

**MARKET DISCIPLINE  
MINIMUM DISCLOSURE REQUIREMENTS  
UNDER PILLAR III 2Q 2024  
CARGILLS BANK PLC**

### 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	30-Jun-2024	31-Mar-2024
<b>Regulatory Capital (Rs. '000)</b>		
Common Equity Tier 1	10,897,196	10,910,720
Tier 1 Capital	12,397,196	12,410,720
Total Capital	12,680,417	12,693,941
<b>Regulatory Capital Ratios (%)*</b>		
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 2024: 7 & 2023: 7)	18.66	19.07
Tier 1 Capital Ratio (Minimum Requirement – 2024: 8.5 & 2023: 8.5)	21.23	21.69
Total Capital Ratio (Minimum Requirement – 2024: 12.5 & 2023: 12.5)	21.71	22.18
Leverage Ratio (Minimum Requirement - 2024: 3 & 2023: 3)	13.98	14.37
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (Rs. '000)**	N/A	20,231,192
<b>Statutory Liquid Ratio (Minimum Requirement – 20%)</b>		
Domestic Banking Unit (%)**	N/A	37.94
Off-Shore Banking Unit (%)**	N/A	90.65
Statutory Liquid Assets Ratio - Bank (%)**	N/A	38.27
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement – 2024: 100 & 2023: 100)	610	345
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement – 2024: 100 & 2023: 100)	353	286
Net Stable Funding Ratio (Minimum Requirement: 2024: 100 & 2023: 100)	126	121

\* 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	30-Jun-2024	31-Mar-2024
	Rs. '000	Rs. '000
<b>Common Equity Tier 1 (CET1) Capital after Adjustment</b>	<b>10,897,196</b>	<b>10,910,720</b>
<b>Common Equity Tier 1 (CET1) Capital</b>	<b>11,464,732</b>	<b>11,478,255</b>
Equity Capital (Stated Capital)/Assigned Capital	11,894,421	11,894,421
Reserve Fund	78,775	78,775
Published Retained Earnings/(Accumulated Retained Losses)	(1,176,968)	(1,176,968)
Published Accumulated Other Comprehensive Income (OCI)	682,027	682,027
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(13,523)	-
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>567,535</b>
Goodwill (net)	-	-
Intangible Assets (net)	283,445	283,445
Others (specify) – Deferred tax asset	284,090	284,090
<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>283,221</b>
<b>Tier 2 Capital</b>	<b>283,221</b>	<b>283,221</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	283,221	283,221
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>11,464,732</b>	<b>11,478,255</b>
<b>Total Tier 1 Capital</b>	<b>12,397,196</b>	<b>12,410,720</b>
<b>Total Capital</b>	<b>12,680,417</b>	<b>12,693,941</b>

	30-Jun-2024	31-Mar-2024
	Rs. '000	Rs. '000
<b>Total Risk Weighted Assets (RWA)</b>		
RWAs for Credit Risk	49,840,225	49,036,287
RWAs for Market Risk	3,379,832	3,316,761
RWAs for Operational Risk	5,186,396	4,874,033
<b>CET1 Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>18.66</b>	<b>19.07</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>21.23</b>	<b>21.69</b>
<b>Total Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>21.71</b>	<b>22.18</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	30-Jun-2024	31-Mar-2024
	Rs. '000	Rs. '000
<b>Tier 1 Capital</b>	10,897,196	10,910,720
<b>Total Exposures</b>	77,964,984	75,931,210
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	72,280,082	70,794,622
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	5,684,902	5,136,588
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	13.98	14.37

TEMPLATE 04

4.1 Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	30-Jun-2024		31-Mar-2024	
	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>	19,518,721	19,518,721	21,213,961	21,213,961
<b>Total Adjusted Level 1 Assets</b>	19,377,096	19,377,096	21,114,658	21,114,658
<b>Level 1 Assets</b>	19,518,721	19,518,721	21,213,961	21,213,961
<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>	73,398,910	11,584,737	62,762,083	14,292,212
Deposits	34,484,881	3,448,488	32,781,633	3,278,163
Unsecured Wholesale Funding	11,843,736	7,611,570	14,682,310	10,485,985
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	27,070,293	524,678	15,298,140	528,063
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	12,853,654	8,385,753	11,968,574	8,149,501
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	12,853,654	8,385,753	11,968,574	8,149,501
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>		610		345

TEMPLATE 04

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

Item	30-Jun-2024		31-Mar-2024	
	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>	19,551,304	19,551,304	21,231,568	21,231,568
<b>Total Adjusted Level 1 Assets</b>	19,409,679	19,409,679	21,132,265	21,132,265
<b>Level 1 Assets</b>	19,551,304	19,551,304	21,231,568	21,231,568
<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>	68,429,462	14,056,450	67,843,701	16,235,236
Deposits	36,067,737	3,606,774	34,165,943	3,416,594
Unsecured Wholesale Funding	14,680,185	9,835,856	16,907,979	12,220,758
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	17,681,540	613,821	16,769,779	597,884
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	13,000,375	8,516,844	13,658,618	8,807,964
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	13,000,375	8,516,844	13,175,431	8,807,964
Operational Deposits	-	-	483,187	-
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>		353		286

