reserve	Bank Available-for-sale reserve	Accumulated loss	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<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 three months ended 31.03.2016</b>					
Loss for the period	-	-	-	(89,161)	(89,161)
Other comprehensive income/ (loss) net of tax	-	-	(28,219)	-	(28,219)
<b>Total comprehensive income for the period</b>	-	-	(28,219)	(89,161)	(117,380)
<b>Balance as at 31.03.2016</b>	<b>5,592,350</b>	<b>-</b>	<b>(39,621)</b>	<b>(826,864)</b>	<b>4,725,865</b>
<b>Total comprehensive income for the period 01.04.2016 to 31.12.2016</b>					
Profit for the period	-	-	-	101,228	101,228
Other comprehensive income/ (loss) net of tax	-	-	23,523	492	24,015
<b>Total comprehensive income for the period</b>	-	-	<b>23,523</b>	<b>101,720</b>	<b>125,243</b>
<b>Transactions with owners of the bank</b>					
<b>Contributions and distributions</b>					
Issue of shares	5,802,071	-	-	-	5,802,071
Transfer to statutory reserve	-	603	-	(603)	-
<b>Total Contributions and distributions</b>	<b>5,802,071</b>	<b>603</b>	<b>-</b>	<b>(603)</b>	<b>5,802,071</b>
<b>Balance as at 01.01.2017-Audited</b>	<b>11,394,421</b>	<b>603</b>	<b>(16,098)</b>	<b>(725,747)</b>	<b>10,653,179</b>
<b>Total comprehensive income for the three months ended 31.03.2017</b>					
Profit for the period	-	-	-	42,121	42,121
Other comprehensive income/ (loss) net of tax	-	-	(3,391)	-	(3,391)
<b>Total comprehensive income for the period</b>	-	-	<b>(3,391)</b>	<b>42,121</b>	<b>38,730</b>
<b>Transactions with owners of the bank</b>					
<b>Contributions and distributions</b>					
Transfer to statutory reserve	-	2,106	-	(2,106)	-
<b>Total Contributions and distributions</b>	-	<b>2,106</b>	<b>-</b>	<b>(2,106)</b>	<b>-</b>
<b>Balance as at 31.03.2017</b>	<b>11,394,421</b>	<b>2,709</b>	<b>(19,489)</b>	<b>(685,732)</b>	<b>10,691,909</b>

**Cargills Bank Limited**  
**Statement of Changes in Equity**

	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
<b>Balance as at 01.01.2016-Audited</b>	<b>5,592,350</b>	<b>335</b>	<b>(11,402)</b>	<b>(741,767)</b>	<b>4,839,516</b>	<b>77,735</b>	<b>4,917,251</b>
<b>Total comprehensive income for the three months ended 31.03.2016</b>							
Profit for the period	-	-	-	(85,671)	(85,671)	854	(84,817)
Other comprehensive income/ (loss) net of tax	-	-	(28,219)	-	(28,219)	-	(28,219)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(28,219)</b>	<b>(85,671)</b>	<b>(113,890)</b>	<b>854</b>	<b>(113,036)</b>
<b>Transactions with owners of the bank</b>							
<b>Contributions and distributions</b>							
Movement due to change in shareholding	-	-	-	(9,609)	(9,609)	10,190	581
Expense on right issue	-	-	-	(694)	(694)	(170)	(864)
Transfer to statutory reserve	-	80	-	(80)	-	-	-
<b>Total Contributions and distributions</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>(10,383)</b>	<b>(10,303)</b>	<b>10,020</b>	<b>(283)</b>
<b>Balance as at 31.03.2016</b>	<b>5,592,350</b>	<b>415</b>	<b>(39,621)</b>	<b>(837,821)</b>	<b>4,715,323</b>	<b>88,609</b>	<b>4,803,932</b>
<b>Total comprehensive income for the period 01.04.2016 to 31.12.2016</b>							
Profit for the period	-	-	-	111,685	111,685	601	112,286
Other comprehensive income/ (loss) net of tax	-	-	23,523	981	24,504	120	24,624
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>23,523</b>	<b>112,666</b>	<b>136,189</b>	<b>721</b>	<b>136,910</b>
<b>Transactions with owners of the bank</b>							
<b>Contributions and distributions</b>							
Issue of shares	5,802,071	-	-	-	5,802,071	-	5,802,071
Expense on right issue	-	-	-	(104)	(104)	(25)	(129)
Transfer to statutory reserve	-	523	-	(523)	-	-	-
<b>Total Contributions and distributions</b>	<b>5,802,071</b>	<b>523</b>	<b>-</b>	<b>(627)</b>	<b>5,801,967</b>	<b>(25)</b>	<b>5,801,942</b>
<b>Balance as at 01.01.2017-Audited</b>	<b>11,394,421</b>	<b>938</b>	<b>(16,098)</b>	<b>(725,782)</b>	<b>10,653,479</b>	<b>89,305</b>	<b>10,742,784</b>
<b>Total comprehensive income for the three months ended 31.03.2017</b>							
Profit for the period	-	-	-	44,917	44,917	684	45,601
Other comprehensive income/ (loss) net of tax	-	-	(3,391)	-	(3,391)	-	(3,391)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(3,391)</b>	<b>44,917</b>	<b>41,526</b>	<b>684</b>	<b>42,210</b>
<b>Transactions with owners of the bank</b>							
<b>Contributions and distributions</b>							
Transfer to statutory reserve	-	2,106	-	(2,106)	-	-	-
<b>Total Contributions and distributions</b>	<b>-</b>	<b>2,106</b>	<b>-</b>	<b>(2,106)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31.03.2017</b>	<b>11,394,421</b>	<b>3,044</b>	<b>(19,489)</b>	<b>(682,971)</b>	<b>10,695,005</b>	<b>89,989</b>	<b>10,784,994</b>

