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INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2024

Cargills Bank posts Profit before Tax Rs. 306 Million for 1H 2024

Financial Highlights

- Profit after Income Tax for the 1st Half - Rs. 137 Mn
- Net gains from financial assets at fair value through profit or loss grow by Rs. 83 Mn
- Net gains from derecognition of financial assets at fair value through other comprehensive income grow by Rs. 249 Mn
- Bank remains well capitalized and liquid;
 - Total Capital Ratio (CAR) at 21.71%
 - Liquidity Coverage Ratio (LCR), All Currency at 352.94%
 - Net Stable Funding Ratio (NSFR) at 125.75%
- Total Assets grow by Rs. 3.1 Bn

Cargills Bank's results for the six months ended 30 June 2024 reflected a QoQ decline in profitability. Profit after tax at Rs. 137 Mn was lower by Rs. 116 Mn compared to the corresponding period of 2023. Net interest income of Rs. 1.65 Bn was a marginal decrease of Rs. 49 Mn in the six months period compared with the corresponding period of 2023. The marginal reduction in NIM was due to the gradual reduction in the interest rates and market volatility. The Bank continued to focus on repricing of deposits and advances reflecting the market situation and managing the NIM in an optimal manner.

Net fee and commission income of Rs. 384 Mn for the first half of 2024 was lower than the Rs. 408 Mn recorded in the previous year. The decrease of 6% was largely due to downward revision of tariffs in relation to trade operations and reduced net income from card-related services.

Additionally, net gains from financial assets at fair value through profit or loss grew by Rs. 83 Mn to reach Rs. 180 Mn in 1H 2024. Capital gains realized on derecognition of financial assets boosted other income streams by Rs. 249 Mn in the period under review to reach Rs. 278 Mn.

Total operating expenses increased by 18% from Rs. 1.35 Bn last year to Rs. 1.59 Bn. Personnel expenses increased by 23% largely due to adjustments to salary and welfare benefits considering increased costs of living and market conditions. Other operating expenses grew by 17% mainly from the increased cost of utilities and the cost of repair and maintenance of IT assets.

Impairment charges totaling Rs. 440 Mn reflected a marginal reduction of 1% from Rs. 446 Mn in the first six months of 2023 evidencing a focused and proactive management of delinquencies. Additional impairment overlays considered necessary have been incorporated after a careful scrutiny of the status of borrowers. The Bank's Stage 3 Loans (net of Stage 3 Impairment) to Total Loans Ratio stood at 9.92% while Stage 3 Provision Cover was 46.15% as at 30th June 2024.

The Bank maintains Capital Adequacy and Liquid Assets Ratios well within the minimum requirements prescribed by the Central Bank. The total Capital Adequacy Ratio was 21.71% while all liquidity related ratios were well above the regulatory minimum.

Total assets of the Bank as at 30 June stood at Rs. 72.8 Bn, an increase of 4% or Rs. 3.1 Bn in the first six months of the year. The loan book registered a moderate growth, from Rs. 40.6 Bn to Rs. 41.1 Bn, given conditions prevailing. Financial Assets measured at fair value through other comprehensive income grew by 5% to reach Rs. 18.7 Bn. Negative gain of Rs. 14 Mn was reflected in Other Comprehensive Income. Customer Deposits grew by 3% to Rs. 52.2 Bn at the reporting date from Rs. 50.7 Bn at the end of 2023 amidst continued reductions in market interest rates.

Mr. Richard Ebell who served on the Bank's Board as Chairman retired on 02 July 2024 in compliance with the Banking Act on Corporate Governance for licensed commercial banks issued by the Monetary Board of the Central Bank. Mr. Ebell completed nine years in the Bank Board having been appointed in 2015. Mr. Asoka Pieris, who served as Deputy Chairman was appointed as the Chairman of the Bank, with effect from July 3, 2024.

