

**Income Statement**

	For the Six months ended			For the quarter ended		
	30-Jun-2023 Rs. '000	30-Jun-2022 Rs. '000	Change %	30-Jun-2023 Rs. '000	30-Jun-2022 Rs. '000	Change %
Interest income	5,799,396	3,144,458	84	3,094,015	1,873,152	65
Interest expense	(3,995,961)	(1,752,493)	(128)	(2,153,650)	(1,048,442)	(105)
<b>Net interest income</b>	<b>1,803,435</b>	<b>1,391,965</b>	<b>30</b>	<b>940,357</b>	<b>824,710</b>	<b>14</b>
Fees and commission income	642,357	574,765	12	303,640	347,215	(13)
Fees and commission expense	(234,507)	(184,834)	(27)	(123,097)	(102,560)	(20)
<b>Net fees and commission income</b>	<b>407,850</b>	<b>389,931</b>	<b>5</b>	<b>180,543</b>	<b>244,655</b>	<b>(26)</b>
Net gains/(losses) from trading	2,006	1,551	29	317	2,134	(85)
Net gains/(losses) from derecognition of financial assets	28,994	4,690	518	20,803	3,586	480
Net other operating income	188,812	(2,517)	7,602	74,595	(215,831)	135
<b>Total other income</b>	<b>219,812</b>	<b>3,724</b>	<b>5,802</b>	<b>95,715</b>	<b>(210,111)</b>	<b>146</b>
<b>Total operating income</b>	<b>2,431,097</b>	<b>1,785,620</b>	<b>36</b>	<b>1,216,615</b>	<b>859,254</b>	<b>42</b>
<b>Impairment losses on financial instruments and other assets</b>						
Loans and advances to customers	(417,971)	(800,832)	48	(167,394)	(397,446)	58
Financial assets and others	(28,457)	345	(8,348)	(834)	3,335	(125)
<b>Total impairment losses on financial instruments and other assets</b>	<b>(446,428)</b>	<b>(800,487)</b>	<b>44</b>	<b>(168,228)</b>	<b>(394,834)</b>	<b>57</b>
<b>Net operating income</b>	<b>1,984,669</b>	<b>985,133</b>	<b>101</b>	<b>1,048,387</b>	<b>464,420</b>	<b>126</b>
Personnel expenses	(522,960)	(459,914)	(14)	(258,298)	(230,052)	(12)
Depreciation and amortization	(162,223)	(183,829)	12	(80,096)	(87,443)	8
Other operating expenses	(684,642)	(485,707)	(41)	(354,160)	(260,745)	(36)
<b>Total operating expenses</b>	<b>(1,369,825)</b>	<b>(1,129,450)</b>	<b>(21)</b>	<b>(692,554)</b>	<b>(578,240)</b>	<b>(20)</b>
<b>Operating profit/(loss) before taxes on financial services</b>	<b>614,844</b>	<b>(144,318)</b>	<b>526</b>	<b>355,833</b>	<b>(113,820)</b>	<b>413</b>
VAT on financial services	(171,781)	(64,608)	(166)	(86,663)	(29,476)	(194)
<b>Profit/(loss) before income tax</b>	<b>443,063</b>	<b>(208,925)</b>	<b>312</b>	<b>269,170</b>	<b>(143,297)</b>	<b>288</b>
Tax expense	(189,565)	13,827	(1,471)	(122,131)	5,793	(2,208)
<b>Profit/(loss) for the period</b>	<b>253,498</b>	<b>(195,098)</b>	<b>230</b>	<b>147,039</b>	<b>(137,504)</b>	<b>207</b>
Basic earnings per share (Rs.)	0.29	(0.22)	230	0.17	(0.16)	207
Diluted earnings per share (Rs.)	0.29	(0.22)	230	0.17	(0.16)	207

