

**MARKET DISCIPLINE
MINIMUM DISCLOSURE REQUIREMENTS
UNDER PILLAR III
2Q 2021
CARGILLS BANK LTD**

Template 01

Key Regulatory Ratios – Capital and Liquidity

Item	30-Jun-21	31-Dec-20
Regulatory Capital (LKR '000)		
Common Equity Tier 1	8,564,239	8,842,828
Tier 1 Capital	8,564,239	8,842,828
Total Capital	8,804,196	9,082,785
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement – Q2'2021: 6.5 and 2020: 6.5</i>)	20.21	20.72
Tier 1 Capital Ratio (<i>Minimum Requirement – Q2'2021: 8 and 2020: 8</i>)	20.21	20.72
Total Capital Ratio (<i>Minimum Requirement – Q2'2021: 12 and 2020: 12</i>)	20.77	21.28
Leverage Ratio (<i>Minimum Requirement - 3</i>)	16.17	16.71
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	9,709,720	11,597,058
Statutory Liquid Ratio (<i>Minimum Requirement – 20</i>)		
Domestic Banking Unit (%)	26.17	33.63
Off-Shore Banking Unit (%)	90.49	83.49
Liquidity Coverage Ratio (%) – Rupee (<i>Minimum Requirement – Q2 2021:90 & 2020:90</i>)	123	133
Liquidity Coverage Ratio (%) – All Currency (<i>Minimum Requirement – Q2 2021:90 & 2020:90</i>)	105.93	119.2

Template 02

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	30-Jun-21	31-Dec-20
Common Equity Tier 1 (CET1) Capital after Adjustment	8,564,239	8,842,828
Common Equity Tier 1 (CET1) Capital	9,420,513	9,699,103
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)	(1,772,667)
Published Accumulated Other Comprehensive Income (OCI)	44,963	44,963
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(278,590)	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	856,274	856,275
Goodwill (net)	-	-
Intangible Assets (net)	357,739	357,739
Others (specify) – <i>Deferred tax asset</i>	498,535	498,536
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	239,957	239,957
Tier 2 Capital	239,957	239,957
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	239,957	239,957
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	9,420,513	9,699,103
Total Tier 1 Capital	8,564,239	8,842,828
Total Capital	8,804,196	9,082,785

	30-Jun-21	31-Dec-20
Total Risk Weighted Assets (RWA)		
RWAs for Credit Risk	38,159,934	36,840,127
RWAs for Market Risk	1,345,608	2,985,642
RWAs for Operational Risk	2,876,825	2,861,975
CET1 Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	20.21	20.72
Of which: Capital Conservative Buffer (%)	2.00	2.00
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio	20.21	20.72
Total Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	20.77	21.28
Of which: Capital Conservative Buffer (%)	2.00	2.00
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-

Template 03

Computation of Leverage Ratio

Item	Amount (LKR '000)	
	30-Jun-21	31-Dec-20
Tier 1 Capital	8,564,239	8,786,571
Total Exposures	52,979,956	52,597,693
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	47,759,964	45,653,683
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	5,219,992	6,944,010
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	16.17	16.71

Template 04

Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	Amount (LKR '000)			
	30-Jun-21		31-Dec-20	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	9,406,841	9,406,841	10,473,075	10,473,075
Total Adjusted Level 1 Assets	9,413,797	9,413,797	10,605,814	10,605,814
Level 1 Assets	9,406,841	9,406,841	10,473,075	10,473,075
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	49,905,458	11,339,635	43,950,091	9,546,329
Deposits	23,474,129	2,347,413	19,968,299	1,996,830
Unsecured Wholesale Funding	10,071,092	8,322,662	10,329,607	7,111,197
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	16,360,237	669,560	13,652,185	438,301
Additional Requirements	-	-	-	-
Total Cash Inflows	5,664,376	3,710,840	3,128,429	1,680,123
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	5,664,376	3,710,840	3,128,429	1,680,123
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		123		133

Template 04

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	Amount (LKR '000)			
	30-Jun-21		31-Dec-20	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	9,416,720	9,416,720	10,490,835	10,490,835
Total Adjusted Level 1 Assets	9,423,676	9,423,676	10,623,574	10,623,574
Level 1 Assets	9,416,720	9,416,720	10,490,835	10,490,835
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	55,985,185	12,707,081	48,812,318	10,816,319
Deposits	25,357,362	2,535,736	21,576,964	2,157,696
Unsecured Wholesale Funding	11,376,645	9,374,420	11,816,058	8,145,045
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	19,251,178	796,924	15,419,297	513,578
Additional Requirements	-	-	-	-
Total Cash Inflows	5,860,064	3,817,364	3,798,854	2,015,335
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	5,860,064	3,817,364	3,798,854	2,015,335
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		105.93		119.2

