



# Pillar III Market Disclosures

CARGILLS BANK LIMITED Annual Report 2020

## Pillar III Market Disclosures

## SUPPLEMENTARY INFORMATION

## TEMPLATE 01

## Key Regulatory Ratios – Capital and Liquidity

Item	31 December 2020	31 December 2019
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1	8,842,828	9,593,939
Tier 1 Capital	8,842,828	9,593,939
Total Capital	9,082,785	9,777,217
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 2020: 6.5 and 2019: 7)	20.72	26.37
Tier 1 Capital Ratio (Minimum Requirement – 2020: 8 and 2019: 8.5)	20.72	26.37
Total Capital Ratio (Minimum Requirement – 2020: 12 and 2019: 12.5)	21.28	26.87
Leverage Ratio (Minimum Requirement - 3)	16.71	23.57
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR '000)	11,597,058	8,413,619
Statutory Liquid Ratio (Minimum Requirement – 20%)		
Domestic Banking Unit (%)	33.63	32.65
Off-Shore Banking Unit (%)	83.49	1,115.25
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement – 2020:90 and 2019:100)	133	281
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement – 2020:90 and 2019:100)	119.2	203.59

**TEMPLATE 02****Basel III Computation of Capital Ratios**

Item	Amount (LKR '000)	
	31 December 2020	31 December 2019
Common Equity Tier 1 (CET1) Capital after Adjustment	8,842,828	9,593,939
Common Equity Tier 1 (CET1) Capital	9,699,103	10,418,157
Equity Capital (Stated Capital)/ Assigned Capital	11,394,421	11,394,421
Reserve Fund	32,386	32,386
Published Retained Earnings/ (Accumulated Retained Losses)	(1,772,667)	(1,030,112)
Published Accumulated Other Comprehensive Income (OCI)	44,963	21,462
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	-	-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>856,275</b>	<b>824,218</b>
Goodwill (net)	-	-
Intangible Assets (net)	357,739	457,570
Others (specify) – Deferred tax asset	498,536	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>239,957</b>	<b>183,278</b>
<b>Tier 2 Capital</b>	<b>239,957</b>	<b>183,278</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	239,957	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>9,699,103</b>	<b>10,418,157</b>
<b>Total Tier 1 Capital</b>	<b>8,842,828</b>	<b>9,593,939</b>
<b>Total Capital</b>	<b>9,082,785</b>	<b>9,777,217</b>

## Pillar III Market Disclosures contd.

## SUPPLEMENTARY INFORMATION

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

31 December	2020	2019
Total Risk Weighted Assets (RWA)		
RWAs for Credit Risk	36,840,127	32,565,478
RWAs for Market Risk	2,985,642	1,176,608
RWAs for Operational Risk	2,861,975	2,642,616
CET1 Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer and Surcharge on D-SIBs) (%)	20.72	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>	<b>20.72</b>	<b>26.37</b>
Total Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer and Surcharge on D-SIBs) (%)	21.28	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)	
	31 December 2020	31 December 2019
Tier 1 Capital	8,786,571	10,355,341
Total Exposures	52,597,693	43,938,616
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	45,653,683	38,654,665
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	6,944,010	5,283,951
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	<b>16.71</b>	<b>23.57</b>

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

Item	Amount (LKR '000)			
	31 December 2020		31 December 2019	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	10,473,075	10,473,075	7,025,260	7,025,260
Total Adjusted Level 1 Assets	10,605,814	10,605,814	7,025,526	7,025,526
Level 1 Assets	10,473,075	10,473,075	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	43,950,091	9,546,329	32,383,798	5,191,976
Deposits	19,968,299	1,996,830	17,827,871	1,782,787
Unsecured Wholesale Funding	10,329,607	7,111,197	5,371,881	3,183,174
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	13,652,185	438,301	9,184,046	226,015
Additional Requirements	-	-	-	-
Total Cash Inflows	3,128,429	1,680,123	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	3,128,429	1,680,123	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		133		281

## Pillar III Market Disclosures contd.

## SUPPLEMENTARY INFORMATION

## TEMPLATE 04

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

Item	Amount (LKR '000)			
	31 December 2020		31 December 2019	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	10,490,835	10,490,835	7,034,760	7,034,760
Total Adjusted Level 1 Assets	10,623,574	10,623,574	7,035,026	7,035,026
Level 1 Assets	10,490,835	10,490,835	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	48,812,318	10,816,319	35,809,258	6,276,955
Deposits	21,576,964	2,157,696	18,839,205	1,883,921
Unsecured Wholesale Funding	11,816,058	8,145,045	6,766,055	4,123,944
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	15,419,297	513,578	10,203,998	269,091
Additional Requirements	-	-	-	-
Total Cash Inflows	3,798,854	2,015,335	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	3,798,854	2,015,335	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		119.2		203.59

**TEMPLATE 07****Credit Risk under standardized Approach -  
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects**

Asset Class	Amount (LKR '000) as at 31 December 2020					
	Exposure before Credit Conversion Factor (CCF) and CRM		Exposures post CCF and CRM		RWA and 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	12,359,473	-	12,359,473	-	76,373	0.62%
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	1,667,392	401,078	1,667,392	8,022	1,107,030	66.08%
Claims on Financial Institutions	2,816,204	-	2,816,204	-	1,675,697	59.50%
Claims on Corporates	9,563,763	10,480,913	9,563,763	6,446,017	15,483,514	96.71%
Retail Claims	12,378,918	4,995,953	12,378,918	342,564	12,721,482	100.00%
Claims Secured by Residential Property	1,046,092	-	1,046,092	-	1,018,041	97.32%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	2,976,701	-	2,976,701	147,407	3,594,453	115.06%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,715,081	-	1,715,081	-	1,163,533	67.84%
<b>Total</b>	<b>44,523,624</b>	<b>15,877,944</b>	<b>44,523,624</b>	<b>6,944,010</b>	<b>36,840,123</b>	<b>71.58%</b>

