

**MARKET DISCIPLINE
MINIMUM DISCLOSURE REQUIREMENTS
UNDER PILLAR III
3Q 2020
CARGILLS BANK LTD**

Template 01

Key Regulatory Ratios – Capital and Liquidity

Item	30-Sep-20	31-Dec-19
Regulatory Capital (LKR '000)		
Common Equity Tier 1	8,916,558	9,593,939
Tier 1 Capital	8,916,558	9,593,939
Total Capital	9,099,836	9,777,217
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement – Q3'2020: 6.5 and 2019: 7</i>)	21.86	26.37
Tier 1 Capital Ratio (<i>Minimum Requirement – Q3'2020: 8 and 2019: 8.5</i>)	21.86	26.37
Total Capital Ratio (<i>Minimum Requirement – Q3'2020: 12 and 2019: 12.5</i>)	22.31	26.87
Leverage Ratio (<i>Minimum Requirement - 3</i>)	17.88	23.57
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	11,124,527	8,413,619
Statutory Liquid Ratio (<i>Minimum Requirement – 20</i>)		
Domestic Banking Unit (%)	32.14	32.65
Off-Shore Banking Unit (%)	97.29	1,115.25
Liquidity Coverage Ratio (%) – Rupee (<i>Minimum Requirement – 2020:90 & 2019:100</i>)	197	281
Liquidity Coverage Ratio (%) – All Currency (<i>Minimum Requirement – 2020:90 & 2019:100</i>)	165.71	203.59

Template 02

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	30-Sep-20	31-Dec-19
Common Equity Tier 1 (CET1) Capital after Adjustment	8,916,558	9,591,804
Common Equity Tier 1 (CET1) Capital	9,740,776	10,416,022
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(675,246)	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	824,218	824,218
Goodwill (net)	-	-
Intangible Assets (net)	457,570	457,570
Others (specify) – <i>Deferred tax asset</i>	366,648	366,648
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	183,278
Tier 2 Capital	183,278	183,278
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	-	-
Total Adjustments to Tier 2	-	-
Investment in Own Shares	-	-
Others (Specify)	-	-
CET1 Capital	9,740,776	10,416,022
Total Tier 1 Capital	8,916,558	9,591,804
Total Capital	9,099,836	9,775,082

	30-Sep-20	31-Dec-19
Total Risk Weighted Assets (RWA)		
RWAs for Credit Risk	35,538,762	32,565,478
RWAs for Market Risk	2,384,033	1,176,608
RWAs for Operational Risk	2,863,500	2,642,616
CET1 Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	21.86	26.37
Of which: Capital Conservative Buffer (%)	2.00	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio	21.86	26.37
Total Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	22.31	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-Sep-20	31-Dec-19
Tier 1 Capital	8,916,558	10,355,341
Total Exposures	49,861,493	43,938,616
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	43,430,855	38,654,665
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	6,430,831	5,283,951
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	17.88	23.57

Template 04

Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	Amount (LKR '000)			
	30-Sep-20		31-Dec-19	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	11,261,745	11,261,745	7,025,260	7,025,260
Total Adjusted Level 1 Assets	11,203,119	11,203,119	7,025,526	7,025,526
Level 1 Assets	11,261,745	11,261,745	7,025,260	7,025,260
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	41,775,774	8,125,615	32,383,798	5,191,976
Deposits	20,988,652	2,098,865	17,827,871	1,782,787
Unsecured Wholesale Funding	7,802,680	5,604,234	5,371,881	3,183,174
Secured Funding Transactions	-	-	0	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	12,984,442	422,516	9,184,046	226,015
Additional Requirements	-	-	-	-
Total Cash Inflows	4,106,245	2,395,138	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	4,106,245	2,395,138	4,482,185	2,689,206
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		197		281

Template 04

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	Amount (LKR '000)			
	30-Sep-20		31-Dec-19	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	11,273,154	11,273,154	7,034,760	7,034,760
Total Adjusted Level 1 Assets	11,214,528	11,214,528	7,035,026	7,035,026
Level 1 Assets	11,273,154	11,273,154	7,034,760	7,034,760
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	45,458,697	9,263,019	35,809,258	6,276,955
Deposits	22,119,833	2,211,983	18,839,205	1,883,921
Unsecured Wholesale Funding	9,171,177	6,582,324	6,766,055	4,123,944
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	14,167,687	468,711	10,203,998	269,091
Additional Requirements	-	-	-	-
Total Cash Inflows	4,218,957	2,459,886	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	4,218,957	2,459,886	4,735,532	2,821,631
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		165.71		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 Sep 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	11,467,756	-	11,467,756	-	73,623	0.64%
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	493,761	677,329	493,761	13,547	290,799	57.32%
Claims on Financial Institutions	3,851,054	116,893	3,851,054	116,893	2,450,819	61.77%
Claims on Corporates	8,746,830	9,371,601	8,746,830	5,688,729	13,268,059	91.91%
Retail Claims	12,532,077	4,679,193	12,532,077	475,020	13,007,097	100.00%
Claims Secured by Residential Property	1,043,245	-	1,043,245	-	1,008,392	96.66%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	3,312,717	-	3,312,717	136,642	4,151,014	120.34%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,819,754	-	1,819,754	-	1,288,961	70.83%
Total	43,267,193	14,845,016	43,267,193	6,430,830	35,538,763	71.51%

Template 09

Market Risk under Standardised Measurement Method

Item	RWA Amount
	(LKR' 000)
	As at 30 September 2020
(a) RWA for Interest Rate Risk	2,384,033
General Interest Rate Risk	
i. Net Long or Short Position	274,970
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	11,114
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	286,084

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 st Year	2 nd Year	3 rd Year
Basic Indicator Approach	15%		2,084,069	2,535,541	2,252,798
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	343,620				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk Weighted Amount for Operational Risk (LKR '000)					
The Basic Indicator Approach	2,863,500				
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 Sep 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
Assets					
Cash and Cash Equivalents	1,024,555	530,793	530,793		
Balances with Central Banks	498,231	785,231	785,231		
Placements with Banks	285,600	492,362	492,362		
Derivative Financial	990	990		990	
Financial Assets Designated at Fair Value through Profit or Loss	-	-			
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	27,348,142	27,999,100	27,999,100		14,131,590
Financial Investments - Available-For-Sale	10,315,810	10,315,810	10,315,810	10,315,810	
Financial Investments - Held-To-Maturity	2,003,677	2,003,678	2,003,678	-	
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	728,173	1,130,934	1,130,934		
Investment Properties	-	-			
Goodwill and Intangible Assets	402,762	-			
Deferred Tax Assets	436,379	436,379			
Other Assets	560,788	560,789	560,789		
Liabilities					
Due to Banks	1,540,209	1,540,209			
Derivative Financial	188	188			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	30,538,987	30,538,986			
Other Borrowings	1,227,670	1,227,668			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	52,627	52,627			
Other Liabilities	1,058,290	1,058,298			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities					
Guarantees	6,748,631	6,748,631	6,748,631		
Performance Bonds	-	-			
Letters of Credit	1,120,609	1,120,609	1,120,609		
Other Contingent Items	952,413	952,413	952,413		
Undrawn Loan Commitments	6,298,446	6,298,446	6,298,446		
Other Commitments	141,408	141,408			
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	(1,705,358)	(1,705,361)			
Accumulated Other Comprehensive Income	116,643	116,643			
Other Reserves	32,386	32,386			
Total Shareholders' Equity	9,838,092	9,838,089			