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 2021					
	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	9,801,918	-	9,801,918	-	0	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	1,418,745	536,300	1,418,745	10,726	869,049	60.80%
Claims on Financial Institutions	3,261,645	-	3,261,645	-	2,062,404	63.23%
Claims on Corporates	10,836,426	12,012,137	10,836,426	4,654,516	14,372,956	92.78%
Retail Claims	14,900,590	7,239,041	14,900,590	442,724	15,343,314	100.00%
Claims Secured by Residential Property	1,108,474	-	1,108,474	6,500	1,082,626	97.10%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	2,807,446	-	2,807,446	105,527	3,239,646	111.21%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,772,979	-	1,772,979	-	1,189,940	67.12%
Total	45,908,223	19,787,478	45,908,223	5,219,993	38,159,935	74.64%

Template 08

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

Risk Weight \ Asset Classes	Amount (LKR '000) as at 30 June 2021 (Post CCF and CRM)							Total Credit Exposure Amount
	0%	20%	50%	75%	100%	150%	>150%	
Claims on Central Government and CBSL	9,801,918	-	-	-	-	-	-	9,801,918
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	-	217,307	799,205	-	386,907	26,052	-	1,429,471
Claims on Financial Institutions	-	120,427	2,205,799	-	935,419	-	-	3,261,645
Claims on Corporates	-	772,211	1,000,434	-	13,718,297	-	-	15,490,942
Retail Claims	-	-	-	-	15,343,314	-	-	15,343,314
Claims Secured by Residential Property	-	-	-	-	1,050,277	-	-	1,050,277
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)	-	-	64,697	-	2,259,628	653,345	-	2,977,670
High-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	583,039	-	-	-	1,189,940	-	-	1,772,979
Total	10,384,957	1,109,945	4,070,135	-	34,883,782	679,397	-	51,128,216

Template 09

Market Risk under Standardised Measurement Method

Item	RWA Amount
	(LKR' 000)
	As at 30 June 2021
(a) RWA for Interest Rate Risk	1,345,608
General Interest Rate Risk	
i. Net Long or Short Position	137,333
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	24,140
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	161,473

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%		2,073,639	2,461,499	2,369,249
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	345,219				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk Weighted Amount for Operational Risk (LKR '000)					
The Basic Indicator Approach	2,876,825				
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 2021				
	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	1,202,580	583,039	583,039		
Balances with Central Banks	821,340	821,340	821,340		
Placements with Banks	-	619,540	619,540		
Derivative Financial Instruments	887	887		887	
Financial Assets Designated at Fair Value through Profit or Loss	1,638,924	1,638,924	1,638,924		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	33,999,476	33,999,476	33,999,476		16,633,548
Financial Investments - Available-For-Sale	8,980,578	8,980,578	8,980,578	8,980,578	
Financial Investments - Held-To-Maturity	28,151	28,151	28,151	-	
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	545,822	545,822	545,822		
Investment Properties	-	-			
Goodwill and Intangible Assets	306,427	306,427			
Deferred Tax Assets	448,823	448,823			
Other Assets	644,117	644,117	644,117		
Liabilities					
Due to Banks	1,075,181	1,075,181			
Derivative Financial Instruments	2,010	2,010			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	35,833,775	35,833,775			
Other Borrowings	956,877	956,877			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	71,705	71,705			
Other Liabilities	1,221,865	1,221,865			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities					
Guarantees	7,375,812	7,375,812	7,375,812		
Performance Bonds	-	-			
Letters of Credit	2,035,703	2,035,703	2,035,703		
Other Contingent Items	1,040,533	1,040,533	1,040,533		
Undrawn Loan Commitments	9,839,663	9,839,663	9,839,663		
Other Commitments	75,191	75,191			
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	(2,001,297)	(2,001,297)			
Accumulated Other Comprehensive Income	30,202	30,202			
Other Reserves	32,386	32,386			
Total Shareholders' Equity	9,455,712	9,455,541			