

**MARKET DISCIPLINE
MINIMUM DISCLOSURE REQUIREMENTS
UNDER PILLAR III**

FOR THE QUARTER ENDED 31 MARCH 2025



Basel III - Pillar III Market Disclosures

Disclosures under pillar III as per the Banking Act Direction No. 01 of 2016 mainly include the regulatory capital requirements and liquidity, risk weighted assets, discussion on adequacy to meet current and future capital requirements of banks and linkages between financial statements and regulatory exposures. It is required to disclose the templates specified by the Central Bank of Sri Lanka as per Basel III – Minimum disclosure requirements with effective from July 1, 2017.

TEMPLATE 01

Key Regulatory Ratios – Capital and Liquidity

Item	31-Mar-2025	31-Dec-2024
Regulatory Capital (Rs. '000)		
Common Equity Tier 1	11,122,985	11,430,314
Tier 1 Capital	12,622,985	12,930,314
Total Capital	13,079,638	13,386,966
Regulatory Capital Ratios (%)*		
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 2025: 7 & 2024: 7)	16.57	19.16
Tier 1 Capital Ratio (Minimum Requirement – 2025: 8.5 & 2024: 8.5)	18.80	21.68
Total Capital Ratio (Minimum Requirement – 2025: 12.5 & 2024: 12.5)	19.49	22.44
Leverage Ratio (Minimum Requirement - 2025: 3 & 2024: 3)	13.70	13.00
Regulatory Liquidity		
Statutory Liquid Assets (Rs. '000)**	N/A	N/A
Statutory Liquid Ratio (Minimum Requirement – 20%)		
Domestic Banking Unit (%)**	N/A	N/A
Off-Shore Banking Unit (%)**	N/A	N/A
Statutory Liquid Assets Ratio - Bank (%)**	N/A	N/A
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement – 2025: 100 & 2024: 100)	321.59	459.23
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement – 2025: 100 & 2024: 100)	278.20	313.34
Net Stable Funding Ratio (Minimum Requirement: 2025: 100 & 2024: 100)	136.93	136.28

* 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 Bn by end 2025

** As per the section 5 of Banking Act Determination No. 01 of 2024 issued by CBSL, all the regulatory requirements relating to Statutory Liquid Assets Ratio by licensed banks are discontinued with effect from 15 June 2024.

TEMPLATE 02

Basel III Computation of Capital Ratios

Item	31-Mar-2025	31-Dec-2024
	Rs. '000	Rs. '000
Common Equity Tier 1 (CET1) Capital after Adjustment	11,122,985	11,430,314
Common Equity Tier 1 (CET1) Capital	11,848,277	12,155,605
Equity Capital (Stated Capital)/Assigned Capital	11,894,421	11,894,421
Reserve Fund	111,315	111,315
Published Retained Earnings/(Accumulated Retained Losses)	(575,548)	(575,548)
Published Accumulated Other Comprehensive Income (OCI)	725,418	725,418
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(307,329)	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	725,291	725,295
Goodwill (net)	-	-
Intangible Assets (net)	202,059	202,059
Others (specify) – Deferred tax asset	523,232	523,232
Additional Tier 1 (AT1) Capital after Adjustments	-	-
Additional Tier 1 (AT1) Capital	1,500,000	1,500,000
Qualifying Additional Tier 1 Capital Instruments	1,500,000	1,500,000
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to AT1 Capital	-	-
Investment in Own Shares	-	-
Others (Specify)	-	-
Tier 2 Capital after Adjustments	456,652	456,652
Tier 2 Capital	456,652	456,652
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	456,652	456,652
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to Tier 2	-	-
Investment in Own Shares	-	-
Others (Specify)	-	-
CET1 Capital	11,848,277	12,155,605
Total Tier 1 Capital	12,622,985	12,930,314
Total Capital	13,079,638	13,386,966

