

**MARKET DISCIPLINE  
MINIMUM DISCLOSURE REQUIREMENTS  
UNDER PILLAR III 1Q 2022  
CARGILLS BANK LTD**

## Template 01

### Key Regulatory Ratios – Capital and Liquidity

Item	30-Mar-22	31-Dec-21
<b>Regulatory Capital (LKR '000)</b>		
Common Equity Tier 1	8,358,636	8,421,650
Tier 1 Capital	9,858,636	9,921,650
Total Capital	10,173,753	10,236,768
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio ( <i>Minimum Requirement – Q1'2021: 6.5 and 2020: 6.5</i> )	18.17	19.31
Tier 1 Capital Ratio ( <i>Minimum Requirement – Q1'2021: 8 and 2020: 8</i> )	21.43	22.75
Total Capital Ratio ( <i>Minimum Requirement – Q1'2021: 12 and 2020: 12</i> )	22.11	23.47
Leverage Ratio ( <i>Minimum Requirement - 3</i> )	13.13	13.86
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR '000)	10,197,054	10,197,054
Statutory Liquid Ratio ( <i>Minimum Requirement – 20</i> )		
Domestic Banking Unit (%)	26.30	26.3
Off-Shore Banking Unit (%)	90.79	90.79
Liquidity Coverage Ratio (%) – Rupee ( <i>Minimum Requirement – Q1 2021:90 &amp; 2020:90</i> )	147	164
Liquidity Coverage Ratio (%) – All Currency ( <i>Minimum Requirement – Q1 2021:90 &amp; 2020:90</i> )	114.41	147.35

Template 02

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	30-Mar-22	31-Dec-21
<b>Common Equity Tier 1 (CET1) Capital after Adjustment</b>	<b>8,358,636</b>	<b>8,421,650</b>
<b>Common Equity Tier 1 (CET1) Capital</b>	<b>9,255,166</b>	<b>9,318,180</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)	(2,055,814)	(2,055,814)
Published Accumulated Other Comprehensive Income (OCI)	8,709	(52,813)
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(124,536)	-
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>896,530</b>	<b>896,530</b>
Goodwill (net)	-	-
Intangible Assets (net)	258,942	258,942
Others (specify) – <i>Deferred tax asset</i>	637,588	637,588
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 (AT1) Capital</b>	<b>1,500,000</b>	<b>1,500,000</b>
Qualifying Additional Tier 1 Capital Instruments	1,500,000	1,500,000
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>315,118</b>	<b>315,118</b>
<b>Tier 2 Capital</b>	<b>315,118</b>	<b>315,118</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	315,118	315,118
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>9,255,166</b>	<b>9,318,180</b>
<b>Total Tier 1 Capital</b>	<b>9,858,636</b>	<b>9,921,650</b>
<b>Total Capital</b>	<b>10,173,753</b>	<b>10,236,768</b>

	30-Mar-22	31-Dec-21
<b>Total Risk Weighted Assets (RWA)</b>		
RWAs for Credit Risk	42,671,470	39,943,518
RWAs for Market Risk	444,171	873,427
RWAs for Operational Risk	2,897,267	2,793,894
<b>CET1 Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>18.17</b>	<b>19.31</b>
Of which: Capital Conservative Buffer (%)	2.00	2.00
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-
<b>Total Tier 1 Capital Ratio</b>	<b>21.43</b>	<b>22.75</b>
<b>Total Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>22.11</b>	<b>23.47</b>
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-Mar-22	31-Dec-21
<b>Tier 1 Capital</b>	8,358,636	8,421,650
<b>Total Exposures</b>	63,640,541	60,761,614
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	57,234,822	54,867,331
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	6,405,719	5,894,283
<b>Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)</b>	13.13	13.86

Template 04

Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	Amount (LKR '000)			
	30-Mar-22		31-Dec-21	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High Quality Liquid Assets (HQLA)</b>	7,468,317	7,468,317	9,186,365	9,186,365
<b>Total Adjusted Level 1 Assets</b>	7,568,901	7,518,609	9,393,341	9,393,341
<b>Level 1 Assets</b>	7,468,317	7,468,317	9,186,365	9,186,365
<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>	61,959,047	10,691,932	51,015,958	11,779,414
Deposits	22,827,593	2,282,759	22,008,948	2,200,895
Unsecured Wholesale Funding	10,773,517	7,749,170	13,453,067	9,110,842
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	28,357,938	660,003	15,553,943	467,678
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	9,586,729	5,608,948	10,047,956	6,172,254
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	9,586,729	5,608,948	10,047,956	6,172,254
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>		147		164