Cargills Bank PLC
Statement of Profit or Loss

| | For the Six months ended | | | For the Quarter ended | | |
|---|--------------------------|-----------------------|-------------|-----------------------|-----------------------|-------------|
| | 30-Jun-24 Rs. '000 | 30-Jun-23 Rs. '000 | Change % | 30-Jun-24 Rs. '000 | 30-Jun-23 Rs. '000 | Change % |
| Interest income | 4,496,186 | 5,702,855 | (21) | 2,150,306 | 3,027,980 | (29) |
| Interest expenses | (2,838,430) | (3,995,961) | 29 | (1,306,792) | (2,153,658) | 39 |
| Net interest income | 1,657,756 | 1,706,894 | (3) | 843,514 | 874,322 | (4) |
| Fees and commission income | 631,004 | 642,357 | (2) | 313,306 | 303,640 | 3 |
| Fees and commission expenses | (246,537) | (234,507) | (5) | (127,800) | (123,097) | (4) |
| Net fees and commission income | 384,467 | 407,850 | (6) | 185,506 | 180,543 | 3 |
| Net gains/(losses) from trading | (14) | 2,006 | (101) | 3,861 | 317 | 1,118 |
| Net gains/(losses) from financial assets at fair value through profit or loss | 179,602 | 96,541 | 86 | 95,253 | 66,035 | 44 |
| Net gains/(losses) from derecognition of financial assets | 278,008 | 28,994 | 859 | 185,957 | 20,803 | 794 |
| Net other operating income | 63,571 | 188,812 | (66) | 47,056 | 74,595 | (37) |
| Total other income | 521,167 | 316,353 | 65 | 332,126 | 161,749 | 105 |
| Total operating income | 2,563,390 | 2,431,097 | 5 | 1,361,146 | 1,216,615 | 12 |
| Impairment for loans and other losses | | | | | | |
| Loans and advances to customers | (384,766) | (417,971) | 8 | (146,873) | (167,394) | 12 |
| Financial assets and other | (55,367) | (28,457) | (95) | (67,488) | (834) | (7,992) |
| Total impairment for loans and other losses | (440,133) | (446,428) | 1 | (214,361) | (168,228) | (27) |
| Net operating income | 2,123,257 | 1,984,669 | 7 | 1,146,786 | 1,048,386 | 9 |
| Personnel expenses | (642,966) | (522,960) | (23) | (327,696) | (258,298) | (27) |
| Depreciation and amortization | (170,766) | (162,223) | (5) | (89,057) | (80,096) | (11) |
| Other operating expenses | (778,312) | (665,233) | (17) | (404,969) | (349,204) | (16) |
| Total operating expenses | (1,592,044) | (1,350,416) | (18) | (821,722) | (687,598) | (20) |
| Operating profit/(loss) before taxes on financial services | 531,213 | 634,253 | (16) | 325,064 | 360,788 | (10) |
| Taxes on financial services | (225,207) | (191,191) | (18) | (128,443) | (91,618) | (40) |
| Profit/(Loss) before tax | 306,006 | 443,062 | (31) | 196,621 | 269,170 | (27) |
| Tax (expenses)/reversal | (169,278) | (189,564) | 11 | (106,431) | (122,132) | 13 |
| Profit/(Loss) for the period | 136,727 | 253,498 | (46) | 90,190 | 147,039 | (39) |
| Basic earnings per share (Rs.) | 0.14 | 0.29 | (50) | 0.10 | 0.17 | (39) |
| Diluted earning per share (Rs.) | 0.14 | 0.29 | (50) | 0.10 | 0.17 | (39) |

Cargills Bank PLC
Statement of Profit or Loss and Other Comprehensive Income

| | For the Six months ended | | | For the Quarter ended | | |
|--|--------------------------|-----------------------|-------------|-----------------------|-----------------------|-------------|
| | 30-Jun-24 Rs. '000 | 30-Jun-23 Rs. '000 | Change % | 30-Jun-24 Rs. '000 | 30-Jun-23 Rs. '000 | Change % |
| Profit/(Loss) for the period | 136,727 | 253,498 | (46) | 90,190 | 147,039 | (39) |
| Other comprehensive income, net of tax | | | | | | |
| Items that are or may be reclassified to profit or loss | | | | | | |
| Financial assets at Fair Value through Other Comprehensive Income (FVOCI) | | | | | | |
| Fair value gains/(losses) that arose during the period | | | | | | |
| Treasury Bills | (13,507) | 170,088 | (108) | (33,679) | 97,842 | (134) |
| Treasury Bonds | 272,196 | 527,046 | (48) | (43,889) | 367,805 | (112) |
| | 258,689 | 697,134 | (63) | (77,568) | 465,647 | (117) |
| Fair value (gains)/losses reclassified to Income Statement on disposal | | | | | | |
| Treasury Bills | (8,018) | (5,989) | (34) | (4,462) | (131) | (3,306) |
| Treasury Bonds | (269,990) | (23,005) | (1,074) | (181,495) | (20,672) | (778) |
| | (278,008) | (28,994) | (859) | (185,957) | (20,803) | (794) |
| Net gains / (losses) on re-measuring Financial assets at FVOCI | | | | | | |
| Treasury Bills | (21,525) | 164,099 | (113) | (38,141) | 97,711 | (139) |
| Treasury Bonds | 2,206 | 504,041 | (100) | (225,384) | 347,133 | (165) |
| | (19,319) | 668,140 | (103) | (263,525) | 444,844 | (159) |
| Deferred tax related to the above | 5,796 | (200,442) | 103 | 79,058 | (133,453) | 159 |
| | (13,523) | 467,698 | (103) | (184,468) | 311,391 | (159) |
| Other comprehensive income/(loss) for the period, net of tax | (13,523) | 467,698 | (103) | (184,468) | 311,391 | (159) |
| Total comprehensive income/(loss) for the period, net of tax | 123,204 | 721,196 | (83) | (94,278) | 458,430 | (121) |