## Pillar III Market Disclosures contd.

## SUPPLEMENTARY INFORMATION

## TEMPLATE 08

## Credit Risk under standardized Approach: Exposures by Asset Classes and Risk Weights

Risk Weight	Amount (LKR '000) as at 31 December 2020 (Post CCF and CRM)							Total Credit Exposure Amount
	0%	20%	50%	75%	100%	150%	>150%	
Asset Classes								
Claims on Central Government and CBSL	11,977,609	381,864	-	-	-	-	-	12,359,473
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	-	240,439	798,817	-	589,405	46,753	-	1,675,414
Claims on Financial Institutions	-	145,271	2,048,580	-	622,353	-	-	2,816,204
Claims on Corporates	-	25,098	1,012,375	-	14,972,307	-	-	16,009,780
Retail Claims	-	-	-	-	12,721,482	-	-	12,721,482
Claims Secured by Residential Property	-	-	-	-	964,441	-	-	964,441
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)	-	-	56,101	-	2,208,969	940,689	-	3,205,759
High-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	551,549	-	-	-	1,163,533	-	-	1,715,082
<b>Total</b>	<b>12,529,158</b>	<b>792,672</b>	<b>3,915,873</b>	<b>-</b>	<b>33,242,490</b>	<b>987,442</b>	<b>-</b>	<b>51,467,635</b>



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

Item	RWA Amount (LKR' 000) As at 31 December 2020
(a) RWA for Interest Rate Risk	2,985,642
General Interest Rate Risk	
i. Net Long or Short Position	321,925
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 and Gold	36,352
Capital Charge for Market Risk [(a)+(b)+(c)]* CAR	358,277

## Pillar III Market Disclosures contd.

## SUPPLEMENTARY INFORMATION

**TEMPLATE 10****Operational Risk under Basic Indicator Approach/ The standardized Approach/ The Alternative Standardised Approach**

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income		
			1st Year	2nd Year	3rd Year
Basic Indicator Approach	15%		1,931,274	2,529,463	2,408,011
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	-	-	-
<b>Capital Charge for Operational Risk (LKR' 000)</b>					
The Basic Indicator Approach			343,437		
The Standardised Approach			-		
The Alternative Standardised Approach			-		
<b>Risk Weighted Amount for Operational Risk (LKR '000)</b>					
The Basic Indicator Approach			2,861,975		
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 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	1,420,123	551,549	551,549	-	-
Balances with Central Banks	443,993	443,993	443,993	-	-
Placements with Banks	-	868,574	868,574	-	-
Derivative Financial Instruments	3,658	3,658	-	3,658	-
Financial Assets Designated at Fair Value through Profit or Loss	1,596,166	1,596,166	1,596,166	-	-
Loans and Receivables to Banks	-	-	-	-	-
Loans and Receivables to Other Customers	29,079,121	29,079,121	29,079,121	-	13,925,880
Financial Investments - Available-For-Sale	11,533,615	11,533,615	11,533,615	11,533,615	-
Financial Investments - Held-To-Maturity	436,049	436,049	436,049	-	-
Investments in Subsidiaries	-	-	-	-	-
Investments in Associates and Joint Ventures	-	-	-	-	-
Property, Plant and Equipment	657,913	657,913	657,913	-	-
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	357,739	357,739	-	-	357,739
Deferred Tax Assets	498,536	498,536	-	-	498,536
Other Assets	505,620	505,620	505,620	-	-
<b>Liabilities</b>					
Due to Banks	1,556,948	1,556,948	-	-	-
Derivative Financial Instruments	149	149	-	-	-
Other Financial Liabilities Held-For-Trading	-	-	-	-	-
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-	-	-	-
Due to Other Customers	31,997,601	31,997,601	-	-	-
Other Borrowings	2,121,192	2,121,192	-	-	-

## Pillar III Market Disclosures contd.

## SUPPLEMENTARY INFORMATION

Item	Amount (LKR '000) as at 31 December 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
Debt Securities Issued	-	-	-	-	-
Current Tax Liabilities	-	-	-	-	-
Deferred Tax Liabilities	-	-	-	-	-
Other Provisions	64,763	64,763	-	-	-
Other Liabilities	1,057,577	1,057,577	-	-	-
Due to Subsidiaries	-	-	-	-	-
Subordinated Term Debts	-	-	-	-	-
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	6,857,447	6,857,447	6,857,447	-	-
Performance Bonds	-	-	-	-	-
Letters of Credit	2,004,703	2,004,703	2,004,703	-	-
Other Contingent Items	656,845	656,845	656,845	-	-
Undrawn Loan Commitments	6,557,147	6,557,147	6,557,147	-	-
Other Commitments	56,581	56,581	-	-	-
<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	(1,772,668)	(1,772,668)	-	-	-
Accumulated Other Comprehensive Income	80,161	80,161	-	-	-
Other Reserves	32,386	32,386	-	-	-
<b>Total Shareholders' Equity</b>	<b>9,734,300</b>	<b>9,734,300</b>	<b>-</b>	<b>-</b>	<b>-</b>