**Template 04**

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

Item	Amount (LKR '000)			
	30-Mar-22		31-Dec-21	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High Quality Liquid Assets (HQLA)</b>	7,472,128	7,472,128	9,188,499	9,188,499
<b>Total Adjusted Level 1 Assets</b>	7,572,711	7,522,420	9,395,345	9,395,345
<b>Level 1 Assets</b>	7,472,128	7,472,128	9,188,499	9,188,499
<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>	69,149,536	12,904,708	55,866,255	12,902,667
Deposits	26,816,146	2,681,615	24,224,768	2,422,477
Unsecured Wholesale Funding	13,975,452	9,563,091	14,593,599	9,955,768
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	28,357,938	660,003	17,047,888	524,422
Additional Requirements	-	-	-	-
<b>Total Cash Inflows</b>	11,069,983	6,373,924	11,052,370	6,667,024
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	10,669,514	6,373,924	10,730,999	6,667,024
Operational Deposits	400,469.51	-	321,371	-
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>		114		147

## Template 5

### Main Features Of Regulatory Capital Instruments

<b>Description of the Capital Instrument</b>	BASEL III Additional Tier 1 Compliant Rated Unlisted Unsecured Subordinated Perpetual Convertible Debentures
Issuer	Cargills Bank Limited
Governing Law(s) of the Instrument	Companies Act No. 07 of 2007, Banking Act No. 30 of 1988 and other applicable laws and regulations
Original Date of Issuance	15 December 2021
Par Value of Instrument	LKR 100/-
Perpetual or Dated	Perpetual
Original Maturity Date, if Applicable	N/A
Amount Recognised in Regulatory Capital (in LKR '000 as at the Reporting Date)	1,500,000
(Equity/Liability)	Liability
<b>Approval</b>	
Optional Call Date, Contingent Call Dates and Redemption Amount (LKR '000)	*
Subsequent Call Dates, if Applicable	1 May to 31 May of each year from 2028 to 2031
<b>Coupons/Dividends</b>	
Fixed or Floating Dividend/Coupon	Floating
Coupon Rate and any Related Index	Weighted average twelve-month Net Treasury Bill rate + 2.00% p.a with the floor rate of 9.5% p.a.
Non-Cumulative or Cumulative	Cumulative
<b>Convertible or Non-Convertible</b>	<b>Convertible</b>
If Convertible, Conversion Trigger (s)	*
If Convertible, Fully or Partially	*
If Convertible, Mandatory or Optional	*
If Convertible, Conversion Rate	*

\* The debenture may be convertible by the debenture holder (subject to satisfaction of regulatory requirements), at any time during the conversion periods after a minimum of 05 years from the date of issue or a non viability conversion arising from an occurrence of a trigger event at a par value of LKR 100 per debenture.

## **Tempate 06**

### **Summary Discussion on Adequacy/Meeting Current and Future Capital Requirements**

The Bank has set up an internal threshold on minimum CARs and ensures that appropriate measures are employed to maintain the CARs above the said threshold when preparing the budget. The Bank has a well established monitoring mechanism to periodically ensure the level of achievement against the predetermined targets and corrective action is taken for any deviations. Methods of improving the CARs are being evaluated on an ongoing basis and in extreme situations, the Bank will deliberate on strategically curtailing the expansion of risk weighted assets. Prior to taking such decisions, the Bank will assess the impact on the internally developed thresholds of minimum CARs resulting from the short-term asset expansion plans. The Bank takes every endeavour to ensure maintaining the internal CAR thresholds. Further, in December 2021, Cargills Bank Limited issued Fifteen Million (15,000,000) Basel III Additional Tier 1 Compliant Rated Unlisted Unsecured Subordinated Perpetual Convertible Debentures with a conversion option to raise Rs. 1.5 Bn. to meet the regulatory minimum capital requirement.