**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.

**Cargills Bank Limited**  
**Statement of Cash Flows**

	Bank	
	For the three months ended 31-Mar-17 Rs. '000	31-Mar-16 Rs. '000
<b><i>Cash flows from operating activities</i></b>		
Profit/ loss before tax	67,217	(89,161)
<b><i>Adjustments for:</i></b>		
Non-cash items included in profit/ loss before tax	42,522	48,684
Change in operating assets	(670,396)	(789,610)
Change in operating liabilities	805,743	2,489,767
Benefits paid on defined benefit plans	(1,932)	-
<b>Net cash from/ (used in) operating activities</b>	<b>243,154</b>	<b>1,659,680</b>
<b><i>Cash flows from investing activities</i></b>		
Net purchase of property, plant and equipment	(73,364)	(26,354)
Investment in subsidiary right issue	-	(115,717)
Net purchase of intangible assets	(1,954)	(22,752)
<b>Net cash from/ (used in) investing activities</b>	<b>(75,318)</b>	<b>(164,823)</b>
<b><i>Cash flows from financing activities</i></b>		
Change in securities sold under repurchase agreements	(101,593)	(1,509,229)
<b>Net cash from/ (used in) financing activities</b>	<b>(101,593)</b>	<b>(1,509,229)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>66,243</b>	<b>(14,372)</b>
Cash and cash equivalents at the beginning of the period	618,120	174,129
<b>Cash and cash equivalents at the end of the period</b>	<b>684,363</b>	<b>159,757</b>

**Cargills Bank Limited**  
**Statement of Cash Flows**

	Group	
	For the three months ended	
	31-Mar-17	31-Mar-16
	Rs. '000	Rs. '000
<b><i>Cash flows from operating activities</i></b>		
Profit/ loss before tax	70,697	(84,817)
<b><i>Adjustments for:</i></b>		
Non-cash items included in profit/ loss before tax	40,026	50,110
Change in operating assets	(646,437)	(812,425)
Change in operating liabilities	784,912	2,389,237
Benefits paid on defined benefit plans	(1,932)	-
<b>Net cash from/ (used in) operating activities</b>	<b>247,266</b>	<b>1,542,105</b>
<b><i>Cash flows from investing activities</i></b>		
Purchase of financial investments	(1,133)	(101)
Net purchase of property, plant and equipment	(75,539)	(26,633)
Net purchase of intangible assets	(2,442)	(22,752)
<b>Net cash from/ (used in) investing activities</b>	<b>(79,114)</b>	<b>(49,486)</b>
<b><i>Cash flows from financing activities</i></b>		
Proceeds from issue of shares	-	581
Expenses on right issue	-	(864)
Change in securities sold under repurchase agreements	(101,593)	(1,509,229)
<b>Net cash from/ (used in) financing activities</b>	<b>(101,593)</b>	<b>(1,509,512)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>66,559</b>	<b>(16,893)</b>
Cash and cash equivalents at the beginning of the period	356,183	196,157
<b>Cash and cash equivalents at the end of the period</b>	<b>422,742</b>	<b>179,264</b>

