

**MARKET DISCIPLINE
MINIMUM DISCLOSURE REQUIREMENTS
UNDER PILLAR III**

FOR THE QUARTER ENDED 30 JUNE 2025



Basel III - Pillar III Market Disclosures

Disclosures under pillar III as per the Banking Act Direction No. 01 of 2016 mainly include the regulatory capital requirements and liquidity, risk weighted assets, discussion on adequacy to meet current and future capital requirements of banks and linkages between financial statements and regulatory exposures. It is required to disclose the templates specified by the Central Bank of Sri Lanka as per Basel III – Minimum disclosure requirements with effective from July 1, 2017.

TEMPLATE 01

Key Regulatory Ratios – Capital and Liquidity

Item	30-Jun-2025	31-Mar-2025
Regulatory Capital (Rs. '000)		
Common Equity Tier 1	10,989,658	11,122,985
Tier 1 Capital	12,489,658	12,622,985
Total Capital	12,946,311	13,079,638
Regulatory Capital Ratios (%)*		
Common Equity Tier 1 Capital Ratio (Minimum Requirement – 2025: 7 & 2024: 7)	15.33	16.57
Tier 1 Capital Ratio (Minimum Requirement – 2025: 8.5 & 2024: 8.5)	17.42	18.80
Total Capital Ratio (Minimum Requirement – 2025: 12.5 & 2024: 12.5)	18.06	19.49
Leverage Ratio (Minimum Requirement - 2025: 3 & 2024: 3)	13.47	13.70
Regulatory Liquidity		
Statutory Liquid Assets (Rs. '000)**	N/A	N/A
Statutory Liquid Ratio (Minimum Requirement – 20%)		
Domestic Banking Unit (%)**	N/A	N/A
Off-Shore Banking Unit (%)**	N/A	N/A
Statutory Liquid Assets Ratio - Bank (%)**	N/A	N/A
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement – 2025: 100 & 2024: 100)	174.93	321.59
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement – 2025: 100 & 2024: 100)	138.68	278.20
Net Stable Funding Ratio (Minimum Requirement: 2025: 100 & 2024: 100)	127.71	136.93

* The Bank should maintain Total Tier 1 Capital Ratio 250 basis points above the minimum applicable until it complies with the regulatory minimum capital requirement of LKR 20 Bn. It has been granted until the end of 2029 to comply with this requirement.

** As per the section 5 of Banking Act Determination No. 01 of 2024 issued by CBSL, all the regulatory requirements relating to Statutory Liquid Assets Ratio by licensed banks are discontinued with effect from 15 June 2024.

TEMPLATE 02

Basel III Computation of Capital Ratios

Item	30-Jun-2025	31-Mar-2025
	Rs. '000	Rs. '000
Common Equity Tier 1 (CET1) Capital after Adjustment	10,989,658	11,122,985
Common Equity Tier 1 (CET1) Capital	11,714,950	11,848,277
Equity Capital (Stated Capital)/Assigned Capital	11,894,421	11,894,421
Reserve Fund	111,315	111,315
Published Retained Earnings/(Accumulated Retained Losses)	(575,548)	(575,548)
Published Accumulated Other Comprehensive Income (OCI)	725,418	725,418
General and other Disclosed Reserves	-	-
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(440,656)	(307,328.70)
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	725,291	725,291
Goodwill (net)	-	-
Intangible Assets (net)	202,059	202,059
Others (specify) – Deferred tax asset	523,232	523,232
Additional Tier 1 (AT1) Capital after Adjustments	-	-
Additional Tier 1 (AT1) Capital	1,500,000	1,500,000
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	-	-
Total Adjustments to AT1 Capital	-	-
Investment in Own Shares	-	-
Others (Specify)	-	-
Tier 2 Capital after Adjustments	456,652	456,652
Tier 2 Capital	456,652	456,652
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
Loan Loss Provisions	456,652	456,652
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	11,714,950	11,848,277
Total Tier 1 Capital	12,489,658	12,622,985
Total Capital	12,946,311	13,079,638

	30-Jun-2025	31-Mar-2025
	Rs. '000	Rs. '000
Total Risk Weighted Assets (RWA)		
RWAs for Credit Risk	65,452,022	61,021,459
RWAs for Market Risk	958	3,920
RWAs for Operational Risk	6,245,681	6,100,786
CET1 Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	15.33	16.57
Of which: Capital Conservation Buffer (%)	2.50	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio	17.42	18.80
Total Capital Ratio (Including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	18.06	19.49
Of which: Capital Conservation Buffer (%)	2.50	2.50
Of which: Countercyclical Buffer (%)	-	-
Of which: Capital Surcharge on D-SIBs (%)	-	-