**Statement of Profit or Loss and Other Comprehensive Income**

	For the Six months ended			For the quarter ended		
	30-Jun-2023 Rs. '000	30-Jun-2022 Rs. '000	Change %	30-Jun-2023 Rs. '000	30-Jun-2022 Rs. '000	Change %
<b>Profit/(loss) for the period</b>	<b>253,498</b>	<b>(195,098)</b>	<b>230</b>	<b>147,039</b>	<b>(137,504)</b>	<b>207</b>
<b>Other comprehensive income, net of tax</b>						
<b>Items that are or may be reclassified to profit or loss</b>						
Treasury Bills	164,099	48,857	236	97,711	66,591	47
Treasury Bonds	504,041	(129,996)	488	347,133	(60,586)	673
Net gains/(losses) on investment in financial assets measured at fair value through other comprehensive income	668,140	(81,139)	923	444,844	6,005	7,308
Deferred tax related to the above	(200,442)	19,473	(1,129)	(133,453)	(1,441)	(9,160)
	467,698	(61,666)	858	311,391	4,564	6,723
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>467,698</b>	<b>(61,666)</b>	<b>858</b>	<b>311,391</b>	<b>4,564</b>	<b>6,723</b>
<b>Total comprehensive income/(loss) for the period, net of taxes</b>	<b>721,196</b>	<b>(256,764)</b>	<b>381</b>	<b>458,430</b>	<b>(132,940)</b>	<b>445</b>

**Statement of Financial Position**

As at	30-Jun-2023			31-Dec-2022			Growth %
	Rs. '000	(Audited) Rs. '000		Rs. '000	(Audited) Rs. '000		
<b>Assets</b>							
Cash and cash equivalents	2,303,071	1,232,272	87				
Balances with Central Bank of Sri Lanka	2,481,526	1,311,926	89				
Securities purchased under resale agreements	644,375	-	-				
Derivative financial instruments	1,975	-	-				
Financial assets at amortized cost - Loans and advances to other customers	40,971,289	35,960,080	14				
Financial assets at amortized cost - Debt and other financial instruments	2,024,947	1,996,950	1				
Financial assets measured at fair value through other comprehensive income	15,662,042	10,253,496	53				
Property, plant & equipment	443,068	475,180	(7)				
Intangible assets	300,034	335,150	(10)				
Deferred tax assets	565,716	955,721	(41)				
Other assets	1,946,553	1,232,034	58				
<b>Total assets</b>	<b>67,344,596</b>	<b>53,752,809</b>	<b>25</b>				
<b>Liabilities and equity</b>							
Due to banks	492,521	514,193	(4)				
Derivative financial instruments	-	30	(100)				
Financial liabilities at amortized cost - Due to depositors	47,517,080	37,802,680	26				
Financial liabilities at amortized cost - Other borrowings	6,556,526	3,688,924	78				
Retirement benefit obligations	96,831	96,806	0				
Lease liability	285,208	340,542	(16)				
Other liabilities	1,954,929	1,589,329	23				
<b>Total liabilities</b>	<b>56,903,095</b>	<b>44,032,504</b>	<b>29</b>				
<b>Equity</b>							
Stated capital	11,394,421	11,394,421	-				
Statutory reserves	56,774	56,774	-				
Other reserves	334,947	(132,751)	352				
Retained losses	(1,344,641)	(1,598,139)	16				
<b>Total equity attributable to equity holders of the Bank</b>	<b>10,441,501</b>	<b>9,720,305</b>	<b>7</b>				
<b>Total liabilities and equity</b>	<b>67,344,596</b>	<b>53,752,809</b>	<b>25</b>				
<b>Contingent liabilities &amp; commitments</b>	<b>17,275,911</b>	<b>22,292,738</b>					
<b>Net asset value per share (Rs.)</b>	<b>11.82</b>	<b>11.01</b>					
<b>Memorandum information</b>							
Number of employees	601	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 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 Bank, unless indicated as audited.