**Cargills Bank Limited**  
**Classification of Financial Assets and Financial Liabilities**

	Bank				Total Rs. '000
	Held for trading	Loans and receivables	Available for sale	Other amortized cost	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
<b>As at 31.03.2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	684,363	-	-	684,363
Balance with Central Bank	-	573,529	-	-	573,529
Placements with banks	-	1,745,496	-	-	1,745,496
Securities purchased under resale agreements	-	150,036	-	-	150,036
Derivative financial instruments	800	-	-	-	800
Loans and receivables to banks	-	163,506	-	-	163,506
Loans and receivables to other customers	-	15,546,310	-	-	15,546,310
Financial investments available for sale	-	-	1,470,693	-	1,470,693
Other assets	-	40,066	-	-	40,066
<b>Total financial assets</b>	<b>800</b>	<b>18,903,306</b>	<b>1,470,693</b>	<b>-</b>	<b>20,374,799</b>
<b>Financial liabilities</b>					
Due to banks	-	-	-	315,513	315,513
Derivative financial instruments	114	-	-	-	114
Due to other customers	-	-	-	10,122,346	10,122,346
Securities sold under repurchase agreements	-	-	-	239,109	239,109
Other liabilities	-	-	-	158,691	158,691
<b>Total financial liabilities</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>10,835,659</b>	<b>10,835,773</b>
<b>As at 31.12.2016-Audited</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	618,120	-	-	618,120
Balance with Central Bank	-	417,161	-	-	417,161
Placements with banks	-	2,118,462	-	-	2,118,462
Securities purchased under resale agreements	-	1,350,759	-	-	1,350,759
Loans and receivables to banks	-	158,367	-	-	158,367
Loans and receivables to other customers	-	13,424,038	-	-	13,424,038
Financial investments available for sale	-	-	1,569,722	-	1,569,722
Financial investments held to maturity	-	-	-	-	-
Other assets	-	31,226	-	-	31,226
<b>Total financial assets</b>	<b>-</b>	<b>18,118,133</b>	<b>1,569,722</b>	<b>-</b>	<b>19,687,855</b>
<b>Financial liabilities</b>					
Due to banks	-	-	-	282,533	282,533
Derivative financial instruments	2,915	-	-	-	2,915
Due to other customers	-	-	-	9,435,089	9,435,089
Securities sold under repurchase agreements	-	-	-	340,702	340,702
Other liabilities	-	-	-	106,391	106,391
<b>Total financial liabilities</b>	<b>2,915</b>	<b>-</b>	<b>-</b>	<b>10,164,715</b>	<b>10,167,630</b>

**Cargills Bank Limited**  
**Classification of Financial Assets and Financial Liabilities**

	Group					Total Rs. '000
	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 31.03.2017</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	422,742	-	-	422,742
Balance with Central Bank	-	-	573,529	-	-	573,529
Placements with banks	-	-	1,745,496	-	-	1,745,496
Securities purchased under resale agreements	-	-	181,572	-	-	181,572
Derivative financial instruments	800	-	-	-	-	800
Other financial instruments held for trading	1,343	-	-	-	-	1,343
Loans and receivables to banks	-	-	163,506	-	-	163,506
Loans and receivables to other customers	-	-	16,421,409	-	-	16,421,409
Financial investments available for sale	-	-	-	1,471,039	-	1,471,039
Financial investments held to maturity	-	43,535	-	-	-	43,535
Other assets	-	-	44,916	-	-	44,916
<b>Total financial assets</b>	<b>2,143</b>	<b>43,535</b>	<b>19,553,170</b>	<b>1,471,039</b>	<b>-</b>	<b>21,069,887</b>
<b>Financial liabilities</b>						
Due to banks	-	-	-	-	317,069	317,069
Derivative financial instruments	114	-	-	-	-	114
Due to other customers	-	-	-	-	10,421,977	10,421,977
Securities sold under repurchase agreements	-	-	-	-	239,109	239,109
Other liabilities	-	-	-	-	160,869	160,869
<b>Total financial liabilities</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,139,024</b>	<b>11,139,138</b>
<b>As at 31.12.2016-Audited</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	356,183	-	-	356,183
Balance with Central Bank	-	-	417,161	-	-	417,161
Placements with banks	-	-	2,118,462	-	-	2,118,462
Securities purchased under resale agreements	-	-	1,389,397	-	-	1,389,397
Other financial instruments held for trading	1,345	-	-	-	-	1,345
Loans and receivables to banks	-	-	158,367	-	-	158,367
Loans and receivables to other customers	-	-	14,313,169	-	-	14,313,169
Financial investments available for sale	-	-	-	1,570,068	-	1,570,068
Financial investments held to maturity	-	42,402	-	-	-	42,402
Other assets	-	-	36,076	-	-	36,076
<b>Total financial assets</b>	<b>1,345</b>	<b>42,402</b>	<b>18,788,815</b>	<b>1,570,068</b>	<b>-</b>	<b>20,402,630</b>
<b>Financial liabilities</b>						
Due to banks	-	-	-	-	305,314	305,314
Derivative financial instruments	2,915	-	-	-	-	2,915
Due to other customers	-	-	-	-	9,729,111	9,729,111
Securities sold under repurchase agreements	-	-	-	-	340,702	340,702
Other liabilities	-	-	-	-	110,560	110,560
<b>Total financial liabilities</b>	<b>2,915</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,485,687</b>	<b>10,488,602</b>

