



Banking on the Human Spirit

CARGILLS BANK PLC | INTERIM FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

MULTIPLYING OUR IMPACT

Cargills Bank posts Profit after Tax Rs. 440 Million for the year ended 31 December 2023

Financial Highlights

- Profit before Income Tax for the year - Rs. 730 Mn
- Bank maintains strong capital adequacy and liquidity ratios
 - Total Capital Ratio (CAR) 23.14%
 - Statutory Liquid Assets Ratio (SLAR) 39.82%
- Total Assets grow by 30% or Rs. 16 Bn

There was admirable growth in the Bank's Deposit and Loan portfolios at year-end, when we achieved the targets set out in our business plan. We have supported our customers through the challenges they faced over the last few years while pursuing our plans. The work we have done has enabled us to navigate the turbulence Sri Lanka has been through.

The Bank experienced an erosion of interest margins in the latter part of the year, with pressure on banks to reduce lending rates, a lagged reduction of deposit rates and investments in treasury instruments remaining attractive to depositors. This put significant pressure on its bottom line, and was a major reason for the result in the last quarter of 2023 being very modest. Nevertheless, our focus on developing our portfolio and improving our technology and processes has continued.

Careful management of credit exposures continued to be important. This was done well, with encouraging recoveries made on some accounts. Impairment provisioning was substantially increased as a measure of prudence, to safeguard against possible changes in the operating environment in the ensuing year.

The Bank listed its shares in the Colombo Stock Exchange (CSE) subsequent to a successful initial public offer of 62.5 Mn shares of the Bank at Rs. 8.00 per share and the Rs 500 Mn raised is reflected as part of the stated capital thus enhancing the capital structure of the Bank.

Statement of Profit or Loss

	For the year ended			For the quarter ended		
	31-Dec-2023	31-Dec-2022 (Audited)	Change	31-Dec-2023	31-Dec-2022	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Interest income	10,929,051	8,002,096	37	2,487,897	2,373,755	5
Interest expense	(7,547,659)	(4,797,845)	(57)	(1,707,620)	(1,596,271)	(7)
Net interest income	3,381,392	3,204,251	6	780,277	777,484	0
Fees and commission income	1,283,431	1,272,446	1	342,267	343,017	(0)
Fees and commission expense	(484,664)	(410,078)	(18)	(133,627)	(121,351)	(10)
Net fees and commission income	798,767	862,368	(7)	208,640	221,666	(6)
Net gains/(losses) from trading	324	994	(67)	(28)	46,617	(100)
Net gains/(losses) from financial instruments at fair value through profit or loss	264,942	-	-	86,225	-	-
Net gains/(losses) from derecognition of financial assets	176,953	20,814	750	9,588	7,549	27
Net other operating income	252,716	192,260	31	28,955	24,557	18
Total other income	694,935	214,068	225	124,740	78,723	58
Total operating income	4,875,094	4,280,687	14	1,113,657	1,077,873	3
Total impairment losses on financial instruments and other assets	(848,792)	(1,463,485)	42	(241,656)	(247,528)	2
Net operating income	4,026,302	2,817,202	43	872,001	830,345	5
Personnel expenses	(1,072,799)	(915,285)	(17)	(285,501)	(230,412)	(24)
Depreciation and amortization	(331,904)	(437,014)	24	(87,561)	(171,092)	49
Other operating expenses	(1,486,894)	(1,002,185)	(48)	(415,816)	(233,987)	(78)
Total operating expenses	(2,891,597)	(2,354,484)	(23)	(788,878)	(635,491)	(24)
Operating profit/(loss) before taxes on financial services	1,134,705	462,718	145	83,121	194,854	(57)
Taxes on financial services	(404,828)	(256,281)	(58)	(77,856)	(89,201)	13
Profit before tax	729,877	206,437	254	5,267	105,653	(95)
Income tax (expense)/reversal	(289,857)	281,327	(203)	2,969	286,676	(99)
Profit for the period	440,020	487,764	(10)	8,236	392,329	(98)
Basic earnings per share (Rs.)	0.50	0.55	(10)	0.01	0.44	(98)
Diluted earnings per share (Rs.)	0.50	0.55	(10)	0.01	0.44	(98)