(Sgd.)  
**K B S Bandara**  
Managing Director / Chief Executive Officer

(Sgd.)  
**R A Ebell**  
Chairman

11 August 2023  
Colombo

**Statement of Cash Flows**

	For the Six months ended	
	30-Jun-2023 Rs. '000	30-Jun-2022 Rs. '000
<b>Cash flows from operating activities</b>		
Profit / (Loss) before income tax	443,063	(208,926)
<b>Adjustments for:</b>		
Non-cash items included in profit / (loss) before tax	480,094	1,737,828
Interest paid on lease liability	(19,361)	(16,771)
Gains / (losses) on sale of property, plant & equipment and other assets		314
Dividend income	(373)	-
Benefits paid on defined benefit plans	(12,067)	(3,515)
Change in operating assets	(12,172,949)	889,661
Change in operating liabilities	9,899,422	65,533
<b>Net cash generated from/(used in) operating activities</b>	<b>(1,382,171)</b>	<b>2,464,124</b>
<b>Cash flows from investing activities</b>		
Net purchase of property, plant and equipment	(67,431)	(26,913)
Proceeds from sale of property, plant and equipment	-	391
Investment in Debenture	-	(150,000)
Net purchase of intangible assets	(27,578)	(39,508)
Dividend received	373	-
<b>Net cash generated from/(used in) investing activities</b>	<b>(94,636)</b>	<b>(216,031)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liability	(55,334)	(73,293)
Change in securities sold under repurchase agreements and other borrowings	2,613,000	(1,761,570)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,557,666</b>	<b>(1,834,863)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,080,858</b>	<b>413,230</b>
Cash and cash equivalents at the beginning of the period	1,260,340	1,222,459
<b>Cash and cash equivalents at the end of the period</b>	<b>2,341,198</b>	<b>1,635,689</b>
Less: Impairment on cash and cash equivalents	(38,127)	(6,443)
<b>Total cash and cash equivalents</b>	<b>2,303,071</b>	<b>1,629,246</b>

**Statement of Changes in Equity**

	Stated capital Rs. '000	Statutory reserves Rs. '000	Fair Value through Other Comprehensive Income Reserve Rs. '000	Retained losses Rs. '000	Total Rs. '000
<b>Balance as at 01.01.2022 - Audited</b>	<b>11,394,421</b>	<b>32,386</b>	<b>(46,132)</b>	<b>(2,055,814)</b>	<b>9,324,862</b>
<b>Total comprehensive income for the period ended 30.06.2022</b>					
Loss for the period	-	-	-	(195,098)	(195,098)
Other comprehensive income, net of tax	-	-	(61,666)	-	(61,666)
<b>Total comprehensive income for the period</b>				<b>(195,098)</b>	<b>(256,764)</b>
<b>Transactions with owners in their capacity as owners</b>					
Issue of shares	-	-	-	-	-
Transfer to statutory reserves	-	-	-	-	-
<b>Total transactions with owners</b>					
<b>Balance as at 30.06.2022</b>	<b>11,394,421</b>	<b>32,386</b>	<b>(107,798)</b>	<b>(2,250,912)</b>	<b>9,068,098</b>
<b>Total comprehensive income for the period 01.07.2022 to 31.12.2022</b>					
Profit for the period	-	-	-	682,862	682,862
Other comprehensive income/(loss), net of tax	-	-	(24,954)	(5,701)	(30,654)
<b>Total comprehensive income/(loss) for the period</b>				<b>677,161</b>	<b>652,208</b>
<b>Transactions with owners in their capacity as owners</b>					
Issue of shares	-	-	-	-	-
Transfer to statutory reserve	-	24,388	-	(24,388)	-
<b>Total transactions with owners</b>		<b>24,388</b>		<b>(24,388)</b>	
<b>Balance as at 01.01.2023 - Audited</b>	<b>11,394,421</b>	<b>56,774</b>	<b>(132,751)</b>	<b>(1,598,139)</b>	<b>9,720,305</b>
<b>Total comprehensive income for the period ended 30.06.2023</b>					
Profit for the period	-	-	-	253,498	253,498
Other comprehensive income/(loss), net of tax	-	-	467,698	-	467,698
<b>Total comprehensive income/(loss) for the period</b>			<b>467,698</b>	<b>253,498</b>	<b>721,196</b>
<b>Transactions with owners in their capacity as owners</b>					
Issue of shares	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-
<b>Total transactions with owners</b>					
<b>Balance as at 30.06.2023</b>	<b>11,394,421</b>	<b>56,774</b>	<b>334,947</b>	<b>(1,344,641)</b>	<b>10,441,501</b>

**Additional Disclosures**

As at	30-Jun-2023 Rs. '000	31-Dec-2022 (Audited) Rs. '000
<b>Loans and advances to other customers</b>		
<b>Gross loans and advances</b>	<b>45,514,755</b>	<b>40,249,717</b>
<b>Less : Stage-wise impairment</b>		
Stage 1	125,104	132,422
Stage 2	917,558	1,026,985
Stage 3	3,500,804	3,130,230
<b>Total impairment for loans and advances</b>	<b>4,543,466</b>	<b>4,289,637</b>
<b>Total Net loans and advances</b>	<b>40,971,289</b>	<b>35,960,080</b>