**Cargills Bank Limited**  
**Selected Performance Indicators**

As at	Bank		Group	
	31-Mar-2017	31-Dec-2016	31-Mar-2017	31-Dec-2016
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs. '000	10,670,873	10,669,277	10,761,162	10,742,784
Total Capital Base, Rs. '000	9,823,998	9,802,653	10,256,591	10,231,104
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement,5%)	47.85%	51.93%	47.40%	51.80%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement,10%)	46.87%	50.81%	47.75%	52.19%
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross non-Performing Advances Ratio,% (net of interest in suspense)	0.70%	0.94%	1.02%	1.50%
Net non-Performing Advances Ratio,% (net of interest in suspense and provision)	0.63%	0.89%	0.65%	0.89%
<b>Profitability</b>				
Interest Margin,%	6.77%	6.47%	6.97%	6.75%
Return on Assets (before Tax),%	1.27%	(0.34%)	1.31%	(0.25%)
Return on Equity,%	1.58%	0.15%	1.71%	0.34%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs. '000	4,027,088	4,793,804	4,118,220	4,894,381
Statutory Liquid Assets Ratio, % (Minimum requirement,20%)	39.29%	55.98%	37.17%	52.50%

**Explanatory Notes**

1). The Consolidated Financial Statements of the Group and the separate Financial Statements of the Bank, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 7 of 2007 and the Banking Act No. 30 of 1988 and amendments thereto. These Financial Statements, except for information on Cash Flows have been prepared following the accrual basis of accounting.

The formats used in the preparation of the Financial Statements and the Disclosures made therein also comply with the specified format prescribed by CBSL for the preparation, presentation and publication of Annual Audited Financial Statements of Licensed Commercial Banks.

2). The total temporary differences arising from tax losses and tax credits amounted to Rs. 1,305 Mn resulting in a deferred tax asset of Rs. 365 Mn as at 31 March 2017. 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. 237 Mn. The unrecognized deferred tax asset as at 31 March 2017 was Rs 128 Mn.

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

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

5). The Bank had entered into Repo borrowing transactions with Entrust Securities PLC. The carrying value of borrowings as at 31 March 2017 amounted to Rs. 173 Mn and the market value of securities pledged to Entrust Securities PLC as collateral was Rs. 190 Mn as at that date. Entrust Securities PLC failed to return the securities when the borrowings matured in 2016. These borrowings have been rolled forward at the request of Entrust Securities PLC.

A provision of Rs. 0.97 Mn has been made in the Financial Statements as at 31 March 2017 in respect of the potential exposure of Rs. 5.8 Mn based on the internal assessment carried out by the Board of Directors. Provisions made for the transactions settled during the year has been reversed during the period as appropriate.

6). A provision of Rs. 8 Mn for impairment loss on investment in subsidiary has been made during the year, based on an internal assessment carried out by the Board of Directors. The impairment losses have been applied to reduce the carrying amount of investment in subsidiary. There is no change in provision made for impairment in investments in subsidiary as at 31 March 2017.

7). No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the financial statements.