Statement of Profit or Loss and Other Comprehensive Income

	For the year ended			For the quarter ended		
	31-Dec-2023	31-Dec-2022 (Audited)	Change	31-Dec-2023	31-Dec-2022	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Profit for the period	440,020	487,764	(10)	8,236	392,330	(98)
Other comprehensive income, net of tax						
Items that will never be reclassified to profit or loss						
Net actuarial gain/(loss) on defined benefit obligation	4,503	(5,701)	179	4,503	(5,701)	179
Deferred tax related to the above	(1,351)	-	-	(1,351)	-	-
Change in fair value of investment in equity measured at fair value through other comprehensive income	2,672	1,575	-	2,672	1,575	70
Deferred tax related to the above	(802)	(283)	-	(802)	(283)	(183)
	5,022	(4,409)	214	5,022	(4,409)	214
Items that are or may be reclassified to profit or loss						
Financial Instruments at Fair Value through Other Comprehensive Income (FVOCI)						
Fair value gains/(losses) that arose during the period						
Treasury Bills	114,055	(45,964)	348	(38,927)	49,342	(179)
Treasury Bonds	1,881,928	(58,223)	3,332	50,655	23,215	118
	1,995,983	(104,187)	2,016	11,728	72,557	(84)
Fair value (gains)/losses realised to Income Statement on disposal						
Treasury Bills	(10,150)	(20,814)	51	(2,870)	(7,549)	62
Treasury Bonds	(166,803)	-	-	(6,718)	-	-
	(176,953)	(20,814)	(750)	(9,588)	(7,549)	(27)
Net gains/(losses) on re-measuring Financial Instruments at FVOCI						
Treasury Bills	103,905	(66,778)	256	(41,797)	41,793	(200)
Treasury Bonds	1,715,125	(58,223)	3,046	43,937	23,215	89
	1,819,030	(125,001)	1,555	2,140	65,008	(97)
Deferred tax related to the above	(541,594)	37,090	(1,560)	3,473	(19,717)	118
	1,277,436	(87,911)	1,553	5,613	45,291	(88)
Other comprehensive income/(loss) for the period, net of tax	1,282,458	(92,320)	1,489	10,635	40,882	(74)
Total comprehensive income for the period, net of tax	1,722,478	395,444	336	18,871	433,212	(96)

Statement of Financial Position

As at	31-Dec-2023	31-Dec-2022	Change
	Rs. ' 000	(Audited) Rs. ' 000	%
Assets			
Cash and cash equivalents	1,963,322	1,232,272	59
Balances with Central Bank of Sri Lanka	432,805	1,311,926	(67)
Securities purchased under resale agreements	730,566	-	-
Derivative financial instruments	6	-	-
Financial assets measured at fair value through profit or loss	2,468,401	-	-
Financial assets at amortized cost - Loans and advances to other customers	40,559,439	35,960,080	13
Financial assets at amortized cost - Debt and other financial instruments	2,050,118	1,996,950	3
Financial assets measured at fair value through other comprehensive income	17,779,519	10,253,496	73
Property, plant & equipment	462,705	475,180	(3)
Intangible assets	283,445	335,150	(15)
Deferred tax assets	290,259	955,721	(70)
Other assets	2,721,879	1,232,034	121
Total assets	69,742,464	53,752,809	30
Liabilities and equity			
Due to banks	717,667	514,193	40
Derivative financial instruments	27	30	(10)
Financial liabilities at amortized cost - Due to depositors	50,728,852	37,802,680	34
Financial liabilities at amortized cost - Other borrowers	3,669,925	3,688,924	(1)
Retirement benefit obligations	108,605	96,806	12
Lease liability	335,781	340,542	(1)
Other liabilities	2,238,824	1,589,329	41
Total liabilities	57,799,681	44,032,504	31
Equity			
Stated capital	11,894,421	11,394,421	4
Statutory reserves	78,775	56,774	39
Other reserves	1,146,555	(132,751)	964
Retained Earnings/(losses)	(1,176,968)	(1,598,139)	26
Total equity attributable to equity holders of the Bank	11,942,783	9,720,305	23
Total liabilities and equity	69,742,464	53,752,809	30
Contingent liabilities & commitments	16,697,057	22,292,738	
Net assets value per share (Rs.)	12.63	11.01	
Memorandum information			
Number of employees	623	598	
Number of branches	24	23	

Certification:

These Financial Statements have been prepared in compliance with 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.)

