

**MARKET DISCIPLINE
MINIMUM DISCLOSURE REQUIREMENTS
UNDER PILLAR III 3Q 2021
CARGILLS BANK LTD**

Template 01

Key Regulatory Ratios – Capital and Liquidity

Item	30-Sep-21	31-Dec-20
Regulatory Capital (LKR '000)		
Common Equity Tier 1	8,549,302	8,842,828
Tier 1 Capital	8,549,302	8,842,828
Total Capital	8,789,259	9,082,785
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement – Q1'2021: 6.5 and 2020: 6.5</i>)	19.42	20.72
Tier 1 Capital Ratio (<i>Minimum Requirement – Q1'2021: 8 and 2020: 8</i>)	19.42	20.72
Total Capital Ratio (<i>Minimum Requirement – Q1'2021: 12 and 2020: 12</i>)	19.96	21.28
Leverage Ratio (<i>Minimum Requirement - 3</i>)	15.57	16.71
Regulatory Liquidity		
Statutory Liquid Assets (LKR '000)	8,830,946	11,597,058
Statutory Liquid Ratio (<i>Minimum Requirement – 20</i>)		
Domestic Banking Unit (%)	22.49	33.63
Off-Shore Banking Unit (%)	90.60	83.49
Liquidity Coverage Ratio (%) – Rupee (<i>Minimum Requirement – Q1 2021:90 & 2020:90</i>)	133	133
Liquidity Coverage Ratio (%) – All Currency (<i>Minimum Requirement – Q1 2021:90 & 2020:90</i>)	113	119.2

Template 02

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	30-Sep-21	31-Dec-20
Common Equity Tier 1 (CET1) Capital after Adjustment	8,549,302	8,842,828
Common Equity Tier 1 (CET1) Capital	9,405,576	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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(293,527)	-
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	9,405,576	9,699,103
Total Tier 1 Capital	8,549,302	8,842,828
Total Capital	8,789,259	9,082,785

	30-Sep-21	31-Dec-20
Total Risk Weighted Assets (RWA)		
RWAs for Credit Risk	40,308,949	36,840,127
RWAs for Market Risk	976,274	2,985,642
RWAs for Operational Risk	2,738,598	2,861,975
CET1 Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	19.42	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	19.42	20.72
Total Capital Ratio (Including Capital Conservative Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	19.96	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-Sep-21	31-Dec-20
Tier 1 Capital	8,549,302	8,786,571
Total Exposures	54,903,097	52,597,693
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	49,450,797	45,653,683
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	5,452,300	6,944,010
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	15.57	16.71

Template 04

Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	Amount (LKR '000)			
	30-Sep-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)	7,090,671	7,090,671	10,473,075	10,473,075
Total Adjusted Level 1 Assets	7,182,603	7,182,603	10,605,814	10,605,814
Level 1 Assets	7,090,671	7,090,671	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	46,947,147	9,750,913	43,950,091	9,546,329
Deposits	20,194,237	2,019,424	19,968,299	1,996,830
Unsecured Wholesale Funding	10,796,666	7,293,829	10,329,607	7,111,197
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	15,956,245	437,661	13,652,185	438,301
Additional Requirements	-	-	-	-
Total Cash Inflows	7,588,197	4,403,650	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	7,588,197	4,403,650	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		132.6		133

Template 04

Basel III Computation of Liquidity Coverage Ratio (All Currency)