	31-Mar-2025	31-Dec-2024
	Rs. '000	Rs. '000
Total Risk Weighted Assets (RWA)		
RWAs for Credit Risk	61,021,459	53,784,232
RWAs for Market Risk	3,920	440
RWAs for Operational Risk	6,100,786	5,858,807
CET1 Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	16.57	19.16
Of which: Capital Conservation Buffer (%)	2.50	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio	18.80	21.68
Total Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	19.49	22.44
Of which: Capital Conservation Buffer (%)	2.50	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-

TEMPLATE 03
Computation of Leverage Ratio

Item	31-Mar-2025	31-Dec-2024
	Rs. '000	Rs. '000
Tier 1 Capital	12,622,985	11,430,314
Total Exposures	92,106,452	87,912,467
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	81,408,858	79,527,109
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	10,697,595	8,385,358
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	13.70	13.00

TEMPLATE 04

4.1 Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	31-Mar-2025		31-Dec-2024	
	Rs. '000		Rs. '000	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	22,347,254	22,347,254	26,285,715	26,285,715
Total Adjusted Level 1 Assets	23,368,265	23,368,265	26,275,860	26,275,860
Level 1 Assets	22,347,254	22,347,254	26,285,715	26,285,715
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	72,565,735	14,213,728	69,546,942	13,671,955
Deposits	37,860,147	3,786,015	39,266,400	3,926,640
Unsecured Wholesale Funding	14,604,620	9,453,411	14,498,985	9,359,229
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	20,100,967	974,302	15,781,557	386,086
Additional Requirements	-	-	-	-
Total Cash Inflows	11,386,541	7,264,680	12,202,593	7,948,049
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	11,386,541	7,264,680	12,202,593	7,948,049
Operational Deposits	-	-	-	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		322		459.23

TEMPLATE 04

4.2 Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	31-Mar-2025		31-Dec-2024	
	Rs. '000		Rs. '000	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	22,379,522	22,379,522	26,310,841	26,310,841
Total Adjusted Level 1 Assets	23,400,533	23,400,533	26,300,986	26,300,986
Level 1 Assets	22,379,522	22,379,522	26,310,841	26,310,841
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	80,120,457	16,869,379	78,369,270	16,579,289
Deposits	39,643,063	3,964,306	41,022,249	4,102,225
Unsecured Wholesale Funding	17,604,387	11,811,756	18,324,868	11,946,210
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	22,873,008	1,093,316	19,022,153	530,854
Additional Requirements	-	-	-	-
Total Cash Inflows	14,495,929	8,825,117	13,383,201	8,182,264
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	13,599,133	8,825,117	12,628,748	8,182,264
Operational Deposits	896,796.16	-	754,453	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		278.20		313.34

TEMPLATE 04

4.3 Net Stable Funding Ratio (NSFR)

Item	31-Mar-2025	31-Dec-2024
	Rs. '000	Rs. '000
Total available stable funding (ASF)	56,112,872	52,614,906
Total required stable funding (RSF)	40,979,240	38,607,969
Required stable funding – On balance sheet assets	40,484,227	38,237,786
Required stable funding – Off balance sheet items	495,013	370,183
NSFR (Minimum Requirement – 2025: 100 & 2024: 100)	136.93	136.28

TEMPALTE 05**Main Features of Regulatory Capital Instruments**

Description of the Capital Instrument	BASEL III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures
Issuer	Cargills Bank PLC
Governing Law(s) of the Instrument	Companies Act No. 07 of 2007, Banking Act No. 30 of 1988 and other applicable laws and regulations
Original Date of Issuance	15 December 2021
Par Value of Instrument	LKR 100/-
Perpetual or Dated	Perpetual
Original Maturity Date, if Applicable	N/A
Amount Recognised in Regulatory Capital (in Rs. '000 as at the Reporting Date)	1,500,000
Accounting Classification (Equity/Liability)	Liability
Issuer Call subject to Prior Supervisory Approval	
Optional Call Date, Contingent Call Dates and Redemption Amount (Rs. '000)	*
Subsequent Call Dates, if Applicable	1 May to 31 May of each year from 2028 to 2031
Coupons/Dividends	
Fixed or Floating Dividend/Coupon	Floating
Coupon Rate and any Related Index	Weighted average twelve-month Net Treasury Bill rate + 2.00% p.a with the floor rate of 9.5% p.a.
Non-Cumulative or Cumulative	Cumulative
Convertible or Non-Convertible	Convertible
If Convertible, Conversion Trigger (s)	*
If Convertible, Fully or Partially	*
If Convertible, Mandatory or Optional	*
If Convertible, Conversion Rate	*