R A Ebell
Chairman

28 February 2024
Colombo

Statement of Changes in Equity

	Stated capital	Statutory reserves	Fair Value through Other Comprehensive Income Reserve	Retained Earnings/(losses)	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01.01.2022 - Audited	11,394,421	32,386	(46,132)	(2,055,814)	9,324,862
Total comprehensive income for the year ended 31.12.2022					
Profit for the period	-	-	-	487,764	487,764
Other comprehensive income, net of tax	-	-	(86,619)	(5,701)	(92,320)
Total comprehensive income/(loss) for the period	-	-	(86,619)	482,063	395,444
Transactions with owners in their capacity as owners					
Issue of shares	-	-	-	-	-
Transfer to statutory reserves	-	24,388	-	(24,388)	-
Total transactions with owners	-	24,388	-	(24,388)	-
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 year ended 31.12.2023					
Profit for the period	-	-	-	440,020	440,020
Other comprehensive income, net of tax	-	-	1,279,306	3,152	1,282,458
Total comprehensive income/(loss) for the period	-	-	1,279,306	443,172	1,722,478
Transactions with owners in their capacity as owners					
Issue of shares	500,000	-	-	-	500,000
Transfer to statutory reserve	-	22,001	-	(22,001)	-
Total transactions with owners	500,000	22,001	-	(22,001)	500,000
Balance as at 31.12.2023	11,894,421	78,775	1,146,555	(1,176,968)	11,942,783

Statement of Cash Flows

	For the year ended	
	31-Dec-2023 Rs. ' 000	31-Dec-2022 (Audited) Rs. ' 000
Cash flows from operating activities		
Profit before tax	729,877	206,437
Adjustments for:		
Non-cash items included in profit/(loss) before tax	1,611,809	2,775,724
Interest paid on lease liability	(44,442)	(34,271)
Gains/(losses) on sale of property, plant & equipment and other assets	(99)	(315)
Dividend income	(1,571)	(720)
Benefits paid on defined benefit plans	(18,599)	(12,674)
Change in operating assets	(14,647,705)	(324,582)
Change in operating liabilities	13,896,763	(2,118,078)
Net cash generated from/(used in) operating activities	1,526,033	491,521
Cash flows from investing activities		
Net purchase of property, plant and equipment	(97,096)	(177,616)
Proceeds from sale of property, plant and equipment	336	755
Investment in Debenture	-	(160,353)
Net purchase of intangible assets	(79,675)	(193,576)
Dividend received	1,571	720
Net cash generated from/(used in) investing activities	(174,864)	(530,070)
Cash flows from financing activities		
Payment of lease liability	(95,951)	(91,513)
Change in securities sold under repurchase agreements and other borrowings	(18,999)	(280,693)
Interest paid	(469,650)	(152,517)
Net cash generated from/(used in) financing activities	(584,600)	(524,722)
Net increase/(decrease) in cash and cash equivalents	766,569	(563,270)
Cash and cash equivalents at the beginning of the period	1,260,340	1,823,610
Cash and cash equivalents at the end of the period	2,026,909	1,260,340
Less: Impairment on cash and cash equivalents	(63,587)	(28,068)
Total cash and cash equivalents	1,963,322	1,232,272