Cargills Bank PLC
Statement of Financial Position

| As at | 30-Jun-24 Rs. '000 | 31-Dec-23 (Audited) Rs. '000 | Growth % |
|---|-----------------------|------------------------------------|-------------|
| Assets | | | |
| Cash and cash equivalents | 2,509,860 | 1,963,321 | 28 |
| Balances with Central Bank of Sri Lanka | 714,111 | 432,805 | 65 |
| Placements with banks | 337,236 | - | - |
| Securities purchased under resale agreements | 1,267,104 | 730,566 | 73 |
| Derivative financial instruments | 22 | 6 | 267 |
| Financial assets measured at fair value through profit or loss | 3,347,312 | 2,468,401 | 36 |
| Financial assets at amortized costs - Loans and advances to other customers | 41,128,882 | 40,559,438 | 1 |
| Financial assets at amortized costs - Debt and other financial instruments | 2,080,536 | 2,050,119 | 1 |
| Financial assets measured at fair value through other comprehensive income | 18,738,110 | 17,779,520 | 5 |
| Property, plant & equipment and right of use assets | 721,249 | 462,705 | 56 |
| Intangible assets | 223,336 | 283,445 | (21) |
| Deferred tax assets | 278,595 | 284,090 | (2) |
| Other assets | 1,501,281 | 2,721,878 | (45) |
| Total assets | 72,847,633 | 69,736,295 | 4 |
| Liabilities and equity | | | |
| Due to banks | 419,787 | 717,667 | (42) |
| Derivative financial instruments | 432 | 27 | 1,500 |
| Financial liabilities at amortized cost - Due to depositors | 52,209,793 | 50,728,853 | 3 |
| Financial liabilities at amortized cost - Due to other borrowers | 4,813,392 | 3,669,925 | 31 |
| Retirement benefit obligation | 113,972 | 108,605 | 5 |
| Lease liability | 602,603 | 335,781 | 79 |
| Other liabilities | 2,621,667 | 2,232,654 | 17 |
| Total liabilities | 60,781,646 | 57,793,512 | 5 |
| Equity | | | |
| Stated capital | 11,894,421 | 11,894,421 | - |
| Statutory reserves | 78,775 | 78,775 | - |
| Other reserves | 1,133,032 | 1,146,555 | (1) |
| Retained earnings/(losses) | (1,040,241) | (1,176,968) | 12 |
| Total equity attributable to equity holders of the Bank | 12,065,987 | 11,942,783 | 1 |
| Total liabilities and equity | 72,847,633 | 69,736,295 | 4 |
| Contingent liabilities & commitments | 18,444,628 | 16,697,057 | 10 |
| Net assets value per share (Rs.) | 12.76 | 12.63 | 1 |
| Memorandum information: | | | |
| No. of employees | 657 | 623 | |
| No. of branches | 24 | 24 | |

Certification:

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

Sgd.

D Gajanayaka

Head of Finance

We, the undersigned, being the Managing Director and the Chairman of Cargills Bank PLC, 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, unless indicated as audited.

Sgd.

K B S Bandara

Managing Director/Chief Executive Officer

Sgd.

H A Pieris

Chairman

13 August 2024

Colombo

Cargills Bank PLC
Statement of Changes in Equity

| | Stated capital | Statutory reserve | Fair Value through Other Comprehensive Income Reserve | Retained earnings/(losses) | Total |
|--|-------------------|-------------------|---|----------------------------|-------------------|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Balance as at 01.01.2023-Audited | 11,394,421 | 56,774 | (132,751) | (1,598,139) | 9,720,305 |
| Total comprehensive income for the period ended 30.06.2023 | | | | | |
| Profit for the period | - | - | - | 253,498 | 253,498 |
| Other comprehensive income, net of tax | - | - | 467,698 | - | 467,698 |
| Total comprehensive income/(loss) for the period | - | - | 467,698 | 253,498 | 721,196 |
| Transactions with owners in their capacity as owners | | | | | |
| Issue of shares | - | - | - | - | - |
| Transfer to statutory reserves | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - |
| Balance as at 30.06.2023 | 11,394,421 | 56,774 | 334,947 | (1,344,641) | 10,441,501 |
| Total comprehensive income for the period from 01.07.2023 to 31.12.2023 | | | | | |
| Profit for the period | - | - | - | 186,522 | 186,522 |
| Other comprehensive income/ (loss), net of tax | - | - | 811,608 | 3,152 | 814,760 |
| Total comprehensive income/(loss) for the period | - | - | 811,608 | 189,674 | 1,001,282 |
| Transactions with owners in their capacity as owners | | | | | |
| Issue of shares | 500,000 | - | - | - | 500,000 |
| Transfer to statutory reserves | - | 22,001 | - | (22,001) | - |
| Total transactions with owners | 500,000 | 22,001 | - | (22,001) | 500,000 |
| Balance as at 01.01.2024 - Audited | 11,894,421 | 78,775 | 1,146,555 | (1,176,968) | 11,942,783 |
| Total comprehensive income for the period ended 30.06.2024 | | | | | |
| Profit for the period | - | - | - | 136,727 | 136,727 |
| Other comprehensive income/(loss), net of tax | - | - | (13,523) | - | (13,523) |
| Total comprehensive income/(loss) for the period | - | - | (13,523) | 136,727 | 123,204 |
| Transactions with owners in their capacity as owners | | | | | |
| Issue of shares | - | - | - | - | - |
| Transfer to statutory reserves | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - |
| Balance as at 30.06.2024 | 11,894,421 | 78,775 | 1,133,032 | (1,040,241) | 12,065,987 |

Cargills Bank PLC
Statement of Cash Flows

| | For the period ended | |
|---|-----------------------|-----------------------|
| | 30-Jun-24 Rs. '000 | 30-Jun-23 Rs. '000 |
| <i>Cash flows from operating activities</i> | | |
| Profit/(Loss) before income tax | 306,006 | 443,063 |
| <i>Adjustments for:</i> | | |
| Non-cash items included in profit/(loss) before tax | 768,810 | 480,094 |
| Income tax paid | (112,162) | - |
| Interest paid on lease liability | (34,439) | (19,361) |
| Gains/(losses) on sale of property, plant & equipment and other assets | (1,040) | - |
| Dividend income | - | (373) |
| Benefits paid on defined benefit plans | (7,040) | (12,067) |
| Change in operating assets | (2,698,063) | (12,172,949) |
| Change in operating liabilities | 1,438,208 | 9,899,422 |
| Net cash generated from/(used in) operating activities | (339,721) | (1,382,172) |
| <i>Cash flows from investing activities</i> | | |
| Net purchase of property, plant and equipment | (39,263) | (67,431) |
| Proceeds from sale of property, plant and equipment | 1,158 | - |
| Net purchase of intangible assets | (5,870) | (27,578) |
| Dividend received | - | 373 |
| Net cash generated from/(used in) investing activities | (43,975) | (94,636) |
| <i>Cash flows from financing activities</i> | | |
| Payment of lease liability | (57,537) | (55,334) |
| Change in securities sold under repurchase agreements | 1,032,402 | 2,613,000 |
| Interest paid | - | - |
| Dividends paid | - | - |
| Net cash generated from/(used in) financing activities | 974,865 | 2,557,666 |
| Net increase/(decrease) in cash and cash equivalents | 591,169 | 1,080,858 |
| Cash and cash equivalents at the beginning of the period | 2,026,908 | 1,260,340 |
| Cash and cash equivalents at the end of the period | 2,618,077 | 2,341,198 |
| Less: Provision for impairment | (108,217) | (38,127) |
| Cash and cash equivalents as per Statement of Financial Position (Net) | 2,509,859 | 2,303,071 |

