CargillsBank

Banking on the Human Spirit

CARGILLS BANK LIMITED

MARKET DISCLOSURES

Market Disclosures

BASEL III- MARKET DISCIPLINE - MINIMUM DISCLOUSURE REQUIREMENT UNDER PILLAR 2 AS PER THE BANKING ACT DIRECTION NO 1 OF 2016

TEMPLATE 01

Key Regulatory Ratios – Capital and Liquidity

Item	31-Dec-19	31-Dec-18
Regulatory Capital (LKR ’000)		
Common Equity Tier 1	9,593,939	10,380,811
Tier 1 Capital	9,593,939	10,380,811
Total Capital	9,777,217	10,865,272
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 7)	26.368	31,289
Tier 1 Capital Ratio (Minimum Requirement – 8.5)	26.368	31.289
Total Capital Ratio (Minimum Requirement – 12.5)	26.872	32.749
Leverage Ratio (Minimum Requirement - 3)	23.57	27.03
Regulatory Liquidity		
Statutory Liquid Assets (LKR ‘000)	8,413,619	5,692,324
Statutory Liquid Ratio (Minimum Requirement – 20)		
Domestic Banking Unit (%)	32.65	23.34
Off-Shore Banking Unit (%)	1115.25	54.61
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement – 100)	281	195.01
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement – 100)	203.59	151.04

Market Disclosures contd.

TEMPLATE 02
Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	31-Dec-19	31-Dec-18
Common Equity Tier 1 (CET1) Capital after Adjustment	9,593,939	10,380,811
Common Equity Tier 1 (CET1) Capital	10,418,157	11,023,961
Equity Capital (Stated Capital)/ Assigned Capital	11,394,421	11,394,421
Reserve Fund	32,386	32,386
Published Retained Earnings/ (Accumulated Retained Losses)	(1,030,112)	(374,608)
Published Accumulated Other Comprehensive Income (OCI)	21,462	(28,238)
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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	-	-
Total Adjustments to CET1 Capital	824,218	643,150
Goodwill (net)	-	-
Intangible Assets (net)	457,570	474,374
Others (specify) - Deferred tax asset	366,648	168,776
Additional Tier 1 (AT1) Capital after Adjustments	-	-
Additional Tier 1 (AT1) Capital	-	-
Qualifying Additional Tier 1 Capital Instruments	-	-
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	183,278	484,461
Tier 2 Capital	183,278	484,461
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	183,278	484,461
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	10,418,157	11,023,961
Total Tier 1 Capital	9,593,939	10,380,811
Total Capital	9,777,217	10,865,272

TEMPLATE 02 CONTD.
Basel III Computation of Capital Ratios Contd.

	31-Dec-19	31-Dec-18
Total Risk Weighted Assets (RWA)		
RWAs for Credit Risk	32,565,478	29,983,494
RWAs for Market Risk	1,176,608	1,006,855
RWAs for Operational Risk	2,642,616	2,187,309
CET1 Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	26.328	31.289
Of which: Capital Conservative Buffer (%)	2.50	1.88
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio	**26.368**	**31.289**
Total Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	26.872	32.749
Of which: Capital Conservative Buffer (%)	2.50	1.88
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-

Market Disclosures contd.

TEMPLATE03
Computation of Leverage Ratio

Item	Amount(LKR'000)	
	31-Dec-19	31-Dec-18
Tier1 Capital	10,355,341	10,644,571
Total Exposures	43,938,616	39,375,552
On-Balance Sheet Items		
(excluding Derivatives and Securities Financing Transactions, but including Collateral)	38,654,665	33,686,979
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	5,283,951	5,688,573
Basel III Leverage Ratio (%) (Tier1/Total Exposure)	23.57	27.03

TEMPLATE 04
Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	Amount (LKR '000)			
	31-Dec-19		31-Dec-18	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	7,025,260	7,025,260	5,246,066	5,246,066
Total Adjusted Level 1 Assets	7,025,526	7,025,526	5,223,555	5,223,555
Level 1 Assets	7,025,260	7,025,260	5,246,066	5,246,066
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	32,383,798	5,191,976	34,067,592	5,143,423
Deposits	17,827,871	1,782,787	12,869,886	1,286,989
Unsecured Wholesale Funding	5,371,881	3,183,174	5,485,396	2,652,821
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	9,184,046	226,015	15,712,310	1,203,613
Additional Requirements	-	-	-	-
Total Cash Inflows	4,482,185	2,689,206	3,524,552	2,453,285
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	4,482,185	2,689,206	3,524,552	2,453,285
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		281.00		195.01

Market Disclosures contd.