Classification of Financial Assets and Financial Liabilities

	Fair value through P/L	Fair Value through OCI	Amortized Cost	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31.12.2023				
Financial assets				
Cash and cash equivalents	-	-	1,963,322	1,963,322
Balances with Central Bank of Sri Lanka	-	-	432,805	432,805
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 cost - Loans and advances to other customers	-	-	40,559,439	40,559,439
Financial assets at amortized cost - Debt and other financial instruments	-	-	2,050,118	2,050,118
Financial assets at fair value through other comprehensive income - Debt securities	-	17,758,831	-	17,758,831
Financial assets at fair value through other comprehensive income - Equity securities	-	20,688	-	20,688
Other assets*	-	-	2,136,097	2,136,097
Total financial assets	2,468,407	17,779,519	47,872,347	68,120,273
Financial liabilities				
Due to banks	-	-	717,667	717,667
Derivative financial instruments	27	-	-	27
Financial liabilities at amortized cost - Due to depositors	-	-	50,728,852	50,728,852
Financial liabilities at amortized cost - Other borrowings	-	-	3,669,925	3,669,925
Lease liability	-	-	335,781	335,781
Other liabilities**	-	-	1,785,885	1,785,885
Total financial liabilities	27	-	57,238,110	57,238,137
As at 31.12.2022-Audited				
Financial assets				
Cash and cash equivalents	-	-	1,232,272	1,232,272
Balances with Central Bank of Sri Lanka	-	-	1,311,926	1,311,926
Securities purchased under resale agreements	-	-	-	-
Derivative financial instruments	-	-	-	-
Financial assets at amortized cost- Loans & Advances to other customers	-	-	35,960,080	35,960,080
Financial assets at amortized cost - Debt and other financial instruments	-	-	1,996,950	1,996,950
Financial assets at fair value through other comprehensive income - Debt securities	-	10,235,480	-	10,235,480
Financial assets at fair value through other comprehensive income - Equity securities	-	18,016	-	18,016
Other assets*	-	-	775,904	775,904
Total financial assets	-	10,253,496	41,277,132	51,530,628
Financial liabilities				
Due to banks	-	-	514,193	514,193
Derivative financial instruments	30	-	-	30
Financial liabilities at amortized cost - Due to depositors	-	-	37,802,680	37,802,680
Financial liabilities at amortized cost - Other borrowings	-	-	3,688,924	3,688,924
Lease liability	-	-	340,542	340,542
Other liabilities**	-	-	1,158,596	1,158,596
Total financial liabilities	30	-	43,504,935	43,504,965

* Other assets only include other receivables

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

Fair Value Hierarchy

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;

- (a) quoted prices in active markets for similar instruments,
- (b) quoted prices for identical or similar instruments in markets that are considered to be less active, or
- (c) 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	Level 2	Level 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 December 2023				
Financial Assets				
Derivative financial instruments	-	6	-	6
Financial assets measured at fair value through profit or loss	-	2,468,401	-	2,468,401
Debt Securities	17,758,831	-	-	17,758,831
Equity Securities	-	-	20,688	20,688
Total assets at fair value	17,758,831	2,468,407	20,688	20,247,926
Liabilities				
Derivative financial instruments	-	27	-	27
Total liabilities at fair value	-	27	-	27
As at 31 December 2022 - Audited				
Financial Assets				
Derivative financial instruments	-	-	-	-
Financial assets measured at fair value through other comprehensive income				
Debt Securities	10,235,480	-	-	10,235,480
Equity Securities	-	-	18,016	18,016
Total assets at fair value	10,235,480	-	18,016	10,253,496
Liabilities				
Derivative financial instruments	-	30	-	30
Total liabilities at fair value	-	30	-	30

Additional Disclosures

	31-Dec-2023	31-Dec-2022 (Audited)		
	Rs. '000	Rs. '000		
As at				
Loans and advances to other customers				
Gross loans and advances	45,553,094	40,249,717		
Less : Stage-wise impairment				
Stage 1	188,024	132,422		
Stage 2	709,734	1,026,985		
Stage 3	4,095,897	3,130,230		
Total impairment for loans and advances	4,993,655	4,289,637		
Total Net loans and advances	40,559,439	35,960,080		
Product wise gross loans and advances to other customers				
By product - Domestic Currency				
Overdrafts	6,182,468	5,848,747		
Trade finance	2,516,096	2,040,049		
Housing loans	996,578	1,183,963		
Personal loans	2,805,144	3,507,052		
Staff loans	305,365	263,202		
Term loans	16,033,013	14,941,418		
Loans against property	1,519,567	1,725,097		
Agriculture loans	592,400	456,584		
Money market loans/Revolving loans	8,203,896	4,405,443		
Vehicle loans	96,927	71,476		
Credit card	1,640,656	1,554,323		
Micro finance	41,896	49,095		
Others	416,862	297,988		
Sub total	41,350,868	36,344,437		
By product - Foreign Currency				
Trade finance	1,603,524	904,923		
Housing loans	70,969	98,333		
Term loans	2,437,641	2,847,598		
Overdrafts	8,970	8,970		
Others	81,122	45,456		
Sub total	4,202,226	3,905,280		
Total Gross loans & advances	45,553,094	40,249,717		
Movement in impairment during the period 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	95,541	(313,236)	1,039,592	821,897
Exchange rate variance on foreign currency provisions	(39,939)	(4,015)	(73,925)	(117,879)
Closing balance as at 31 December 2023	188,024	709,734	4,095,897	4,993,655
Movement in impairment during the period for loans and advances to other customers - 2022				
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01 January 2022 - Audited	152,309	617,283	2,421,903	3,191,495
Charge / (write back) to income statement	(77,730)	357,527	155,150	434,947
Exchange rate variance on foreign currency provisions	57,843	52,175	553,177	663,195
Closing balance as at 31 December 2022 - Audited	132,422	1,026,985	3,130,230	4,289,637