Template 07

Credit Risk under Standardised Approach –

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	Amount (LKR '000) as at 31 MAR 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	10,479,490	-	10,479,490	-	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	1,760,166	-	1,760,166	-	849,277	48.25%
Claims on Financial Institutions	2,869,019	1,310,917	2,869,019	242,775	2,082,692	66.93%
Claims on Corporates	11,460,039	7,671,158	11,460,039	5,266,292	15,947,328	95.34%
Retail Claims	20,345,686	1,972,027	20,345,686	812,867	17,677,629	83.55%
Claims Secured by Residential Property	1,354,805	29,500	1,416,988	29,500	1,384,305	95.70%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	2,892,400	76,611	2,830,217	54,285	3,441,261	119.30%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	1,846,001	-	1,846,001	-	1,288,979	69.83%
<b>Total</b>	<b>53,007,607</b>	<b>11,060,212</b>	<b>53,007,607</b>	<b>6,405,719</b>	<b>42,671,470</b>	<b>71.82%</b>

**Template 08**

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

Risk Weight \ Asset Classes	Amount (LKR '000) as at 31 December 2021 (Post CCF and CRM)							Total Credit Exposure Amount
	0%	20%	50%	75%	100%	150%	>150%	
Claims on Central Government and CBSL	10,479,490	-	-	-	-	-	-	<b>10,479,490</b>
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	-	563,901	919,538	-	276,727	-	-	<b>1,760,166</b>
Claims on Financial Institutions	-	104,250	2,002,696	-	893,555	111,292	-	<b>3,111,794</b>
Claims on Corporates	-	2,744	1,553,614	-	15,169,972	-	-	<b>16,726,331</b>
Retail Claims	-	-	4,902,454	6,079,774	10,176,326	-	-	<b>21,158,554</b>
Claims Secured by Residential Property	-	-	-	-	1,384,305	-	-	<b>1,384,305</b>
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)	-	-	69,005	-	1,819,522	1,058,157	-	<b>2,946,685</b>
High-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	557,022	-	-	-	1,288,979	-	-	<b>1,846,001</b>
<b>Total</b>	<b>11,036,512</b>	<b>670,895</b>	<b>9,447,309</b>	<b>6,079,774</b>	<b>31,009,386</b>	<b>1,169,450</b>	-	<b>59,413,325</b>

**Template 09**

**Market Risk under Standardised Measurement Method**

Item	RWA Amount
	(LKR' 000)
	As at 31 March 2022
<b>(a) RWA for Interest Rate Risk</b>	444,171
General Interest Rate Risk	
i. Net Long or Short Position	54,067
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>	1,455
<b>Capital Charge for Market Risk [(a) + (b) + (c) ] * CAR</b>	55,521

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%		2,820,276	1,930,558	2,492,333
<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	362,158				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
<b>Risk Weighted Amount for Operational Risk (LKR '000)</b>					
The Basic Indicator Approach	2,897,267				
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 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
<b>Assets</b>					
Cash and Cash Equivalents	1,517,828	1,517,828	1,517,828		58,111,984
Balances with Central Banks	392,279	392,279	392,279		
Placements with Banks	-	-	-		
Derivative Financial Instruments	100,632	100,632		100,632	
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	43,822,742	43,822,742	43,822,742		11,875,749
Financial Investments - Available-For-Sale	9,921,023	9,921,022	9,921,022	9,921,022	
Financial Investments - Held-To-Maturity	166,188	166,188	166,188	-	
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	467,513	467,513	467,513		
Investment Properties	-	-			
Goodwill and Intangible Assets	235,776	235,776			235,776
Deferred Tax Assets	666,537	666,537			666,537
Other Assets	821,466	821,466	821,466		
<b>Liabilities</b>					
Due to Banks	555,602	555,602			
Derivative Financial Instruments	5,786	5,786			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	41,711,669	41,711,667			
Other Borrowings	4,537,980	4,537,982			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	84,329	84,329			
Other Liabilities	2,016,294	2,016,294			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	8,667,753	8,667,753	8,667,753		
Performance Bonds	-	-			
Letters of Credit	828,853	828,853	828,853		
Other Contingent Items	2,006,958	2,006,958	2,006,958		
Undrawn Loan Commitments	8,752,567	8,752,567	8,752,567		
Other Commitments	153,021	153,021	153,021		
<b>Shareholders' Equity</b>					
Equity Capital (Stated Capital)/Assigned Capital	11,394,421	12,894,421			
of which Amount Eligible for CET1	11,394,421	11,394,421			
of which Amount Eligible for AT1	-	1,500,000			
Retained Earnings	(2,055,814)	(2,055,814)			
Accumulated Other Comprehensive Income	(46,132)	(46,132)			
Other Reserves	32,386	32,386			
Total Shareholders' Equity	9,324,861	10,824,861			