TEMPLATE 04

4.3 Net Stable Funding Ratio (NSFR)

Item	30-Jun-2024	31-Mar-2024
	Rs. '000	Rs. '000
Total available stable funding (ASF)	46,604,559	44,640,949
Total required stable funding (RSF)	37,062,252	36,866,862
Required stable funding – On balance sheet assets	36,698,398	36,525,540
Required stable funding – Off balance sheet items	363,854	341,322
NSFR (Minimum Requirement – 2024: 100 & 2023: 100)	126	121

**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 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, Cargills Bank Limited 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 30 June 2024 (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	18,382,531	-	18,382,531	-	-	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	1,810,016	-	1,810,016	11,029	890,096	48.88%
Claims on Financial Institutions	11,874,969	-	11,874,969	-	9,087,183	76.52%
Claims on Corporates	13,354,590	14,161,832	13,354,590	3,479,380	16,783,865	99.70%
Retail Claims	14,122,640	4,353,408	14,122,640	1,745,720	12,943,258	81.57%
Claims Secured by Residential Property	1,115,587	-	1,170,429	31,000	1,146,587	95.44%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	5,518,534	-	5,463,692	417,773	6,766,707	115.05%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	3,062,524	-	3,062,524	-	2,222,530	72.57%
<b>Total</b>	<b>69,241,391</b>	<b>18,515,240</b>	<b>69,241,391</b>	<b>5,684,902</b>	<b>49,840,225</b>	<b>66.52%</b>

**TEMPLATE 08**

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

Asset Classes	Amount as at 30 June 2024 (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		18,382,531	-	-	-	-	-	-	18,382,531
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		-	280,161	1,477,263	-	-	63,621	-	1,821,046
Claims on Financial Institutions		-	-	5,575,573	-	6,299,396	-	-	11,874,969
Claims on Corporates		-	-	100,211	-	16,733,760	-	-	16,833,970
Retail Claims		-	-	1,915,055	8,636,319	5,316,985	-	-	15,868,359
Claims Secured by Residential Property		-	-	-	-	1,146,587	-	-	1,146,587
Claims Secured by Commercial Real Estate		-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)		-	-	54,842	-	4,165,825	1,715,641	-	5,936,307
High-risk Categories		-	-	-	-	-	-	-	-
Cash Items and Other Assets		839,994	-	-	-	2,222,530	-	-	3,062,524
<b>Total</b>		<b>19,222,525</b>	<b>280,161</b>	<b>9,122,944</b>	<b>8,636,319</b>	<b>35,885,083</b>	<b>1,779,262</b>	-	<b>74,926,294</b>

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

Item	RWA Amount
	Rs. '000
	As at 30 June 2024
<b>(a) RWA for Interest Rate Risk</b>	3,379,832
General Interest Rate Risk	
i. Net Long or Short Position	421,603
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>	876
<b>Capital Charge for Market Risk [(a) + (b) + (c) ] * CAR</b>	422,479

**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 30 June 2024 (Rs. '000)		
			1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year
<b>Basic Indicator Approach</b>	15%		5,007,388	4,926,159	3,032,444
<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	648,300				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
<b>Risk Weighted Amount for Operational Risk (Rs. '000)</b>					
The Basic Indicator Approach	5,186,396				
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 30 June 2024 (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	2,509,860	2,509,860	2,509,860		
Balances with Central Banks	714,111	714,111	714,111		
Placements with Banks	337,236	337,236	337,236		
Derivative Financial Instruments	22	22		22	
Financial Assets Designated at Fair Value through Profit or Loss	3,347,312	3,347,312	3,347,312		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	41,128,882	41,128,882	41,128,882		6,746,793
Financial Investments - Available-For-Sale	18,738,110	18,738,110	18,738,110	18,738,110	
Financial Investments - Held-To-Maturity	2,080,536	2,080,536	2,080,536	-	
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	721,249	721,249	721,249		
Investment Properties	-	-			
Goodwill and Intangible Assets	223,336	223,336			223,336
Deferred Tax Assets	278,595	278,595			278,595
Other Assets	1,501,281	2,049,332	2,049,332		
<b>Liabilities</b>					
Due to Banks	419,787	420,018			
Derivative Financial Instruments	432	432			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	52,209,793	52,209,795			
Other Borrowings	4,813,392	4,813,159			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	113,972	113,972			
Other Liabilities	3,224,270	3,224,270			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	6,811,860	6,811,860	6,811,860		
Performance Bonds	-	-			
Letters of Credit	1,484,288	1,484,288	1,484,288		
Other Contingent Items	624,605	624,605	624,605		
Undrawn Loan Commitments	9,440,473	9,440,473	9,440,473		
Other Commitments	154,014	154,014			
<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	(1,040,241)	(1,040,241)			
Accumulated Other Comprehensive Income	1,133,032	1,133,032			
Other Reserves	78,775	78,775			
Total Shareholders' Equity	12,065,987	13,565,987			

\* 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)