Additional Disclosures Contd.

	31-Dec-2023	31-Dec-2022 (Audited)		
	Rs. '000	Rs. '000		
As at				
Commitments and Contingencies				
Gross commitments and contingencies	16,772,021	22,406,911		
Less : Stage-wise impairment				
Stage 1	48,239	46,252		
Stage 2	10,872	43,284		
Stage 3	15,853	24,637		
Total impairment for commitments and contingencies	74,964	114,174		
Net commitments and contingencies	16,697,057	22,292,737		
Product wise Commitments and Contingencies				
By product - Domestic Currency				
Guarantees	5,923,610	7,372,782		
Letters of credit	346,271	520,821		
Bills for collection	-	1,236,904		
Undrawn commitments	8,626,315	11,643,163		
Capital commitments and other	89,878	273,659		
Sub total	14,986,074	21,047,330		
By product - Foreign Currency				
Guarantees	498,810	343,707		
Letters of credit	1,199,251	20,860		
Bills for collection	87,886	33,563		
Forwards purchase	-	961,452		
Sub total	1,785,947	1,359,581		
Total Commitments and Contingencies	16,772,021	22,406,911		
Movement in impairment during the period for Commitments and Contingencies				
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at 01 January 2023 - Audited	46,252	43,284	24,637	114,173
Charge/ (write back) to income statement	1,986	(32,412)	(8,784)	(39,210)
Closing balance as at 31 December 2023	48,238	10,872	15,853	74,963
As at				
Due to depositors				
By product - Domestic currency				
Current account deposits	2,730,719	1,688,146		
Savings deposits	8,460,596	5,122,446		
Call deposits	1,336	83,373		
Time deposits	35,507,813	27,518,903		
Certificates of deposit	66,237	172,541		
Margin deposits	22,015	40,682		
Sub total	46,788,716	34,626,092		
By product - Foreign currency				
Current account deposits	158,850	303,357		
Savings deposits	799,098	823,523		
Time deposits	2,981,736	2,010,850		
Margin deposits	452	38,858		
Sub total	3,940,136	3,176,589		
Total deposits	50,728,852	37,802,680		

Selected Performance Indicators

As at	31-Dec-2023	31-Dec-2022
Regulatory Capital (Rs. '000)		
Common Equity Tier 1 Capital	10,904,065	8,421,461
Total Tier 1 Capital	12,404,065	9,921,461
Total Capital	12,687,285	10,157,843
Regulatory Capital Ratios (%) (Refer Note 3)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	19.89	18.95
Total Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	22.62	22.32
Total Capital Ratio (Minimum Requirement - 12.5%)	23.14	22.85
Leverage Ratio (Minimum Requirement - 3%)	14.66	14.45
Regulatory Liquidity		
Statutory Liquid Assets, (Rs. '000) - Bank	19,717,992	11,061,874
Statutory Liquid Assets Ratio - Total Bank, % - (Minimum Requirement - 20%)	39.82	27.00
Total Stock of High-Quality Liquid Assets (Rs. '000)	19,149,507	9,087,222
Liquidity Coverage Ratio, % - (Minimum Requirement - 2023 - 100% , 2022 - 90%)		
Rupee, %	359.50	176.00
All currency, %	289.04	140.51
Net Stable Funding Ratio (%) - (Minimum Requirement - 2023 - 100% , 2022 - 90%)	117.57	127
Assets Quality (Quality of Loan Portfolio)		
Stage 3 Loans (Net of Stage 3 Impairment) to Total Loans	8.63	4.85
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover)	46.69	51.15
Profitability		
Interest Margin,%	5.61	5.99
Return on Assets (before tax),%	1.10	0.36
Return on Equity,%	4.12	5.28

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 the publication of the Annual Report for the year ended 31 December 2022.
- 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 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 31 December 2023 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 year.