TEMPLATE 04

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	Amount (LKR '000)			
	31-Dec-19		31-Dec-18	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	7,034,760	7,034,760	5,637,324	5,637,324
Total Adjusted Level 1 Assets	7,035,026	7,035,026	5,614,813	5,614,813
Level 1 Assets	7,034,760	7,034,760	5,637,324	5,637,324
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	35,809,258	6,276,955	36,914,472	6,410,896
Deposits	18,839,205	1,883,921	13,325,825	1,332,583
Unsecured Wholesale Funding	6,766,055	4,123,944	6,911,302	3,836,320
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	10,203,998	269,091	16,677,345	1,241,993
Additional Requirements	-	-	-	-
Total Cash Inflows	4,735,532	2,821,631	4,312,902	2,678,461
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	4,735,532	2,821,631	3,958,332	2,678,461
Operational Deposits	-	-	354,570	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		203.59		151.04

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

Asset Class	Amount (LKR '000) as at 31 December 2019					
	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	8,106,039	-	8,106,039	-	74,122	0.91%
Claims on Foreign Sovereigns and Their Central Banks	-	-	-	-	-	0.00%
Claims on Public Sector Entities	-	-	-	-	-	0.00%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0.00%
Claims on Banks Exposures	1,180,014	1,113,945	1,180,014	22,279	472,966	20.62%
Claims on Financial Institutions	2,504,541	116,893	2,504,541	116,893	1,808,832	69.00%
Claims on Corporates	8,585,397	7,004,379	8,585,397	4,552,508	12,300,296	78.90%
Retail Claims	11,562,484	3,082,726	11,562,484	614,551	12,177,035	83.15%
Claims Secured by Residential Property	1,143,533	-	1,143,533	-	1,140,381	99.72%
Claims secured by Commercial Real Estate	-	-	-	-	-	0.00%
Non-Performing Assets (NPAs)	2,348,052	-	2,348,052	-	3,159,798	134.57%
High-risk Categories	-	-	-	-	-	0.00%
Cash Items and Other Assets	1,891,917	-	1,891,917	-	1,432,047	75.69%
Total	37,321,977	11,317,943	37,321,977	5,306,230	32,565,478	66.95%

Market Disclosures contd.

TEMPLATE 08
Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

	Amount (LKR '000) as at 31 December 2019 (Post CCF and CRM)							
Risk Weight	0%	20%	50%	75%	100%	150%	>150%	Total Credit Exposure Amount
Asset Classes								
Claims on Central Government and CBSL	7,748,873	370,612	-	-	-	-	-	8,119,485
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	-	902,355	14,885	-	285,053	-	-	1,202,292
Claims on Financial Institutions	-	-	1,625,202	-	996,231	-	-	2,621,433
Claims on Corporates	-	-	1,675,218	-	11,462,687	-	-	13,137,905
Retail Claims	-	-	-	-	12,177,035	-	-	12,177,035
Claims Secured by Residential Property	-	-	-	-	1,113,252	-	-	1,113,252
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)	-	-	6,304	-	748,538	1,623,492		2,378,334
High-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	459,870	-	-	-	1,432,047	-	-	1,891,917
Total	8,208,743	1,272,967	3,321,609	-	28,214,842	1,623,492	-	42,641,653

TEMPLATE 09

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR' 000) As at 31 December 2019
(a) RWA for Interest Rate Risk	1,176,608
General Interest Rate Risk	
i. Net Long or Short Position	144,682
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	2,394
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	147,076

Market Disclosures contd.

TEMPLATE 10

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

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income		
			1st Year	2nd Year	3rd Year
Basic Indicator Approach	15%		2,508,751	2,408,011	1,689,769
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 (LKR' 000)					
The Basic Indicator Approach	330,327				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk Weighted Amount for Operational Risk (LKR '000)					
The Basic Indicator Approach	2,642,616				
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 (LKR '000) as at 31 December 2019				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Values under Scope of Regulatory Reporting	Credit Risk Framework	Market Risk Framework	Capital Requirements or Subject to Deduction from Capital
Assets					
Cash and Cash Equivalents	993,133	459,870	459,870		
Balances with Central Banks	1,040,397	1,081,397	1,081,397		
Placements with Banks	689,336	1,181,599	1,181,599		
Derivative Financial Instruments	386	386		386	
Financial Assets Designated at Fair Value through Profit or Loss	-	-			
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	27,013,673	27,013,673	27,013,673		13,473,565
Financial Investments - Available-For-Sale	6,667,681	6,667,681	6,667,681	6,654,235	
Financial Investments - Held-To-Maturity	477,663	477,663	477,663		
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	858,304	1,315,873	1,315,873		
Investment Properties	-	-			
Goodwill and Intangible Assets	457,570	-			
Deferred Tax Assets	366,648	366,648			
Other Assets	573,743	573,743	573,743		
Liabilities					
Due to Banks	1,517,942	1,517,942			
Derivative Financial Instruments	2,281	2,281			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	25,042,562	25,042,562			

Market Disclosures contd.

Item	Amount (LKR '000) as at 31 December 2019				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Values under Scope of Regulatory Reporting	Credit Risk Framework	Market Risk Framework	Capital Requirements or Subject to Deduction from Capital
Other Borrowings	948,298	948,298			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	43,577	43,577			
Other Liabilities	1,151,409	1,151,408			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities					
Guarantees	5,073,074	5,073,074	5,073,074		
Performance Bonds	-	-			
Letters of Credit	1,061,296	1,061,296	1,061,296		
Other Contingent Items	1,369,943	1,369,943	1,369,943		
Undrawn Loan Commitments	4,069,628	4,069,628	4,069,628		
Other Commitments	64,628	64,628			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	11,394,421	11,394,421			
of which Amount Eligible for CET1	11,394,421	11,394,421			
of which Amount Eligible for AT1	11,394,421	11,394,421			
Retained Earnings	(1,030,112)	(1,030,112)			
Accumulated Other Comprehensive Income	35,770	35,770			
Other Reserves	32,386	32,386			
Total Shareholders' Equity	10,432,465	10,432,465			