TEMPLATE 03**Computation of Leverage Ratio**

Item	30-Jun-2025	31-Mar-2025
	Rs. '000	Rs. '000
Tier 1 Capital	12,489,658	12,622,985
Total Exposures	92,705,735	92,106,452
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	83,735,119	81,408,858
Derivative Exposure	-	-
Securities Financing Transaction Exposure	-	-
Other Off-Balance Sheet Exposure	8,970,616	10,697,595
Basel III Leverage Ratio (%) (Tier 1/ Total Exposure)	13.47	13.70

TEMPLATE 04

4.1 Basel III Computation of Liquidity Coverage Ratio (Rupee)

Item	30-Jun-2025		31-Mar-2025	
	Rs. '000		Rs. '000	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	15,172,885	15,172,885	22,347,254	22,347,254
Total Adjusted Level 1 Assets	15,692,864	15,692,864	23,368,265	23,368,265
Level 1 Assets	15,172,885	15,172,885	22,347,254	22,347,254
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	70,748,055	14,421,230	72,565,735	14,213,728
Deposits	37,484,234	3,748,423	37,860,147	3,786,015
Unsecured Wholesale Funding	15,993,305	9,929,488	14,604,620	9,453,411
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	17,270,516	743,319	20,100,967	974,302
Additional Requirements	-	-	-	-
Total Cash Inflows	10,382,420	5,747,759	11,386,541	7,264,680
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	10,382,420	5,747,759	11,386,541	7,264,680
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		174.93		321.59

TEMPLATE 04

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

Item	30-Jun-2025		31-Mar-2025	
	Rs. '000		Rs. '000	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High Quality Liquid Assets (HQLA)	15,204,375	15,204,375	22,379,522	22,379,522
Total Adjusted Level 1 Assets	15,724,355	15,724,355	23,400,533	23,400,533
Level 1 Assets	15,204,375	15,204,375	22,379,522	22,379,522
Total Adjusted Level 2A Assets	-	-	-	-
Level 2 Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	77,052,243	16,819,000	80,077,400	16,869,379
Deposits	39,170,101	3,917,010	39,643,063	3,964,306
Unsecured Wholesale Funding	18,805,317	12,088,744	17,604,387	11,811,756
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	19,076,825	813,246	22,829,950	1,093,316
Additional Requirements	-	-	-	-
Total Cash Inflows	11,251,938	5,855,424	14,495,929	8,825,117
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	10,568,593	5,855,424	13,599,133	8,825,117
Operational Deposits	683,344.53	-	896,796	-
Other Cash Inflows	-	-	-	-
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		138.68		278.20

TEMPLATE 04

4.3 Net Stable Funding Ratio (NSFR)

Item	30-Jun-2025	31-Mar-2025
	Rs. '000	Rs. '000
Total available stable funding (ASF)	56,167,527	56,112,872
Total required stable funding (RSF)	43,979,788	40,979,240
Required stable funding – On balance sheet assets	43,628,640	40,484,227
Required stable funding – Off balance sheet items	351,148	495,013
NSFR (Minimum Requirement – 2025: 100 & 2024: 100)	127.71	136.93

TEMPALTE 05**Main Features of Regulatory Capital Instruments**

Description of the Capital Instrument	BASEL III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures
Issuer	Cargills Bank PLC
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 Rs. '000 as at the Reporting Date)	1,500,000
Accounting Classification (Equity/Liability)	Liability
Issuer Call subject to Prior Supervisory Approval	
Optional Call Date, Contingent Call Dates and Redemption Amount (Rs. '000)	*
Subsequent Call Dates, if Applicable	1 May to 31 May of each year from 2028 to 2031
Coupons/Dividends	
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
Convertible or Non-Convertible	Convertible
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.

TEMPLATE 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, The Bank issued Fifteen Million (15,000,000) Basel III Additional Tier 1 Compliant 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 as at 30 June 2025 (Rs. '000)					
	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	21,817,452	-	21,817,452	-	-	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	936,689	-	936,689	5,101	210,711	22.37%
Claims on Financial Institutions	6,143,470	150,000	6,143,470	150,000	5,803,359	92.21%
Claims on Corporates	28,646,945	14,805,387	28,646,945	6,145,079	34,718,728	99.79%
Retail Claims	11,942,516	4,631,964	11,942,516	2,023,585	12,408,221	88.85%
Claims Secured by Residential Property	1,618,698	-	1,676,551	50,767	1,669,465	96.65%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)	5,641,294	-	5,583,441	596,083	7,651,715	123.82%
High-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	3,967,014	-	3,967,014	-	2,989,823	75.37%
Total	80,714,078	19,587,351	80,714,078	8,970,616	65,452,022	72.98%

