

**MARKET DISCIPLINE  
MINIMUM DISCLOSURE REQUIREMENTS  
UNDER PILLAR III 4Q 2023  
CARGILLS BANK PLC**

**TEMPLATE 01****Key Regulatory Ratios – Capital and Liquidity**

<b>Item</b>	<b>2023</b>	<b>2022</b>
<b>Regulatory Capital (Rs. '000)</b>		
Common Equity Tier 1	10,910,720	8,421,461
Tier 1 Capital	12,410,720	9,921,461
Total Capital	12,693,941	10,157,843
<b>Regulatory Capital Ratios (%)*</b>		
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 2023: 7 & 2022: 7)	19.89	18.95
Tier 1 Capital Ratio (Minimum Requirement – 2023: 8.5 & 2022: 8.5)	22.63	22.32
Total Capital Ratio (Minimum Requirement – 2023: 12.5 & 2022: 12.5)	23.15	22.85
Leverage Ratio (Minimum Requirement - 2023: 3 & 2022: 3)	14.67	14.45
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (Rs. '000)	19,717,993	11,061,874
<b>Statutory Liquid Ratio (Minimum Requirement – 20%)</b>		
Domestic Banking Unit (%)	39.45	26.70
Off-Shore Banking Unit (%)	90.65	90.79
Statutory Liquid Assets Ratio - Bank (%)	39.82	27.00
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement – 2023: 100 & 2022: 90)	360	176
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement – 2023: 100 & 2022: 90)	289	141
Net Stable Funding Ratio (Minimum Requirement: 2023: 100 & 2022: 90)	123	127

\* 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

TEMPLATE 02

Basel III Computation of Capital Ratios

Item	2023	2022
	Rs. '000	Rs. '000
<b>Common Equity Tier 1 (CET1) Capital after Adjustment</b>	<b>10,910,720</b>	<b>8,421,461</b>
<b>Common Equity Tier 1 (CET1) Capital</b>	<b>11,478,255</b>	<b>9,712,332</b>
Equity Capital (Stated Capital)/Assigned Capital	11,894,421	11,394,421
Reserve Fund	78,775	56,774
Published Retained Earnings/(Accumulated Retained Losses)	(1,176,968)	(1,598,139)
Published Accumulated Other Comprehensive Income (OCI)	682,027	(140,724)
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to CET1 Capital</b>	<b>567,535</b>	<b>1,290,871</b>
Goodwill (net)	-	-
Intangible Assets (net)	283,445	335,150
Others (specify) – Deferred tax asset	284,090	955,721
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Additional Tier 1 (AT1) Capital</b>	<b>1,500,000</b>	<b>1,500,000</b>
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	-	-
<b>Total Adjustments to AT1 Capital</b>	<b>-</b>	<b>-</b>
Investment in Own Shares	-	-
Others (Specify)	-	-
<b>Tier 2 Capital after Adjustments</b>	<b>283,221</b>	<b>236,382</b>
<b>Tier 2 Capital</b>	<b>283,221</b>	<b>236,382</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	283,221	236,382
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to Tier 2</b>	<b>-</b>	<b>-</b>
Investment in Own Shares	-	-
Others (Specify)	-	-
<b>CET1 Capital</b>	<b>11,478,255</b>	<b>9,712,332</b>
<b>Total Tier 1 Capital</b>	<b>12,410,720</b>	<b>9,921,461</b>
<b>Total Capital</b>	<b>12,693,941</b>	<b>10,157,843</b>

	2023	2022
	Rs. '000	Rs. '000
<b>Total Risk Weighted Assets (RWA)</b>		
RWAs for Credit Risk	47,226,113	39,898,474
RWAs for Market Risk	2,972,977	1,097,152
RWAs for Operational Risk	4,645,715	3,451,568
<b>CET1 Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>19.89</b>	<b>18.95</b>
Of which: Capital Conservation Buffer (%)	2.50	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-
<b>Total Tier 1 Capital Ratio</b>	<b>22.63</b>	<b>22.32</b>
<b>Total Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>23.15</b>	<b>22.85</b>
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	2023	2022
	Rs. '000	Rs. '000
<b>Tier 1 Capital</b>	10,910,720	8,421,461
<b>Total Exposures</b>	74,380,070	58,299,707
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	69,168,754	52,461,938
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	5,211,317	5,837,769
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	14.67	14.45