Cargills Bank PLC
Classification of Financial Assets and Financial Liabilities

| | Fair value through P/L Rs. '000 | Fair Value through OCI Rs. '000 | Amortized cost Rs. '000 | Total Rs. '000 |
|---|---------------------------------------|---------------------------------------|-------------------------------|-------------------|
| As at 30.06.2024 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | - | - | 2,509,860 | 2,509,860 |
| Balances with Central Bank of Sri Lanka | - | - | 714,111 | 714,111 |
| Placements with Banks | - | - | 337,236 | 337,236 |
| Securities purchased under resale agreements | - | - | 1,267,104 | 1,267,104 |
| Derivative financial instruments | 22 | - | - | 22 |
| Financial assets measured at fair value through profit or loss | 3,347,312 | - | - | 3,347,312 |
| Financial assets at amortized costs - Loans and Advances to other customers | - | - | 41,128,882 | 41,128,882 |
| Financial assets at amortized costs - Debt and other financial Instruments | - | - | 2,080,536 | 2,080,536 |
| Financial assets at fair value through other comprehensive income | | | | |
| Debt securities | - | 18,717,422 | - | 18,717,422 |
| Equity securities | - | 20,688 | - | 20,688 |
| Other assets* | - | - | 801,097 | 801,097 |
| Total financial assets | 3,347,334 | 18,738,110 | 48,838,826 | 70,924,270 |
| Financial liabilities | | | | |
| Due to banks | - | - | 419,787 | 419,787 |
| Derivative financial instruments | 432 | - | - | 432 |
| Financial liabilities at amortized cost - Due to depositors | - | - | 52,209,793 | 52,209,793 |
| Financial liabilities at amortized cost - Due to other borrowers | - | - | 4,813,392 | 4,813,392 |
| Lease Liability | - | - | 602,603 | 602,603 |
| Other liabilities** | - | - | 2,158,871 | 2,158,871 |
| Total financial liabilities | 432 | - | 60,204,446 | 60,204,878 |
| As at 31.12.2023 - Audited | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | - | - | 1,963,321 | 1,963,321 |
| Balances with Central Bank of Sri Lanka | - | - | 432,805 | 432,805 |
| Placements with Banks | - | - | - | - |
| Securities purchased under resale agreements | - | - | 730,566 | 730,566 |
| Derivative financial instruments | 6 | - | - | 6 |
| Financial assets measured at fair value through profit or loss | 2,468,401 | - | - | 2,468,401 |
| Financial assets at Amortized costs - Loans and Advances to other customers | - | - | 40,559,438 | 40,559,438 |
| Financial assets at Amortized costs - Debt and other financial Instruments | - | - | 2,050,119 | 2,050,119 |
| Financial assets at fair value through other comprehensive income | | | | |
| Debt securities | - | 17,758,832 | - | 17,758,832 |
| Equity securities | - | 20,688 | - | 20,688 |
| Other assets* | - | - | 2,174,512 | 2,174,512 |
| Total financial assets | 2,468,407 | 17,779,520 | 47,910,761 | 68,158,688 |
| Financial liabilities | | | | |
| Due to banks | - | - | 717,667 | 717,667 |
| Derivative financial instruments | 27 | - | - | 27 |
| Financial liabilities at amortized cost - Due to depositors | - | - | 50,728,853 | 50,728,853 |
| Financial liabilities at amortized cost - Due to other borrowers | - | - | 3,669,925 | 3,669,925 |
| Lease Liability | - | - | 335,781 | 335,781 |
| Other liabilities** | - | - | 1,710,916 | 1,710,916 |
| Total financial liabilities | 27 | - | 57,163,142 | 57,163,169 |

*Other assets only include other receivables

**Other liabilities exclude accrued expenditure and impairment on commitments and contingencies

Cargills Bank PLC

Classification of Financial Assets and Financial Liabilities

Fair Value Hierarchy

The Bank measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

- **Level 1 : Fair value measurement using unadjusted quoted market prices**

Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.

- **Level 2 : Fair value measurement using significant observable inputs**

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using;

- quoted prices in active markets for similar instruments,
- quoted prices for identical or similar instruments in markets that are considered to be less active, or
- other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

- **Level 3 : Fair value measurement using significant unobservable inputs**

Inputs that are unobservable.

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes that a third party market participant would take them into account in pricing a transaction.