* The debenture may be convertible by the debenture holder (subject to satisfaction of regulatory requirements), at any time during the conversion periods after a minimum of 05 years from the date of issue or a non viability conversion arising from an occurrence of a trigger event at a par value of LKR 100 per debenture.

TEMPLATE 06**Summary Discussion on Adequacy/Meeting Current and Future Capital Requirements**

The Bank has set up an internal threshold on minimum CARs and ensures that appropriate measures are employed to maintain the CARs above the said threshold when preparing the budget. The Bank has a well established monitoring mechanism to periodically ensure the level of achievement against the predetermined targets and corrective action is taken for any deviations.

Methods of improving the CARs are being evaluated on an ongoing basis and in extreme situations, the Bank will deliberate on strategically curtailing the expansion of risk weighted assets. Prior to taking such decisions, the Bank will assess the impact on the internally developed thresholds of minimum CARs resulting from the short-term asset expansion plans. The Bank takes every endeavour to ensure maintaining the internal CAR thresholds.

Further, in December 2021, The Bank issued Fifteen Million (15,000,000) Basel III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures with a conversion option to raise Rs. 1.5 Bn to meet the regulatory minimum capital requirement.

TEMPLATE 07**Credit Risk under Standardised Approach –
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects**

Asset Class	Amount as at 31 March 2025 (Rs. '000)					
	Exposure before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA & RWA Density (%)	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density
Claims on Central Government and CBSL	25,499,268	-	25,499,268	-	-	0.00%
Claims on Foreign Sovereigns and Their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	1,003,221	-	1,003,221	-	228,089	22.74%
Claims on Financial Institutions	5,418,481	150,000	5,418,481	150,000	5,025,037	90.24%
Claims on Corporates	24,401,550	18,405,521	24,401,550	8,086,588	32,336,217	99.53%
Retail Claims	11,446,401	4,288,799	11,446,401	1,642,906	11,647,817	88.99%
Claims Secured by Residential Property	1,302,638	-	1,353,331	48,136	1,350,775	96.38%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	5,301,301	-	5,250,608	669,964	7,320,495	123.65%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	3,989,695	-	3,989,695	-	3,113,030	78.03%
Total	78,362,555	22,844,320	78,362,555	10,597,594	61,021,460	68.59%

TEMPLATE 08

Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

Asset Classes	Amount as at 31 March 2025 (Post CCF and CRM) (Rs. '000)							Total Credit Exposure Amount	
	Risk Weight	0%	20%	50%	75%	100%	150%		>150%
Claims on Central Government and CBSL		25,499,268	-	-	-	-	-	-	25,499,268
Claims on Foreign Sovereigns and Their Central Banks		-	-	-	-	-	-	-	-
Claims on Public Sector Entities		-	-	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks		-	-	-	-	-	-	-	-
Claims on Banks Exposures		-	982,109	-	-	-	21,112	-	1,003,221
Claims on Financial Institutions		-	-	1,086,887	-	4,481,594	-	-	5,568,481
Claims on Corporates		-	-	868,092	-	31,055,798	564,249	-	32,488,139
Retail Claims		-	-	-	5,765,960	7,323,346	-	-	13,089,306
Claims Secured by Residential Property		-	-	-	-	1,350,775	-	-	1,350,775
Claims Secured by Commercial Real Estate		-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)		-	-	39,691	-	3,193,425	2,738,149	-	5,971,265
High-risk Categories		-	-	-	-	-	-	-	-
Cash Items and Other Assets		876,665	-	-	-	3,113,030	-	-	3,989,695
Total		26,375,933	982,109	1,994,670	5,765,960	50,517,968	3,323,510	-	88,960,150