TEMPLATE 04

4.1 Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	2023		2022	
	Rs. '000		Rs. '000	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High Quality Liquid Assets (HQLA)</b>	19,139,573	19,139,573	9,087,222	9,087,222
<b>Total Adjusted Level 1 Assets</b>	19,025,831	19,025,831	9,476,069	9,476,069
<b>Level 1 Assets</b>	19,139,573	19,139,573	9,087,222	9,087,222
<b>Total Adjusted Level 2A Assets</b>	-	-	-	-
<b>Level 2 Assets</b>	-	-	-	-
<b>Total Adjusted Level 2B Assets</b>	-	-	-	-
<b>Level 2B Assets</b>	-	-	-	-
<b>Total Cash Outflows</b>	60,295,311	12,976,806	51,013,930	8,753,424
Deposits	32,702,620	3,270,262	23,278,572	2,327,857
Unsecured Wholesale Funding	12,709,369	9,131,745	8,184,504	5,512,613
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	14,883,323	574,798	19,550,854	912,954
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	11,730,268	7,652,825	6,024,892	3,596,080
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	11,730,268	7,652,825	6,024,892	3,596,080
Operational Deposits	-	-	-	-
Other Cash Inflows	-	-	-	-
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100</b>		360		176

**TEMPLATE 04**

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

Item	2023		2022	
	Rs. '000		Rs. '000	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High Quality Liquid Assets (HQLA)</b>	19,149,507	19,149,507	9,108,873	9,108,873
<b>Total Adjusted Level 1 Assets</b>	19,035,765	19,035,765	9,497,720	9,497,720
<b>Level 1 Assets</b>	19,149,507	19,149,507	9,108,873	9,108,873
<b>Total Adjusted Level 2A Assets</b>	-	-	-	-
<b>Level 2 Assets</b>	-	-	-	-
<b>Total Adjusted Level 2B Assets</b>	-	-	-	-
<b>Level 2B Assets</b>	-	-	-	-
<b>Total Cash Outflows</b>	66,089,010	14,571,662	54,886,905	10,398,271
Deposits	35,034,242	3,503,424	24,644,776	2,464,478
Unsecured Wholesale Funding	14,473,384	10,414,423	10,326,708	7,050,362
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	16,581,384	653,815	19,915,421	883,432
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	12,238,232	7,946,491	6,628,769	3,915,456
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	12,238,232	7,946,491	6,628,769	3,915,456
Operational Deposits	-	-	-	-
Other Cash Inflows	-	-	-	-
<b>Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100</b>		289		141

**TEMPLATE 04**

**4.3 Net Stable Funding Ratio (NSFR)**

Item	2023	2022
	Rs. '000	Rs. '000
Total available stable funding (ASF)	44,295,242	34,887,293
Total required stable funding (RSF)	36,064,555	27,522,187
Required stable funding – On balance sheet assets	35,708,546	27,071,164
Required stable funding – Off balance sheet items	356,009	451,023
NSFR (Minimum Requirement – 2023: 100 & 2022: 90)	123	127

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

<b>Description of the Capital Instrument</b>	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
<b>Issuer Call subject to Prior Supervisory Approval</b>	
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
<b>Coupons/Dividends</b>	
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
<b>Convertible or Non-Convertible</b>	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

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, 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 December 2023 (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	17,654,185	-	17,654,185	-	-	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	1,152,780	-	1,152,780	-	461,816	40.06%
Claims on Financial Institutions	9,422,758	-	9,422,758	-	7,018,685	74.49%
Claims on Corporates	13,621,794	11,827,719	13,621,794	2,496,573	15,079,771	93.56%
Retail Claims	14,825,810	4,944,302	14,825,810	2,663,014	14,608,555	83.53%
Claims Secured by Residential Property	1,109,167	-	1,162,859	31,000	1,140,167	95.50%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	4,656,981	-	4,603,289	20,729	5,732,534	123.97%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	4,134,983	-	4,134,983	-	3,184,585	77.02%
<b>Total</b>	<b>66,578,457</b>	<b>16,772,021</b>	<b>66,578,457</b>	<b>5,211,317</b>	<b>47,226,113</b>	<b>65.78%</b>