As at	30-Jun-2023 Rs. '000	31-Dec-2022 (Audited) Rs. '000
<b>Product wise Gross loans and advances to other customers</b>		
<b>By product - Domestic Currency</b>		
Overdrafts	5,790,560	5,848,747
Trade finance	2,602,742	2,040,049
Staff loans	258,213	263,202
Housing loans	1,086,288	1,183,963
Personal loans	3,154,282	3,507,052
Term loans	18,957,087	14,941,418
Agriculture loans	486,239	456,584
Vehicle loans	56,750	71,476
Loans against Property	1,620,346	1,725,097
Revolving loans	5,585,480	4,013,385
Money market loans	365,719	392,058
Credit card	1,610,479	1,554,323
Micro finance	44,732	49,094
Others	355,761	297,988
<b>Sub total</b>	<b>41,974,678</b>	<b>36,344,436</b>
<b>By product - Foreign Currency</b>		
Trade finance	1,039,691	904,923
Housing loans	74,929	98,333
Term loans	2,374,984	2,847,598
Overdrafts	12,040	8,970
Others	38,431	45,456
<b>Sub total</b>		

### 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
<b>As at 30.06.2023</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	-	2,303,071	<b>2,303,071</b>
Balances with Central Bank of Sri Lanka	-	-	2,481,526	<b>2,481,526</b>
Securities purchased under resale agreements	-	-	644,375	<b>644,375</b>
Derivative financial instruments	1,975	-	-	<b>1,975</b>
Financial assets at amortized cost - Loans and advances to other customers	-	-	40,971,289	<b>40,971,289</b>
Financial assets at amortized cost - Debt and other financial instruments	-	-	2,024,947	<b>2,024,947</b>
Financial assets at fair value through other comprehensive income - Government securities	-	15,644,026	-	<b>15,644,026</b>
Financial assets at fair value through other comprehensive income - Equity instruments	-	18,016	-	<b>18,016</b>
Other assets*	-	-	1,361,930	<b>1,361,930</b>
<b>Total financial assets</b>	<b>1,975</b>	<b>16,306,417</b>	<b>49,142,763</b>	<b>65,451,155</b>
<b>Financial liabilities</b>				
Due to banks	-	-	492,521	<b>492,521</b>
Derivative financial instruments	-	-	-	<b>-</b>
Financial liabilities at amortized cost - Due to depositors	-	-	47,517,080	<b>47,517,080</b>
Financial liabilities at amortized cost - Other borrowings	-	-	6,556,526	<b>6,556,526</b>
Lease liability	-	-	285,208	<b>285,208</b>
Other liabilities**	-	-	1,509,533	<b>1,509,533</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>56,360,868</b>	<b>56,360,868</b>
<b>As at 31.12.2022-Audited</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	-	1,232,272	<b>1,232,272</b>
Balances with Central Bank of Sri Lanka	-	-	1,311,926	<b>1,311,926</b>
Securities purchased under resale agreements	-	-	-	<b>-</b>
Derivative financial instruments	-	-	-	<b>-</b>
Financial assets at amortized costs - Loans & Advances to other customers	-	-	35,960,080	<b>35,960,080</b>
Financial assets at amortized costs - Debt and other financial instruments	-	-	1,996,950	<b>1,996,950</b>
Financial assets at fair value through other comprehensive income - Government securities	-	10,235,480	-	<b>10,235,480</b>
Financial assets at fair value through other comprehensive income - Equity instruments	-	18,016	-	<b>18,016</b>
Other assets*	-	-	775,904	<b>775,904</b>
<b>Total financial assets</b>	<b>-</b>	<b>10,253,496</b>	<b>41,277,132</b>	<b>51,530,628</b>
<b>Financial liabilities</b>				
Due to banks	-	-	514,193	<b>514,193</b>
Derivative financial instruments	30	-	-	<b>30</b>
Financial liabilities at amortized cost - Due to depositors	-	-	37,802,680	<b>37,802,680</b>
Financial liabilities at amortized cost - Other borrowings	-	-	3,688,924	<b>3,688,924</b>
Lease liability	-	-	340,542	<b>340,542</b>
Other liabilities**	-	-	1,158,596	<b>1,158,596</b>
<b>Total financial liabilities</b>	<b>30</b>	<b>-</b>	<b>43,504,935</b>	<b>43,504,965</b>