Financial instruments measured at fair value - fair value hierarchy

The following table provides an analysis of assets and liabilities measured at fair value as at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position:

| | Level 1 Rs. '000 | Level 2 Rs. '000 | Level 3 Rs. '000 | Total Rs. '000 |
|--|---------------------|---------------------|---------------------|-------------------|
| As at 30 June 2024 | | | | |
| Financial Assets | | | | |
| Derivative financial instruments | - | 22 | - | 22 |
| Financial assets measured at fair value through profit or loss | - | 3,347,312 | - | 3,347,312 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Debt securities | 18,717,422 | - | - | 18,717,422 |
| Equity Securities | - | - | 20,688 | 20,688 |
| Total assets at fair value | 18,717,422 | 3,347,334 | 20,688 | 22,085,444 |
| Financial Liabilities | | | | |
| Derivative financial instruments | - | 432 | - | 432 |
| Total liabilities at fair value | - | 432 | - | 432 |
| As at 31 December 2023 - Audited | | | | |
| Financial Assets | | | | |
| Derivative financial instruments | - | 6 | - | 6 |
| Financial assets measured at fair value through profit or loss | - | 2,468,401 | - | 2,468,401 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Debt securities | 17,758,832 | - | - | 17,758,832 |
| Equity securities | - | - | 20,688 | 20,688 |
| Total assets at fair value | 17,758,832 | 2,468,407 | 20,688 | 20,247,927 |
| Financial Liabilities | | | | |
| Derivative financial instruments | - | 27 | - | 27 |
| Total liabilities at fair value | - | 27 | - | 27 |

Cargills Bank PLC
Selected Performance Indicators

| As at | 30-Jun-2024 | 31-Dec-2023 |
|--|-------------|-------------|
| Regulatory Capital (Rs'000) | | |
| Common Equity Tier 1 | 10,897,196 | 10,910,720 |
| Total Tier 1 Capital | 12,397,196 | 12,410,720 |
| Total Capital | 12,680,417 | 12,693,941 |
| Regulatory Capital Ratios (%) (Refer Note 3) | | |
| Common Equity Tier 1 Capital Ratio - (Minimum Requirement - 7%) | 18.66 | 19.89 |
| Total Tier 1 capital Ratio - (Minimum Requirement - 8.5%) | 21.23 | 22.63 |
| Total Capital Ratio - (Minimum Requirement - 12.5%) | 21.71 | 23.15 |
| Leverage Ratio - (Minimum Requirement - 3%) | 13.98 | 14.67 |
| Regulatory Liquidity | | |
| Total Stock of High-Quality Liquid Assets (Rs '000) | 19,551,304 | 19,149,507 |
| Liquidity Coverage Ratio, % - (Minimum Requirement - 2023 - 100%) | | |
| Rupee, % | 610.15 | 359.50 |
| All currency, % | 352.94 | 289.04 |
| Net Stable Funding Ratio (%) - (Minimum Requirement - 2023 - 100%) | 126 | 123 |
| Assets Quality (Quality of Loan Portfolio) | | |
| Stage 3 Loans (Net of Stage 3 Impairment) to Total Loans | 9.92 | 8.63 |
| Stage 3 Impairment to Stage 3 Loans (Stage 3 Provision Cover) | 46.15 | 46.69 |
| Profitability | | |
| Interest Margin, % | 4.66 | 5.61 |
| Return on Assets (before Tax), % | 0.81 | 1.10 |
| Return on Equity, % | 2.25 | 4.12 |

Explanatory Notes

- The Financial Statements of the Bank have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). There were no changes to Accounting Policies and methods of computation since publication of the Annual Report for the year ended 31 December 2023.
- These Interim Financial Statements of the Bank have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting' and provide the information as required in terms of Listing Rule 7.4 of the Colombo Stock Exchange.
- The Bank should maintain Total Tier 1 Capital Ratio 250 basis points above the minimum applicable until it complies with the regulatory minimum capital requirement of LKR 20 Billion by end 2025.
- The Bank continued to reassess its individually significant loan portfolio as of 30 June 2024 and incorporate adequate impairment provisions on identified customer segments to reflect increased credit risk since initial recognition. Accordingly, the impairment provision also includes management overlays where higher impairment charges were considered as a prudential measure in assessing the elevated risk profiles of borrowers.
 Additionally, the Bank revised the cash flow assumptions for customers who were previously impaired, ensuring that any deterioration in the credit quality of such customers has been appropriately addressed during the period.
 The Bank estimated its Expected Credit Loss (ECL) for collective impairment as at the reporting date based on the updated Probability of Default flow rates as at 31 December 2023 and Economic Factor Adjustment (EFA) & Loss Given Default (LGD) values as at 30 June 2024.
 The exchange impact on impairment charges on loans and advances denominated in foreign currency was recognised in Net Other Operating Income where the corresponding exchange gains/losses are recognised.
- Income Tax - Year of Assessment 2013/2014**
 The Commissioner General of Inland Revenue (CGIR) issued a Notice of Assessment for the Year of Assessment 2013/2014. The Bank has appealed before the Court of Appeal and the Bank awaits the hearing of the Appeal from the Court of Appeal.
Income Tax - Year of Assessment 2017/2018
 The CGIR issued a Notice of Assessment for the Year of Assessment 2017/2018. The Bank has lodged an appeal against the said assessment. The appeal is currently at the IRD hearing stage.
 Management is of the opinion that the outcome of the above will not have a material impact to the Financial Statements.
- During the quarter, there were no material changes in the composition of assets, liabilities and/or contingent liabilities, other than those disclosed above.
- There was no pending litigation of a material nature against the Bank.
- All known expenses including management fees and similar expenses have been provided for in these Interim Financial Statements.
- No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the Financial Statements.