TEMPLATE 08

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

Asset Classes	Amount as at 31 December 2023 (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		17,654,185	-	-	-	-	-	-	17,654,185
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		-	526,943	582,327	-	-	43,509	-	1,152,780
Claims on Financial Institutions		-	-	4,808,146	-	4,614,612	-	-	9,422,758
Claims on Corporates		-	1,298,245	-	-	14,820,122	-	-	16,118,367
Retail Claims		-	-	2,144,182	8,090,385	7,254,257	-	-	17,488,824
Claims Secured by Residential Property		-	-	-	-	1,140,167	-	-	1,140,167
Claims Secured by Commercial Real Estate		-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)		-	-	53,692	-	2,460,678	2,163,339	-	4,677,710
High-risk Categories		-	-	-	-	-	-	-	-
Cash Items and Other Assets		950,398	-	-	-	3,184,585	-	-	4,134,983
<b>Total</b>		<b>18,604,583</b>	<b>1,825,188</b>	<b>7,588,347</b>	<b>8,090,385</b>	<b>33,474,422</b>	<b>2,206,849</b>	-	<b>71,789,773</b>

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

Item	RWA Amount
	Rs. '000
	As at 31 Dec 2023
<b>(a) RWA for Interest Rate Risk</b>	2,972,977
General Interest Rate Risk	
i. Net Long or Short Position	371,372
ii. Horizontal Disallowance	-
iii. Vertical Disallowance	-
iv. Options	-
Specific Interest Rate Risk	-
<b>(b) RWA for Equity</b>	-
i. General Equity Risk	-
ii. Specific Equity Risk	-
<b>(c) RWA for Foreign Exchange &amp; Gold</b>	250
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	371,622

**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 December 2023 (Rs. '000)		
			1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year
<b>Basic Indicator Approach</b>	15%		4,875,095	4,280,687	2,458,507
<b>The Standardised Approach</b>			-	-	-
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%		-	-	-
<b>The Alternative Standardised Approach</b>			-	-	-
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	-	-	-
<b>Capital Charge for Operational Risk (Rs. '000)</b>					
The Basic Indicator Approach	580,714				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
<b>Risk Weighted Amount for Operational Risk (Rs. '000)</b>					
The Basic Indicator Approach	4,645,715				
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 December 2023 (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
<b>Assets</b>					
Cash and Cash Equivalents	1,963,321	1,963,321	1,963,321		
Balances with Central Banks	432,805	432,805	432,805		
Placements with Banks	-	-	-		
Derivative Financial Instruments	6	6		6	
Financial Assets Designated at Fair Value through Profit or Loss	2,468,401	2,468,401	2,468,401		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	40,559,438	40,559,438	40,559,438		8,677,645
Financial Investments - Available-For-Sale	17,779,520	17,779,520	17,779,520	17,779,520	
Financial Investments - Held-To-Maturity	2,050,119	2,050,119	2,050,119	-	
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	462,706	462,706	462,706		
Investment Properties	-	-			
Goodwill and Intangible Assets	283,445	283,445			283,445
Deferred Tax Assets	284,090	284,090			284,090
Other Assets	2,721,878	2,971,153	2,971,153		
<b>Liabilities</b>					
Due to Banks	717,667	517,512			
Derivative Financial Instruments	27	27			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	50,728,853	50,729,885			
Other Borrowings	3,669,925	3,870,079			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	108,605	108,605			
Other Liabilities	2,568,435	2,568,435			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	6,422,420	6,422,420	6,422,420		
Performance Bonds	-	-			
Letters of Credit	1,545,523	1,545,523	1,545,523		
Other Contingent Items	132,038	132,038	132,038		
Undrawn Loan Commitments	6,584,766	6,584,766	6,584,766		
Other Commitments	45,727	45,727			
<b>Shareholders' Equity</b>					
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	(1,176,968)	(1,176,968)			
Accumulated Other Comprehensive Income	1,146,555	1,146,555			
Other Reserves	78,775	78,775			
Total Shareholders' Equity	11,942,783	13,442,783			