\* Other assets only include other receivables

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

#### 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	Level 2	Level 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>As at 30 June 2023</b>				
<b>Financial Assets</b>				
Derivative financial instruments	-	1,975	-	<b>1,975</b>
Financial assets measured at fair value through other comprehensive income	-	-	-	<b>-</b>
Government Securities	15,644,026	-	-	<b>15,644,026</b>
Equity Securities	-	-	18,016	<b>18,016</b>
<b>Total assets at fair value</b>	<b>15,644,026</b>	<b>1,975</b>	<b>18,016</b>	<b>15,664,017</b>
<b>Liabilities</b>				
Derivative financial instruments	-	-	-	<b>-</b>
<b>Total liabilities at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 31 December 2022 - Audited</b>				
<b>Financial Assets</b>				
Derivative financial instruments	-	-	-	<b>-</b>
Financial assets measured at fair value through other comprehensive income	-	-	-	<b>-</b>
Government securities	10,235,480	-	-	<b>10,235,480</b>
Equity Securities	-	-	18,016	<b>18,016</b>
<b>Total assets at fair value</b>	<b>10,235,480</b>	<b>-</b>	<b>18,016</b>	<b>10,253,496</b>
<b>Liabilities</b>				
Derivative financial instruments	-	30	-	<b>30</b>
<b>Total liabilities at fair value</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>30</b>

### Selected Performance Indicators

As at	30-Jun-2023	31-Dec-2022
<b>Regulatory Capital (Rs. '000)</b>		
Common Equity Tier 1	8,421,461	8,421,461
Tier 1 Capital	<b>9,921,461</b>	9,921,461
Total Capital	<b>10,157,843</b>	10,157,843
<b>Regulatory Capital Ratios (%) (Refer Note 2)</b>		
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 7%)	18.11	18.95
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	21.33	22.32
Total Capital Ratio (Minimum Requirement - 12.5%)	21.84	22.85
Leverage Ratio (Minimum Requirement - 3%)	11.72	14.45
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets, (Rs. '000) - Bank	15,673,127	11,061,874
Statutory Liquid Assets Ratio - Total Bank, % - (Minimum Requirement - 20%)	29.36	27.00
Total Stock of High-Quality Liquid Assets (Rs. '000)	13,662,627	9,087,222
Liquidity Coverage Ratio, % - (Minimum Requirement - 2023 - 100% , 2022 - 90%)	264.10	176.00
Rupee, %	196.53	140.51
All currency, %	120	127
Net Stable Funding Ratio (%) - (Minimum Requirement - 2023 - 100% , 2022 - 90%)		
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Stage 3 Loans (Net of Stage 3 Impairment) to Total Loans	7.99	4.85
Stage 3 Loan Impairment to Stage 3 Loans (Stage 3 Provision Cover)	41.81	51.15
<b>Profitability</b>		
Interest Margin, %	6.21	5.99
Return on Assets (before tax), %	1.41	0.36
Return on Equity, %	5.09	5.28