Cargills Bank PLC
Additional Disclosures

| As at | 30-Jun-2024 Rs. '000 | 31-Dec-2023 (Audited) Rs. '000 |
|---|-------------------------|--------------------------------------|
| Loans and advances to other customers | | |
| Gross loans and advances | 46,466,104 | 45,553,094 |
| Less: Stage-wise impairment | | |
| Stage 1 | 180,601 | 188,024 |
| Stage 2 | 404,214 | 709,734 |
| Stage 3 | 4,752,405 | 4,095,898 |
| Total impairment for loans and advances | 5,337,221 | 4,993,656 |
| Net loans and advances | 41,128,883 | 40,559,438 |
| Product wise Gross Loans and advances to other customers | | |
| By product - Domestic Currency | | |
| Overdrafts | 6,447,001 | 6,182,468 |
| Trade finance | 3,072,199 | 2,516,096 |
| Housing loans | 978,826 | 996,578 |
| Personal loans | 2,634,773 | 2,805,144 |
| Staff loans | 362,782 | 305,365 |
| Term loans | 17,608,466 | 16,033,013 |
| Loans against property | 1,510,613 | 1,519,567 |
| Agriculture loans | 613,111 | 592,400 |
| Money market loans/Revolving loans | 7,060,800 | 8,203,896 |
| Vehicle loans | 134,181 | 96,927 |
| Credit card | 1,584,985 | 1,640,656 |
| Micro finance | 45,350 | 41,896 |
| Others | 289,772 | 416,862 |
| Sub total | 42,342,858 | 41,350,868 |
| By product - Foreign Currency | | |
| Trade finance | 1,730,672 | 1,603,524 |
| Housing loans | 61,895 | 70,969 |
| Term loans | 2,283,395 | 2,437,641 |
| Overdrafts | 8,970 | 8,970 |
| Others | 38,313 | 81,121 |
| Sub total | 4,123,245 | 4,202,225 |
| Total Gross Loans & Advances | 46,466,104 | 45,553,093 |

Movement in impairment during the period for loans and advances to other customers - 2024

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|----------------|----------------|------------------|------------------|
| Opening balance as at 01 January 2024 - Audited | 188,024 | 709,734 | 4,095,898 | 4,993,656 |
| Charge/ (write back) to income statement | (7,517) | (302,385) | 697,178 | 387,276 |
| Exchange rate variance on foreign currency provisions | 95 | (3,135) | (40,670) | (43,711) |
| Closing balance as at 30 June 2024 | 180,601 | 404,214 | 4,752,405 | 5,337,221 |

Movement in impairment during the year for loans and advances to other customers - 2023

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|----------------|----------------|------------------|------------------|
| Opening balance as at 01 January 2023 - Audited | 132,422 | 1,026,985 | 3,130,230 | 4,289,637 |
| Charge/ (write back) to income statement | 95,540 | (313,235) | 1,039,592 | 821,898 |
| Exchange rate variance on foreign currency provisions | (39,938) | (4,016) | (73,925) | (117,879) |
| Closing balance as at 31 December 2023 - Audited | 188,024 | 709,734 | 4,095,898 | 4,993,656 |

Cargills Bank PLC
Additional Disclosures

| As at | 30-Jun-2024 | 31-Dec-2023 (Audited) | | |
|--|-------------------|--------------------------|---------------|---------------|
| | Rs. '000 | Rs. '000 | | |
| Commitments and Contingencies | | | | |
| Gross commitments and contingencies | 18,515,240 | 16,772,021 | | |
| Less: Stage-wise impairment | | | | |
| Stage 1 | 52,295 | 48,239 | | |
| Stage 2 | 16,287 | 10,872 | | |
| Stage 3 | 2,031 | 15,853 | | |
| Total impairment for commitments and contingencies | 70,612 | 74,964 | | |
| Net commitments and contingencies | 18,444,628 | 16,697,057 | | |
| Product- wise Commitments and Contingencies | | | | |
| By product - Domestic Currency | | | | |
| Guarantees | 6,186,827 | 5,923,610 | | |
| Letters of credit | 206,774 | 346,271 | | |
| Undrawn commitments | 9,440,473 | 8,626,315 | | |
| Capital commitments and other | 196,196 | 89,878 | | |
| Sub total | 16,030,270 | 14,986,074 | | |
| By product - Foreign Currency | | | | |
| Guarantees | 625,034 | 498,810 | | |
| Letters of credit | 1,277,514 | 1,199,251 | | |
| Bills for collection | 30,961 | 87,886 | | |
| Spot purchase | 551,461 | - | | |
| Sub total | 2,484,970 | 1,785,947 | | |
| Total Commitments and Contingencies | 18,515,240 | 16,772,021 | | |
| Movement in impairment during the period for Commitments and Contingencies - 2024 | | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Opening balance as at 01 January 2024 - Audited | 48,239 | 10,872 | 15,853 | 74,964 |
| Charge/ (write back) to income statement | 4,056 | 5,415 | (13,822) | (4,352) |
| Closing balance as at 30 June 2024 | 52,295 | 16,287 | 2,031 | 70,612 |
| Movement in impairment during the year for Commitments and Contingencies - 2023 | | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Opening balance as at 01 January 2024 - Audited | 46,252 | 43,284 | 24,637 | 114,174 |
| Charge/ (write back) to income statement | 1,986 | (32,412) | (8,784) | (39,210) |
| Closing balance as at 31 December 2023 - Audited | 48,238 | 10,872 | 15,854 | 74,964 |