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, Economic Factor Adjustment (EFA) and Loss Given Default (LGD) values as at 31 December 2023.

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 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.

Operating Segments

For the year ended 31 December	Banking		Treasury/ Investments		Unallocated		Total	
	2023	2022 (Audited)	2023	2022 (Audited)	2023	2022 (Audited)	2023	2022 (Audited)
Net interest income	3,270,837	2,852,644	110,555	351,607	-	-	3,381,392	3,204,251
Net fees and commission income	790,468	853,662	8,299	8,706	-	-	798,767	862,368
Foreign exchange profit	117,555	26,652	129,152	162,629	-	-	246,707	189,281
Other income	4,663	2,938	441,895	20,814	1,670	1,035	448,228	24,787
Total operating income by segment	4,183,524	3,735,896	689,900	543,756	1,670	1,035	4,875,094	4,280,687
Impairment losses	(810,344)	(2,125,543)	(38,448)	(644)	-	-	(848,792)	(1,463,486)
Net operating income	3,373,180	2,273,056	651,452	543,112	1,670	1,035	4,026,302	2,817,201
Personnel and other operating expenses	(2,531,961)	(1,909,519)	(27,732)	(22,894)	-	-	(2,559,693)	(1,932,413)
Depreciation and amortisation	(331,736)	(433,537)	(168)	(3,477)	-	-	(331,904)	(437,014)
Total operating expenses	(2,863,697)	(2,343,056)	(27,901)	(26,371)	-	-	(2,891,597)	(2,369,427)
Operating profit/(loss) by segment	509,484	(70,001)	623,552	516,741	1,670	1,035	1,134,705	447,774
Taxes on financial services	(404,828)	(241,338)	-	-	-	-	(404,828)	(241,338)
Profit/(Loss) before tax by segment	104,656	(311,338)	623,552	516,741	1,670	1,035	729,877	206,436
Income tax (expense)/reversal							(289,857)	281,327
Profit for the period							440,020	487,765
As at	31 Dec 2023	31 Dec 2022 (Audited)	31 Dec 2023	31 Dec 2022 (Audited)	31 Dec 2023	31 Dec 2022 (Audited)	31 Dec 2023	31 Dec 2022 (Audited)
Other information								
Segment assets	50,474,306	38,948,114	19,268,159	14,804,695	-	-	69,742,465	53,752,809
Segment liabilities	53,860,212	40,062,922	3,939,469	3,969,582	-	-	57,799,681	44,032,504

Shareholders' Information

Twenty five largest shareholders as at 31 December 2023		No. of shares	%
1	Cargills (Ceylon) PLC*	350,696,905	37.09 *
2	CT Holdings PLC*	223,345,953	23.62 *
3	Monetary Board of Sri Lanka – on behalf of EPF	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	26,600,000	2.81
7	MAS Amaliya (Private) Limited	22,000,000	2.33
8	Rosewood (Pvt) Ltd	17,477,900	1.85
9	Phoenix Ventures (Private) Limited	13,200,000	1.40
10	Aindri Holdings Pte Ltd	11,000,000	1.16
11	A I A Holdings Lanka (Pvt) Ltd	11,000,000	1.16
12	Softlogic Holdings PLC	10,000,000	1.06
13	Gardiya Lokuge Harris Premaratne	9,089,000	0.96
14	Merrill Joseph Fernando (Late)	7,800,000	0.82
15	Softlogic Capital PLC	7,400,000	0.78
16	Distilleries Company of Sri Lanka PLC	7,312,700	0.77
17	GF Capital Global Limited	6,410,900	0.68
18	Melstacorp PLC	5,854,200	0.62
19	Periyasamipillai Barathakumar	4,400,000	0.47
20	Periyasamipillai Muruganandhan	4,400,000	0.47
21	Periyasamipillai Anandarajah	4,400,000	0.47
22	Periyasamipillai Devaraj	4,400,000	0.47
23	Periyasamipillai Barathanickam	4,400,000	0.47
24	Ishara Chinthaka Nanayakkara	4,400,000	0.47
25	Lalan Rubber Holdings (Pvt) Ltd	4,400,000	0.47
	Sub total	862,787,558	91.24
	Other Shareholders	82,855,300	8.76
	Total	945,642,858	100