### Operating Segments

For the six months ended 30 June	Banking		Treasury/ Investments		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Net interest income</b>	1,867,920	1,370,585	(64,485)	21,379	-	-	1,803,435	1,391,964
Foreign exchange profit	158,986	26,489	26,489	-	-	-	185,474	-
Net fees and commission income	403,720	386,442	4,130	3,489	-	-	407,850	389,931
Other income	4,971	(1,591)	28,994	5,000	373	314	34,338	3,723
<b>Operating income by segment</b>	<b>2,435,597</b>	<b>1,755,436</b>	<b>(4,872)</b>	<b>29,868</b>	<b>373</b>	<b>314</b>	<b>2,431,097</b>	<b>1,785,619</b>
Personnel and other operating expenses	(1,193,361)	(934,513)	(14,242)	(11,108)	-	-	(1,207,603)	(945,621)
Credit loss expense	(422,561)	(801,748)	(23,867)	1,262	-	-	(446,428)	(800,486)
<b>Total operating expenses</b>	<b>(1,615,922)</b>	<b>(1,736,262)</b>	<b>(38,109)</b>	<b>(9,846)</b>	<b>-</b>	<b>-</b>	<b>(1,654,031)</b>	<b>(1,746,107)</b>
<b>Net operating income</b>	<b>819,675</b>	<b>19,175</b>	<b>(42,981)</b>	<b>20,022</b>	<b>373</b>	<b>314</b>	<b>777,066</b>	<b>39,512</b>
Depreciation and amortisation	(162,134)	(183,690)	(89)	(139)	-	-	(162,223)	(183,829)
<b>Operating profit/(loss) by segment</b>	<b>657,541</b>	<b>(164,200)</b>	<b>(43,070)</b>	<b>19,883</b>	<b>373</b>	<b>314</b>	<b>614,843</b>	<b>(144,317)</b>
VAT on financial services	(171,781)	(64,608)	-	-	-	-	(171,781)	(64,608)
<b>Segment result</b>	<b>485,760</b>	<b>(228,808)</b>	<b>(43,070)</b>	<b>19,883</b>	<b>373</b>	<b>314</b>	<b>443,062</b>	<b>(208,925)</b>
Income tax expense	-	-	-	-	-	-	(189,564)	13,827
<b>Profit/(Loss) for the year</b>							<b>253,498</b>	<b>(195,098)</b>
<b>As at</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022 Audited</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022 Audited</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022 Audited</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022 Audited</b>
<b>Other information</b>								
Segment assets	44,525,438	38,948,114	19,724,879	14,804,695	-	-	59,643,570	53,752,809
Segment liabilities	47,460,866	40,062,922	6,487,990	3,969,582	-	-	49,660,491	44,032,504

### Shareholders' Information

Twenty three largest shareholders as at 30 June 2023		No. of shares	%
1	Cargills (Ceylon) PLC	350,696,905	39.71 *
2	CT Holdings PLC	223,345,953	25.29 *
3	Monetary Board of Sri Lanka - On Behalf of EPF	44,000,000	4.98
4	Multitec Investment Limited	30,800,000	3.49
5	MJF Foundation Investments (Pvt) Ltd	28,000,000	3.17
6	Softlogic Life Insurance PLC	26,600,000	3.01
7	MAS Amaliya (Pvt) Ltd	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 Capital PLC	7,400,000	0.84
16	GF Capital Global Limited	6,100,000	0.69
17	Periyasampillai Barathakumar	4,400,000	0.50
18	Periyasampillai Muruganandhan	4,400,000	0.50
19	Periyasampillai Anandarajah	4,400,000	0.50
20	Periyasampillai Devaraj	4,400,000	0.50
21	Periyasampillai Barathamannickam	4,400,000	0.50
22	Ishara Chinthaka Nanayakkara	4,400,000	0.50
23	Lalan Rubber Holdings (Pvt) Ltd	4,400,000	0.50
<b>Sub total</b>		<b>847,831,858</b>	<b>96.00</b>
Other Shareholders		35,311,000	4.00
<b>Total</b>		<b>883,142,858</b>	<b>100.00</b>

\* 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.

#### Explanatory Notes

- These Financial Statements are prepared in accordance with LKAS 34 - Interim Financial Reporting issued by the Institute of Chartered Accountants of 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.
- The Bank expects to list on the Colombo Stock Exchange by end 2023. It is thereafter required to meet the regulatory minimum capital requirement of LKR 20 Billion by end 2025. 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.
- 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 2022 and Economic Factor Adjustment (EFA) and Loss Given Default (LGD) values as at 30 June 2023. The Management also made approximate overlay adjustments to reflect the increased credit risk profiles of borrowers due to the volatility in the macro-economic environment.

The Bank continuously reassesses its individually significant portfolio and incorporates impairment provisions on identified segments and customers to reflect increased credit risk since initial recognition. Accordingly, the impairment provision also includes a management overlay where higher impairment charges were considered as a prudential measure in assessing the current macroeconomic environment.

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.

- There was no pending litigation of a material nature against the Bank.
- All known expenses have been provided in these Interim Financial Statements.
- No circumstances have arisen since the reporting date which would require adjustment to or disclosure in the Financial Statements.