Cargills Bank PLC
Additional Disclosures

| As at | 30-Jun-2024 | 31-Dec-2023 |
|---------------------------------------|-------------------|-----------------------|
| | Rs. '000 | (Audited) Rs. '000 |
| Due to other customers | | |
| By product - Domestic Currency | | |
| Current account deposits | 1,967,452 | 2,730,719 |
| Savings deposits | 8,249,547 | 8,460,596 |
| Call Deposits | 837 | 1,336 |
| Time deposits | 37,492,929 | 35,507,813 |
| Certificate of deposits | 67,432 | 66,237 |
| Margin deposits | 31,436 | 22,015 |
| Sub total | 47,809,633 | 46,788,715 |
| By product - Foreign Currency | | |
| Current account deposits | 113,489 | 158,850 |
| Savings deposits | 653,327 | 799,098 |
| Time deposits | 3,633,296 | 2,981,736 |
| Margin deposits | 48 | 452 |
| Sub total | 4,400,160 | 3,940,137 |
| Total deposits | 52,209,793 | 50,728,853 |

Cargills Bank PLC
Segment Information

| | Banking | | Treasury/ Investments | | Unallocated | | Total | |
|--|--------------------|--------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>For the period ended 30 June</i> | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Net interest income | 1,136,303 | 1,867,920 | 521,453 | (64,485) | - | - | 1,657,756 | 1,803,435 |
| Net fees and commission income | 380,157 | 158,986 | 4,310 | 26,489 | - | - | 384,467 | 185,474 |
| Foreign exchange profit | 43,724 | 403,720 | 17,846 | 4,130 | - | - | 61,571 | 407,850 |
| Other income | 1,986 | 4,971 | 457,610 | 28,994 | - | 373 | 459,596 | 34,338 |
| Operating income by segment | 1,562,171 | 2,435,597 | 1,001,219 | (4,872) | - | 373 | 2,563,390 | 2,431,098 |
| Impairment for loans and other losses | (396,929) | (422,561) | (43,203) | (23,867) | - | - | (440,133) | (446,428) |
| Net operating income | 1,165,242 | 2,013,036 | 958,016 | (28,739) | - | 373 | 2,123,257 | 1,984,670 |
| Personnel and other operating expenses | (1,405,731) | (1,173,951) | (15,547) | (14,242) | - | - | (1,421,278) | (1,188,193) |
| Depreciation and amortisation | (170,698) | (162,134) | (68) | (89) | - | - | (170,766) | (162,223) |
| Total operating expenses | (1,576,429) | (1,336,084) | (15,615) | (14,332) | - | - | (1,592,044) | (1,350,416) |
| Operating profit/(loss) by segment | (411,188) | 676,952 | 942,401 | (43,071) | - | 373 | 531,213 | 634,254 |
| Taxes on financial services | (225,207) | (191,191) | - | - | - | - | (225,207) | (191,191) |
| Profit/(Loss) before Tax by segment | (636,395) | 485,760 | 942,401 | (43,071) | - | 373 | 306,006 | 443,062 |
| Tax (expense)/reversal | | | | | | | (169,278) | (189,564) |
| Profit/(Loss) for the period | | | | | | | 136,727 | 253,499 |
| Other information | <i>30-Jun-2024</i> | <i>31-Dec-2023</i> | <i>30-Jun-2024</i> | <i>31-Dec-2023</i> | <i>30-Jun-2024</i> | <i>31-Dec-2023</i> | <i>30-Jun-2024</i> | <i>31-Dec-2023</i> |
| Segment assets | 51,300,737 | 47,473,794 | 21,546,896 | 22,268,670 | - | - | 72,847,633 | 69,742,464 |
| Segment liabilities | 55,886,581 | 54,032,441 | 4,895,065 | 3,767,240 | - | - | 60,781,646 | 57,799,681 |

Cargills Bank PLC**DIRECTORS' INTEREST IN SHARES OF CARGILLS BANK PLC AS AT 30.06.2024**

| Directors' Name | No. of shares held | |
|--|--------------------|------------------------|
| | As at 30 June 2024 | As at 31 December 2023 |
| 1 *Richard Ebell- Chairman (retired w.e.f from 02 July 2024) | 48,300 | 48,300 |
| 2 Asoka Pieris- Deputy Chairman | Nil | Nil |
| 3 Senarath Bandara- Managing Director/CEO | 112,500 | 112,500 |
| 4 Ms. Marianne Page | Nil | Nil |
| 5 Yudhishtran Kanagasabai | Nil | Nil |
| 6 Buwaneka Perera | Nil | Nil |
| 7 Ravindra Ajantha Jayawardena | Nil | Nil |
| 8 Mrs. Shanti Gnanapragasam | Nil | Nil |
| 9 Arjuna Herath | Nil | Nil |

* Held jointly with Mrs. M T L Ebell (spouse) and Mrs. J M Wijayanayaka (daughter)