TEMPLATE 09**Market Risk under Standardised Measurement Method**

Item	RWA Amount
	Rs. '000
	As at 31 March 2025
(a) RWA for Interest Rate Risk	3,920
General Interest Rate Risk	
i. Net Long or Short Position	0
ii. Horizontal Disallowance	-
iii. Vertical Disallowance	-
iv. Options	-
Specific Interest Rate Risk	-
(b) RWA for Equity	-
i. General Equity Risk	-
ii. Specific Equity Risk	-
(c) RWA for Foreign Exchange & Gold	490
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	490

TEMPLATE 10

Operational Risk under Basic Indicator Approach/ The Standardised Approach/ The Alternative Standardised Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income as at 31 March 2025 (Rs. '000)		
			1 st Year	2 nd Year	3 rd Year
Basic Indicator Approach	15%		5,820,311	4,862,853	4,568,801
The Standardised Approach			-	-	-
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency Services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%		-	-	-
Commercial Banking	15%		-	-	-
The Alternative Standardised Approach			-	-	-
Corporate Finance	18%		-	-	-
Trading and Sales	18%		-	-	-
Payment and Settlement	18%		-	-	-
Agency Services	15%		-	-	-
Asset Management	12%		-	-	-
Retail Brokerage	12%		-	-	-
Retail Banking	12%	0.035	-	-	-
Commercial Banking	15%	0.035	-	-	-
Capital Charge for Operational Risk (Rs. '000)					
The Basic Indicator Approach	762,598				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk Weighted Amount for Operational Risk (Rs. '000)					
The Basic Indicator Approach	6,100,786				
The Standardised Approach	-				
The Alternative Standardised Approach	-				

TEMPLATE 11

Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories - Bank Only

Item	Amount as at 31 March 2025 (Rs. '000)				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Capital Requirements or Subject to Deduction from Capital
Assets					
Cash and Cash Equivalents	1,879,886	1,879,886	1,879,886		
Balances with Central Banks	612,002	612,002	612,002		
Placements with Banks	-	-	-		
Derivative Financial Instruments	15	15		15	
Financial Assets Designated at Fair Value through Profit or Loss	1,787,651	1,787,651	1,787,651		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	48,762,851	48,762,851	48,762,851		9,130,773
Financial Investments - Available-For-Sale	21,842,872	21,842,872	21,842,872	21,842,872	
Financial Investments - Held-To-Maturity	3,214,690	3,214,690	3,214,690	-	
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	872,480	872,480	872,480		
Investment Properties	-	-			
Goodwill and Intangible Assets	194,319	194,319			194,319
Deferred Tax Assets	674,547	674,547			674,547
Other Assets	2,240,550	2,789,692	2,789,692		
Liabilities					
Due to Banks	3,139,904	331,057			
Derivative Financial Instruments	42	42			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	56,682,494	56,911,578			
Other Borrowings	4,266,188	6,845,952			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	157,444	157,444			
Other Liabilities	6,013,340	6,013,340			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities					
Guarantees	8,306,338	8,306,338	8,306,338		
Performance Bonds	-	-			
Letters of Credit	2,363,126	2,363,126	2,363,126		
Other Contingent Items	76,281	76,281	76,281		
Undrawn Loan Commitments	11,960,486	11,960,486	11,960,486		
Other Commitments	138,090	138,090			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	11,894,421	13,394,421			
of which Amount Eligible for CET1	11,894,421	11,894,421			
of which Amount Eligible for AT1	-	1,500,000			
Retained Earnings	(413,204)	(413,204)			
Accumulated Other Comprehensive Income	430,116	430,116			
Other Reserves	111,315	111,315			
Total Shareholders' Equity	12,022,648	13,522,648			

* The difference is due to the BASEL III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures issued in December 2021 (Refer Template 05)