**Cargills Bank Limited**  
**Additional Disclosures**

As at	Bank		Group	
	31-Mar-2017 Rs. '000	31-Dec-2016 Rs. '000	31-Mar-2017 Rs. '000	31-Dec-2016 Rs. '000
<b>1) Loans and receivables to other customers</b>				
<b>Gross loans and receivables</b>	<b>15,694,971</b>	<b>13,561,176</b>	<b>16,638,405</b>	<b>14,551,473</b>
(Less): Individual impairment	83,557	68,949	144,615	162,131
(Less): Collective impairment	65,104	68,189	72,381	76,173
<b>Net loans and receivables</b>	<b>15,546,310</b>	<b>13,424,038</b>	<b>16,421,409</b>	<b>14,313,169</b>
<b>2) Loans and receivables to other customers - By product</b>				
<b>By product - Domestic Currency</b>				
<b>Loans and advances</b>				
Overdrafts	3,283,423	2,953,568	3,030,836	2,761,584
Trade finance	2,308,806	1,984,091	2,308,806	1,984,091
Lease rentals receivable	-	-	337,008	347,225
Hire purchase	-	-	73,164	103,949
Staff Loans	144,274	134,581	144,274	134,581
Housing loans	593,857	428,407	593,857	428,407
personal loans	2,406,691	1,702,903	2,406,691	1,702,903
Term loans	3,816,730	3,289,172	3,816,730	3,289,172
Agriculture loans	67,453	71,027	67,453	71,027
Vehicle loans	41,291	40,124	41,291	40,124
Loans against Property	52,002	-	52,002	-
Money market loans	2,608,597	2,666,208	2,787,600	2,830,208
Bills receivable	4,412	15,225	162,945	155,541
Margin trading	-	-	173,933	187,423
Others	-	-	274,380	239,368
<b>Sub total</b>	<b>15,327,536</b>	<b>13,285,306</b>	<b>16,270,970</b>	<b>14,275,603</b>
<b>By product - Foreign Currency</b>				
Trade finance	367,335	275,769.15	367,335	275,769
Money market loans	100	101	100	101
<b>Sub total</b>	<b>367,435</b>	<b>275,870</b>	<b>367,435</b>	<b>275,870</b>
<b>Total Gross Loans &amp; Advances</b>	<b>15,694,971</b>	<b>13,561,176</b>	<b>16,638,405</b>	<b>14,551,473</b>
<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>				
<b>Opening balance</b>	<b>68,949</b>	<b>9,209</b>	<b>162,131</b>	<b>90,603</b>
Charge/(Write back) to income statement	14,608	59,740	10,698	71,528
Net write-off (recoveries) during the period	-	-	(28,214)	-
<b>Closing balance</b>	<b>83,557</b>	<b>68,949</b>	<b>144,615</b>	<b>162,131</b>
<b>Movement in allowance for collective impairment</b>				
<b>Opening balance</b>	<b>68,189</b>	<b>22,618</b>	<b>76,173</b>	<b>36,336</b>
Charge/(Write back) to income statement	(3,105)	45,516	(3,812)	39,782
Exchange rate variance on foreign currency provisions	20	55	20	55
<b>Closing balance</b>	<b>65,104</b>	<b>68,189</b>	<b>72,381</b>	<b>76,173</b>
<b>Total impairment</b>	<b>148,661</b>	<b>137,138</b>	<b>216,996</b>	<b>238,304</b>
<b>4) Due to other customers - By product</b>				
<b>By product - Domestic Currency</b>				
Current account deposits	506,418	1,344,859	506,418	1,344,859
Savings deposits	944,874	788,265	944,874	788,265
Time deposits	6,909,897	5,420,128	7,209,526	5,714,150
Certificate of deposits	838,792	750,482	838,792	750,482
Margin deposits	21,477	30,656	21,477	30,656
<b>Sub total</b>	<b>9,221,458</b>	<b>8,334,390</b>	<b>9,521,087</b>	<b>8,628,412</b>
<b>By product - Foreign Currency</b>				
Current account deposits	16,326	18,392	16,328	18,392
Savings deposits	216,503	415,436	216,503	415,436
Time deposits	668,059	666,871	668,059	666,871
<b>Sub total</b>	<b>900,888</b>	<b>1,100,699</b>	<b>900,890</b>	<b>1,100,699</b>
<b>Total deposits</b>	<b>10,122,346</b>	<b>9,435,089</b>	<b>10,421,977</b>	<b>9,729,111</b>

**Cargills Bank Limited**  
**Shareholders' Information**

<b>Twenty three largest shareholders as at 31 March 2017</b>		<b>No. of shares</b>	<b>%</b>
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	Periyasamipillai Barathakumar	4,400,000	0.50
18	Periyasamipillai Muruganandhan	4,400,000	0.50
19	Periyasamipillai Anandarajah	4,400,000	0.50
20	Periyasamipillai Devaraj	4,400,000	0.50
21	Periyasamipillai 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</b>
Other Shareholders		35,311,000	4
<b>Total</b>		<b>883,142,858</b>	<b>100</b>