TEMPLATE 08
Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

Risk Weight Asset Classes	Amount as at 30 June 2025 (Post CCF and CRM) (Rs. '000)							
	0%	20%	50%	75%	100%	150%	>150%	Total Credit Exposure Amount
Claims on Central Government and CBSL	21,817,452	-	-	-	-	-	-	21,817,452
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	-	924,596	-	-	-	17,194	-	941,790
Claims on Financial Institutions	-	-	980,221	-	5,313,249	-	-	6,293,470
Claims on Corporates	-	-	146,594	-	34,645,430	-	-	34,792,025
Retail Claims	-	-	-	6,231,520	7,734,580	-	-	13,966,101
Claims Secured by Residential Property	-	-	-	-	1,669,465	-	-	1,669,465
Claims Secured by Commercial Real Estate	-	-	-	-	-	-	-	-
Non-Performing Assets (NPAs)	-	-	49,235	-	3,310,232	2,877,911	-	6,237,377
High-risk Categories	-	-	-	-	-	-	-	-
Cash Items and Other Assets	977,191	-	-	-	2,989,823	-	-	3,967,014
Total	22,794,643	924,596	1,176,050	6,231,520	55,662,780	2,895,105	-	89,684,694

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

Item	RWA Amount
	Rs. '000
	As at 30 June 2025
(a) RWA for Interest Rate Risk	958
General Interest Rate Risk	
i. Net Long or Short Position	0
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	120
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	120

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

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income as at 30 June 2025 (Rs. '000)		
			1 st Year	2 nd Year	3 rd Year
Basic Indicator Approach	15%		5,680,657	5,007,388	4,926,159
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 (Rs. '000)					
The Basic Indicator Approach	780,710				
The Standardised Approach	-				
The Alternative Standardised Approach	-				
Risk Weighted Amount for Operational Risk (Rs. '000)					
The Basic Indicator Approach	6,245,681				
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 as at 30 June 2025 (Rs. '000)				
	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Capital Requirements or Subject to Deduction from Capital
Assets					
Cash and Cash Equivalents	1,913,880	1,913,880	1,913,880		
Balances with Central Banks	566,221	566,221	566,221		
Placements with Banks	-	-	-		
Derivative Financial Instruments	22	22		22	
Financial Assets Designated at Fair Value through Profit or Loss	200,224	200,224	200,224		
Loans and Receivables to Banks	-	-			
Loans and Receivables to Other Customers	56,379,055	56,379,055	56,379,055		9,860,698
Financial Investments - Available-For-Sale	17,830,489	17,830,489	17,830,489	17,830,489	
Financial Investments - Held-To-Maturity	3,591,145	3,591,145	3,591,145	-	
Investments in Subsidiaries	-	-			
Investments in Associates and Joint Ventures	-	-			
Property, Plant and Equipment	865,911	865,911	865,911		
Investment Properties	-	-			
Goodwill and Intangible Assets	177,052	177,052			177,052
Deferred Tax Assets	762,689	762,689			762,689
Other Assets	2,123,912	2,660,429	2,660,429		
Liabilities					
Due to Banks	1,587,598	424,806			
Derivative Financial Instruments	-	-			
Other Financial Liabilities Held-For-Trading	-	-			
Financial Liabilities Designated at Fair Value Through Profit or Loss	-	-			
Due to Other Customers	58,879,920	58,972,612			
Other Borrowings	8,091,289	9,161,391			
Debt Securities Issued	-	-			
Current Tax Liabilities	-	-			
Deferred Tax Liabilities	-	-			
Other Provisions	161,272	161,272			
Other Liabilities	3,773,001	3,773,001			
Due to Subsidiaries	-	-			
Subordinated Term Debts	-	-			
Off-Balance Sheet Liabilities					
Guarantees	7,076,331	7,076,331	7,076,331		
Performance Bonds	-	-			
Letters of Credit	1,226,640	1,226,640	1,226,640		
Other Contingent Items	324,993	324,993	324,993		
Undrawn Loan Commitments	10,719,140	10,719,140	10,719,140		
Other Commitments	240,248	240,248			
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	11,894,421	13,394,421			
of which Amount Eligible for CET1	11,894,421	11,894,421			
of which Amount Eligible for AT1	-	1,500,000			
Retained Earnings	(335,174)	(335,174)			
Accumulated Other Comprehensive Income	296,790	296,790			
Other Reserves	111,315	111,315			
Total Shareholders' Equity	11,967,352	13,467,351			

* The difference is due to the BASEL III Additional Tier 1 Compliant Unlisted Unsecured Subordinated Perpetual Convertible Debentures issued in December 2021 (Refer Template 05)