Cargills Bank PLC Shareholders' Information

| Top Twenty shareholders as at 30 June 2024 | No. of shares | % |
|---|--------------------|---------------|
| 1 Cargills (Ceylon) PLC* | 350,696,905 | 37.09 * |
| 2 CT Holdings PLC* | 223,345,953 | 23.62 * |
| 3 Employee's Provident Fund | 44,000,000 | 4.65 |
| 4 Mulitex Investment Limited | 30,800,000 | 3.26 |
| 5 MJF Foundation Investments (Pvt) Ltd | 28,000,000 | 2.96 |
| 6 Softlogic Life Insurance PLC Account Number 03/Life Shareholders Fund | 26,600,000 | 2.81 |
| 7 MAS Amaliya (Pvt) Ltd | 22,000,000 | 2.33 |
| 8 Rosewood (Pvt) Limited-Account No.1 | 15,477,900 | 1.64 |
| 9 Aindri Holdings Pte Ltd | 11,000,000 | 1.16 |
| 9 A I A Holdings Lanka (Pvt) Ltd | 11,000,000 | 1.16 |
| 11 Softlogic Holdings PLC | 10,000,000 | 1.06 |
| 12 Distilleries Company of Sri Lanka PLC | 9,593,555 | 1.01 |
| 13 Peoples' Leasing and Finance PLC/Suhada Gas Distributors (Pvt) Ltd | 9,306,122 | 0.98 |
| 14 Mr. G.L.H Premaratne | 9,089,000 | 0.96 |
| 15 Late Mr. M. J. Fernando | 7,800,000 | 0.82 |
| 16 GF Capital Global Limited | 7,210,900 | 0.76 |
| 17 Melstacorp PLC | 5,854,200 | 0.62 |
| 18 Sri Lanka Insurance Corporation Ltd - Life Fund | 5,086,470 | 0.54 |
| 19 Sri Lanka Insurance Corporation Ltd - General Fund | 5,065,870 | 0.54 |
| 20 Mr. I.C. Nanayakkara | 4,400,000 | 0.47 |
| 20 Mr. Barathakumar Periyasamipillai | 4,400,000 | 0.47 |
| 20 Mr. Muruganandhan Periyasamipillai | 4,400,000 | 0.47 |
| 20 Mr. Anandarajah Periyasamipillai | 4,400,000 | 0.47 |
| 20 Mr. Devaraj Periyasamipillai | 4,400,000 | 0.47 |
| 20 Mr. Barathanickam Periyasamipillai | 4,400,000 | 0.47 |
| 20 Lalan Rubber Holdings (Pvt) Ltd | 4,400,000 | 0.47 |
| Sub total | 862,726,875 | 91.23 |
| Other Shareholders | 82,915,983 | 8.77 |
| Total | 945,642,858 | 100.00 |

* No voting rights will be exercised by Cargills (Ceylon) PLC and CT Holdings PLC on any shares held in excess of 30% of the issued capital of the Bank carrying voting rights.

INFORMATION ON ORDINARY SHARES OF THE BANK

| <u>PUBLIC HOLDING PERCENTAGE</u> | As at 30 June 2024 | As at 31 December 2023 |
|---|--------------------|------------------------|
| Float adjusted market capitalization (total market capital-share not available for trading)* share price | 2,960,240,403 | NA |
| Public holding percentage (%) | 39.13% | 39.13% |
| Number of public shareholders | 2,342 | 2,247 |
| Option under which the Listed Entity complies with the Minimum Public Holding requirement** | Option 4 | NA |

SHARE PRICE INFORMATION**

| As At | As at 30 June 2024 | As at 31 December 2023 |
|-------------------------------|--------------------|------------------------|
| Number of shares | 945,642,858 | 945,642,858 |
| Last traded price (LKR) | 8.00 | NA |
| Highest price per share (LKR) | 8.80 | NA |
| Lowest price per share (LKR) | 7.80 | NA |

**The ordinary voting shares were listed on the Main Board of the Colombo Stock Exchange on 9 January 2024.
Quoted shares of the Bank are only traded in Sri Lankan Rupees.

Cargills Bank PLC
CORPORATE INFORMATION

NAME OF THE COMPANY

Cargills Bank PLC

LEGAL FORM

A public limited liability company 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 as amended from time to time.

STOCK EXCHANGE LISTING

The ordinary shares are listed on the Colombo Stock Exchange.

REGISTRATION NUMBER

PQ00293614 (Previously PB 4847)

ACCOUNTING YEAR-END

December 31

HEAD OFFICE AND REGISTERED OFFICE

No. 696, Galle Road,
Colombo 03,
Sri Lanka

TELEPHONE

011 - 7 640 000

FACSIMILE

011 - 7 640 507

SWIFT CODE

CGRBLKLX

E-MAIL

info@cargillsbank.com

WEB PAGE

www.cargillsbank.com

Fitch Rating A (Ika)

TAXPAYER IDENTIFICATION NUMBER (TIN)

134048476

BOARD OF DIRECTORS

Mr. Asoka Pieris - Chairman
Mr. Senarath Bandara - Managing Director /CEO
Ms. Marianne Page
Mr. Yudhishtan Kanagasabai
Mr. Buwaneka Perera
Mr. Ravindra Jayawardena
Mrs. Shanti Gnanapragasam
Mr. Arjuna Herath

OTHER INFORMATION

AUDITORS

Messrs. KPMG
Chartered Accountants,
No. 32A, Sir Mohamed Macan Markar Mw,
Colombo 03
Sri Lanka

LAWYERS

Messrs. Julius & Creasy
No. 371, R.A. de Mel Mawatha,
Colombo 03
Sri Lanka

COMPLIANCE OFFICER

Mr. Gayantha Wijekoon

COMPANY SECRETARY

Ms. Amendra de Silva
No. 696, Galle Road,
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Sri Lanka
amendra.d@cargillsbank.com
+94117 640170

REGISTRAR

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Sri Lanka
Tel :94 11-2513894
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E-mail : sspsec@slt.net.lk