

**MARKET DISCIPLINE  
MINIMUM DISCLOSURE REQUIREMENTS  
UNDER PILLAR III  
2Q 2020  
CARGILLS BANK LTD**

**Template 01**

**Key Regulatory Ratios – Capital and Liquidity**

<b>Item</b>	<b>30-Jun-20</b>	<b>31-Dec-19</b>
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1	9,043,607	9,593,939
Tier 1 Capital	9,043,607	9,593,939
Total Capital	9,226,885	9,777,217
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio <i>(Minimum Requirement – Q2'2020: 6.5 and 2019: 7)</i>	22.87	26.37
Tier 1 Capital Ratio <i>(Minimum Requirement – Q2'2020: 8 and 2019: 8.5)</i>	22.87	26.37
Total Capital Ratio <i>(Minimum Requirement – Q2'2020: 12 and 2019: 12.5)</i>	23.33	26.87
Leverage Ratio <i>(Minimum Requirement - 3)</i>	18.07	23.57
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR '000)	11,452,842	8,413,619
Statutory Liquid Ratio <i>(Minimum Requirement – 20)</i>		
Domestic Banking Unit (%)	35.69	32.65
Off-Shore Banking Unit (%)	117.14	1,115.25
Liquidity Coverage Ratio (%) – Rupee <i>(Minimum Requirement – 2020:90 &amp; 2019:100)</i>	182	281
Liquidity Coverage Ratio (%) – All Currency <i>(Minimum Requirement – 2020:90 &amp; 2019:100)</i>	152.34	203.59

Template 02

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	30-Jun-20	31-Dec-19
<b>Common Equity Tier 1 (CET1) Capital after Adjustment</b>	<b>9,043,607</b>	<b>9,591,804</b>
<b>Common Equity Tier 1 (CET1) Capital</b>	<b>9,867,825</b>	<b>10,416,022</b>
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)	(1,030,112)
Published Accumulated Other Comprehensive Income (OCI)	19,327	19,327
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(548,197)	-
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>824,218</b>	<b>824,218</b>
Goodwill (net)	-	-
Intangible Assets (net)	457,570	457,570
Others (specify) – <i>Deferred tax asset</i>	366,648	366,648
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 (AT1) Capital</b>	<b>-</b>	<b>-</b>
Qualifying Additional Tier 1 Capital Instruments	-	-
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>183,278</b>	<b>183,278</b>
<b>Tier 2 Capital</b>	<b>183,278</b>	<b>183,278</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	183,278	183,278
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>9,867,825</b>	<b>10,416,022</b>
<b>Total Tier 1 Capital</b>	<b>9,043,607</b>	<b>9,591,804</b>
<b>Total Capital</b>	<b>9,226,885</b>	<b>9,775,082</b>

	30-Jun-20	31-Dec-19
<b>Total Risk Weighted Assets (RWA)</b>		
RWAs for Credit Risk	34,861,701	32,565,478
RWAs for Market Risk	1,846,717	1,176,608
RWAs for Operational Risk	2,838,250	2,642,616
<b>CET1 Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	22.87	26.37
Of which: Capital Conservative Buffer (%)	2.00	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-
<b>Total Tier 1 Capital Ratio</b>	22.87	26.37
<b>Total Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	23.33	26.87
Of which: Capital Conservative Buffer (%)	2.00	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-

### Template 03

#### Computation of Leverage Ratio

Item	Amount (LKR '000)	
	30-Jun-20	31-Dec-19
<b>Tier 1 Capital</b>	9,043,607	10,355,341
<b>Total Exposures</b>	50,057,964	43,938,616
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	44,724,148	38,654,665
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	5,333,816	5,283,951
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	18.07	23.57

Template 04

Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	Amount (LKR '000)			
	30-Jun-20		31-Dec-19	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High Quality Liquid Assets (HQLA)</b>	12,791,624	12,791,624	7,025,260	7,025,260
<b>Total Adjusted Level 1 Assets</b>	12,464,042	12,464,042	7,025,526	7,025,526
<b>Level 1 Assets</b>	12,791,624	12,791,624	7,025,260	7,025,260
<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>	41,902,370	9,326,611	32,383,798	5,191,976
Deposits	20,644,840	2,064,484	17,827,871	1,782,787
Unsecured Wholesale Funding	9,171,935	6,788,354	5,371,881	3,183,174
Secured Funding Transactions	-	-	0	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	12,085,595	473,774	9,184,046	226,015
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	3,859,599	2,297,571	4,482,185	2,689,206
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	3,859,599	2,297,571	4,482,185	2,689,206
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>		182		281