* 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

Number of shares	945,642,858
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Quoted shares of the Bank are only traded in Sri Lankan Rupees.

Public Holding Percentage

Float adjusted market capitalisation** (total market capital-share not available for trading)* share price	NA
Public holding percentage (%)	39.13%
Number of public shareholders	2247
Applicable option under which the Listed Entity complies with the Minimum Public Holding requirement	NA

**The ordinary shares were listed on the Main Board of the Colombo Stock Exchange on 09 January 2024.

Share Price Information**

Highest Price (LKR)	NA
Lowest Price (LKR)	NA
Last Traded Price (LKR)	NA

**The ordinary shares were listed on the Main Board of the Colombo Stock Exchange on 09 January 2024.

Directors' Interest in Shares of Cargills Bank PLC As At 31.12.2023

Directors' Name	No. of shares held As at 31 December 2023
1 Richard Ebell- Chairman*	48,300
2 Senarath Bandara- Managing Director/CEO	112,500
3 Ms. Ruvini Fernando (Resigned w.e.f. 27 October 2023)	Nil
4 Ms. Marianne Page	Nil
5 Yudhishtan Kanagasabai	Nil
6 Buwaneka Perera	Nil
7 Asoka Pieris (Appointed w.e.f. 20 January 2023)	Nil
8 Ravindra Ajantha Jayawardena (Appointed w.e.f. 1 May 2023)	Nil
9 Mrs.Shanti Gnanapragasam (Appointed w.e.f. 21 June 2023)	Nil
10 Arjuna Herath (Appointed w.e.f. 1 November 2023)	Nil

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

Initial Public Offering (IPO)

In December 2023, the Bank raised Rs. 500 Mn. through an Initial Public Offering of 62,500,000 Ordinary Voting Shares issued at Rs. 8/- per share. The shares were listed on the Main Board of the Colombo Stock Exchange on 09 January 2024.

The utilisation of IPO Proceeds as at 31 December 2023 is as follows.

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus LKR	Proposed Date of Utilization as Per Prospectus	Amount allocated upon the receipt of proceeds in LKR	As a % of total proceeds	Amount Utilized in the Objective LKR	% of utilised against allocation (B)	Clarification if not fully utilised including where the funds are invested
1	To enhance the capital base of the Bank with the intention of complying with the minimum capital requirement as set forth in the Banking Act Directions No. 05 of 2017.	500,000,000	Within three months	500,000,000	100%			IPO proceeds were transferred to the Bank on 02 January 2024

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.7 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

CGRBLKX

E-MAIL

info@cargillsbank.com

WEB PAGE

www.cargillsbank.com

FITCH RATING

A (Ika)

TAXPAYER IDENTIFICATION NUMBER (TIN)

134048476

BOARD OF DIRECTORS

- Mr. Richard Ebell – Chairman
- Mr. Senarath Bandara (Managing Director /CEO)
- Ms. Marianne Page
- Mr. Yudhishtan Kanagasabai
- Mr. Buwaneka Perera
- Mr. Asoka Pieris
- 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,
Colombo 03,
Sri Lanka.
E-mail : amendra.d@cargillsbank.com
Tel : +94117 640170

REGISTRAR

S S P Corporate Services (Pvt) Ltd,
No. 101 Inner Flower Road,
Colombo 03,
Sri Lanka.
Tel : 94-11-2513894
Fax : 94-11-2573609
E-mail : sspsec@slmet.lk



CARGILLS BANK PLC
No. 696, Galle Road, Colombo 03.
Tel: 0117 640 000
www.cargillsbank.com