Item	Amount (LKR '000)			
	30-Sep-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)	7,094,235	7,094,235	10,490,835	10,490,835
Total Adjusted Level 1 Assets	7,186,167	7,186,167	10,623,574	10,623,574
Level 1 Assets	7,094,235	7,094,235	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	52,355,997	10,962,606	48,812,318	10,816,319
Deposits	22,498,210	2,249,821	21,576,964	2,157,696
Unsecured Wholesale Funding	11,994,370	8,197,719	11,816,058	8,145,045
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	17,863,417	515,066	15,419,297	513,578
Additional Requirements	-	-	-	-
Total Cash Inflows	8,458,009	4,699,426	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	8,071,348	4,699,426	3,798,854	2,015,335
Operational Deposits	386,660.83	-	-	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		113		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 September 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	9,295,644	-	9,295,644	-	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	2,322,388	231,958	2,322,388	4,639	944,977	40.61%
Claims on Financial Institutions	2,082,351	220,976	2,082,351	220,976	1,759,327	76.38%
Claims on Corporates	11,696,292	11,580,742	11,696,292	4,650,888	15,179,867	92.86%
Retail Claims	16,460,005	5,663,914	16,460,005	451,188	16,911,193	100.00%
Claims Secured by Residential Property	1,164,673	-	1,164,673	6,500	1,163,904	99.38%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	2,769,580	-	2,769,580	118,109	3,163,440	109.55%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,736,515	-	1,736,515	-	1,186,241	68.31%
Total	47,527,449	17,697,591	47,527,449	5,452,300	40,308,949	76.08%

Template 08

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

Risk Weight Asset Classes	Amount (LKR '000) as at 30 Sep 2021 (Post CCF and CRM)							Total Credit Exposure Amount
	0%	20%	50%	75%	100%	150%	>150%	
Claims on Central Government and CBSL	9,295,644	-	-	-	-	-	-	9,295,644
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	-	1,223,843	805,951	-	297,232	-	-	2,327,027
Claims on Financial Institutions	-	107,894	1,030,315	-	1,050,171	114,946	-	2,303,327
Claims on Corporates	-	857,881	962,018	-	14,527,282	-	-	16,347,181
Retail Claims	-	-	-	-	16,911,193	-	-	16,911,193
Claims Secured by Residential Property	-	-	-	-	1,103,677	-	-	1,103,677
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)	-	-	14,539	-	2,389,143	551,503	-	2,955,185
High-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	550,274	-	-	-	1,186,241	-	-	1,736,515
Total	9,845,918	2,189,618	2,812,823	-	37,464,940	666,449	-	52,979,749

Template 09

Market Risk under Standardised Measurement Method

Item	RWA Amount
	(LKR' 000)
	As at 30 Sep 2021
(a) RWA for Interest Rate Risk	976,274
General Interest Rate Risk	
i. Net Long or Short Position	80,530
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	41,504
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	122,034

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%		2,282,205	2,028,749	2,535,541
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	342,325				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk Weighted Amount for Operational Risk (LKR '000)					
The Basic Indicator Approach	2,738,598				
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 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	1,219,296	550,274	550,274		
Balances with Central Banks	1,004,848	1,004,848	1,004,848		
Placements with Banks	851,263	1,520,285	1,520,285		
Derivative Financial	4,636	4,636		4,636	
Financial Assets Designated at Fair Value through Profit or Loss	510,997	510,997	510,997		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	36,467,696	35,669,671	35,669,671		18,254,827
Financial Investments - Available-For-Sale	8,290,796	8,290,796	8,290,796	8,290,796	
Financial Investments - Held-To-Maturity	14,351	14,350	14,350	-	
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	493,704	493,705	493,705		
Investment Properties	-	-			
Goodwill and Intangible Assets	278,619	278,619			
Deferred Tax Assets	482,090	482,964			
Other Assets	692,537	692,537	692,537		
Liabilities					
Due to Banks	1,025,243	1,025,243			
Derivative Financial	-	-			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	36,976,396	36,976,396			
Other Borrowings	1,315,945	984,916			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	74,362	74,362			
Other Liabilities	1,475,663	1,474,955			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities					
Guarantees	7,415,967	7,415,967	7,415,967		
Performance Bonds	-	-			
Letters of Credit	1,662,591	1,662,591	1,662,591		
Other Contingent Items	749,730	369,211	369,211		
Undrawn Loan Commitments	8,387,075	8,387,075	8,387,075		
Other Commitments	78,780	78,780			
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	(1,915,166)	(1,967,079)			
Accumulated Other Comprehensive Income	(24,330)	(18,947)			
Other Reserves	32,386	32,386			
Total Shareholders' Equity	9,487,310	9,440,609			