Template 04

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	Amount (LKR '000)			
	30-Jun-20		31-Dec-19	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High Quality Liquid Assets (HQLA)</b>	12,799,461	12,799,461	7,034,760	7,034,760
<b>Total Adjusted Level 1 Assets</b>	12,471,879	12,471,879	7,035,026	7,035,026
<b>Level 1 Assets</b>	12,799,461	12,799,461	7,034,760	7,034,760
<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>	45,698,911	10,819,218	35,809,258	6,276,955
Deposits	21,615,911	2,161,591	18,839,205	1,883,921
Unsecured Wholesale Funding	10,971,805	8,145,660	6,766,055	4,123,944
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	13,111,195	511,966	10,203,998	269,091
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	4,281,934	2,417,492	4,735,532	2,821,631
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	3,993,465	2,417,492	4,735,532	2,821,631
Operational Deposits	288,469.00	-	-	-
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>		152.34		203.59

**Template 07**

**Credit Risk under Standardised Approach –**

**Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects**

Asset Class	Amount (LKR '000) as at 30 June 2020					
	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	10,446,921	-	10,446,921	-	74,124	0.71%
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	392,762	507,000	392,762	10,140	268,759	66.71%
Claims on Financial Institutions	1,880,056	116,893	1,880,056	116,893	1,512,150	75.72%
Claims on Corporates	9,468,553	9,189,484	9,468,553	4,968,591	13,145,034	91.05%
Retail Claims	12,096,820	3,804,799	12,096,820	532,122	12,628,942	100.00%
Claims Secured by Residential Property	1,193,074	-	1,193,074	-	1,168,733	97.96%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	3,699,207	-	3,699,207	-	4,703,065	127.14%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,775,657	-	1,775,657	-	1,360,895	76.64%
<b>Total</b>	<b>40,953,050</b>	<b>13,618,176</b>	<b>40,953,050</b>	<b>5,627,746</b>	<b>34,861,702</b>	<b>74.84%</b>



**Template 09**

**Market Risk under Standardised Measurement Method**

Item	RWA Amount
	(LKR' 000)
	As at 30 June 2020
<b>(a) RWA for Interest Rate Risk</b>	1,846,717
General Interest Rate Risk	
i. Net Long or Short Position	214,842
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>	6,764
<b>Capital Charge for Market Risk [(a) + (b) + (c) ] * CAR</b>	221,606

**Template 10**

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

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income		
			1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year
<b>Basic Indicator Approach</b>	15%		2,413,931	2,369,249	2,028,619
<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 (LKR' 000)</b>					
The Basic Indicator Approach	340,590				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
<b>Risk Weighted Amount for Operational Risk (LKR '000)</b>					
The Basic Indicator Approach	2,838,250				
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 30 June 2020				
	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
<b>Assets</b>					
Cash and Cash Equivalents	714,955	414,762	414,762		
Balances with Central Banks	501,293	961,293	961,293		
Placements with Banks	550,412	390,605	390,605		
Derivative Financial Instruments	14,471	14,471		14,471	
Financial Assets Designated at Fair Value through Profit or Loss	-	-			
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	28,777,685	31,778,461	31,778,461		13,910,511
Financial Investments - Available-For-Sale	9,376,254	<b>9,376,254</b>	9,376,254	9,376,254	
Financial Investments - Held-To-Maturity	463,171	463,170	463,170	-	
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	734,136	1,095,070	1,095,070		
Investment Properties	-	-			
Goodwill and Intangible Assets	360,934	-			
Deferred Tax Assets	416,386	416,386			
Other Assets	652,365	652,365	652,365		
<b>Liabilities</b>					
Due to Banks	1,511,362	<b>1,511,362</b>			
Derivative Financial Instruments	-	-			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	31,882,289	<b>31,882,289</b>			
Other Borrowings	949,563	<b>949,561</b>			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	49,810	49,810			
Other Liabilities	1,141,820	1,141,819			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	5,801,249	5,801,249	5,801,249		
Performance Bonds	-	-			
Letters of Credit	873,502	873,502	873,502		
Other Contingent Items	841,830	842,066	842,066		
Undrawn Loan Commitments	6,436,444	5,246,943	5,246,943		
Other Commitments	127,299	140,727			
<b>Shareholders' Equity</b>					
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	(1,578,309)	(1,578,309)			
Accumulated Other Comprehensive Income	179,495	179,495			
Other Reserves	32,386	32,386			
Total Shareholders' Equity	10,027,993	10,027,994			