

CITIBANK, N. A. SRI LANKA BRANCH

Pillar III Disclosures – Market Discipline

30 June 2021

Key Regulatory Ratios - Capital and Liquidity

Item	Current Reporting Period 30/06/2021	Previous Reporting Period 31/12/2020
Regulatory Capital (LKR in millions)		
Common Equity Tier 1	14,005	14,388
Tier 1 Capital	14,005	14,388
Total Capital	14,041	14,425
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement– 7%</i>)	30.72%	41.21%
Tier 1 Capital Ratio (<i>Minimum Requirement– 8.5%</i>)	30.72%	41.21%
Total Capital Ratio (<i>Minimum Requirement– 12.5%</i>)	30.80%	41.32%
Leverage Ratio (<i>Minimum Requirement – 3%</i>)	15.98%	7.7%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in millions)	33,752	39,213
Statutory Liquid Assets Ratio (<i>Minimum Requirement – 20%</i>)		
Domestic Banking Unit (%)	107.98%	115.00%
Off-Shore Banking Unit (%)	70.68%	60.63%
Liquidity Coverage Ratio (%) – Rupee (<i>Minimum Requirement – 90%</i>)	514.07%	325.84%
Liquidity Coverage Ratio (%) – All Currency (<i>Minimum Requirement - 90%</i>)	426.43%	553.20%
Net Stable Funding Ratio (%) - (<i>Minimum Requirement - 90%</i>)	179.83%	192.25%

Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	Current Reporting Period	Previous Reporting Period
	30/06/2021 (Unaudited)	31/12/2020 (Audited)
Common Equity Tier 1 (CET1) Capital after Adjustments	14,004,566	14,388,073
Common Equity Tier 1 (CET1) Capital	13,767,221	13,976,853
Assigned Capital	1,524,250	1,524,250
Reserve Fund	824,321	824,321
Published Retained Earnings	10,786,636	10,983,801
Published Accumulated Other Comprehensive Income (OCI)	639,311	639,311
General and other Disclosed Reserves	5,170	5,170
Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(12,467)	-
Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
Total Adjustments to CET1 Capital	(237,345)	(411,219)
Goodwill (net)	-	-
Intangible Assets (net)	-	-
Revaluation losses of property, plant and equipment	-	-
Deferred tax assets (net)	70,308	70,308
Cash flow hedge reserve	-	-
Unrealised gains on sale related securitisation transactions	-	-
Shortfall of the cumulative impairment to specific provisions	-	-
Changes in own credit risk	-	-
Defined benefit pension fund assets	-	-
Investment in own shares	-	-
Reciprocal cross holdings in the capital of banking and other financial institutions	-	-
Investments in the capital of banking and financial institutions where the bank does not own more than 10 per cent of the issued ordinary share capital of the entity	-	-
Significant investments in the capital of financial institutions where the bank owns more than 10 per cent of the issued ordinary share capital of the entity	-	-
Shortfall of capital in financial subsidiaries	-	-
Regulatory adjustments applied to CET1 Capital due to insufficient AT1 and Tier 2 Capital to cover adjustments	-	-
Amount due from head office & branches outside Sri Lanka in Sri Lanka Rupees	-	-
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(587,905)	(481,527)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	280,253	-

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	-	-
Reciprocal cross holdings in AT1 capital instruments	-	-
Investments in the capital of banking and financial institutions where the bank does not own more than 10 per cent of the issued ordinary share capital of the entity	-	-
Significant investments in the capital of banking and financial institutions where the bank own more than 10 per cent of the issued ordinary share capital of the entity	-	-
Regulatory adjustments applied to AT1 due to insufficient Tier 2 capital to cover adjustments	-	-
Tier 2 Capital after Adjustments	36,750	37,161
Tier 2 Capital	36,750	37,161
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
General provisions	36,750	37,161
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	-	-
Total Tier 1 Capital	14,004,566	14,388,073
Total Capital	14,041,316	14,425,233

Item	Amount (LKR '000)	
	Current Reporting Period	Previous Reporting Period
	30/06/2021	31/12/2020
Total Risk Weighted Assets (RWA)	45,590,518	34,967,429
RWAs for Credit Risk	24,629,898	19,593,849
RWAs for Market Risk	16,163,796	10,592,566
RWAs for Operational Risk	4,796,823	4,781,014
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	30.72	41.15
Total Tier 1 Capital Ratio (%)	30.72	41.15
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	30.80	41.25

Computation of Leverage Ratio

Item	Amount (LKR ‘000)	
	Current Reporting Period	Previous Reporting Period
	30/06/2021	31/12/2020
Tier 1 Capital	14,004,566	13,069,606
Total Exposures	87,618,351	169,734,674
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	45,547,044	50,165,139
Derivative Exposures	36,546,448	115,205,217
Securities Financing Transaction Exposures	-	112,384
Other Off-Balance Sheet Exposures	5,524,860	4,251,935
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	15.98%	7.7%

Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR '000)			
	Current Reporting Period		Previous Reporting Period	
	30/06/2021		31/12/2020	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	15,611,783	15,611,783	23,951,515	23,951,515
Total Adjusted Level 1A Assets	15,611,783	15,611,783	23,956,510	23,956,510
Level 1 Assets	15,611,783	15,611,783	23,951,515	23,951,515
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	101,244,422	14,644,209	135,036,294	17,318,406
Deposits				
Unsecured Wholesale Funding	29,620,143	13,183,110	34,249,341	16,281,069
Secured Funding Transactions	-	-	107,389	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	70,939,325	776,144	100,086,899	444,673
Additional Requirements	684,955	684,955	592,665	592,665
Total Cash Inflows	32,567,143	17,793,781	25,957,305	14,482,938
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	6,068,400	-	5,617,500	-
Other Inflows by Counterparty which are Maturing within 30 Days	24,586,425	17,668,678	19,472,346	14,376,745
Operational Deposits	1,787,215	-	761,266	-
Other Cash Inflows	125,103	125,103	106,193	106,193
Liquidity Coverage Ratio (%) (Stock of High-Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		426.43%		553.2%

Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Accounting Classification	Current Reporting Period	Previous Reporting Period
Assigned Capital Relates to capital assigned to the branch by the Head Office at the time setting up the branch in Sri Lanka.	Equity	1,524,250	1,524,250
Reserve Fund Comprise of mandatory appropriations made out of profit after tax, per the Banking Act requirements.	Equity	824,321	824,321
Retained Earnings Comprise of un-remitted profits (after tax) of the branch, after making statutory appropriations to the Statutory Reserve.	Equity	10,786,636	10,983,801
Accumulated Other Comprehensive Income (OCI) Comprise of gains/(losses) arising from fair valuation of assets faired valued through OCI, actuarial valuation of defined benefit schemes and exchange gains/(losses) arising from the translation of OBU net assets. The amounts are net of deferred tax where relevant.	Equity	639,311	639,311
General and other Disclosed Reserves Exchange gains/(losses) arising from foreign currency translation	Equity	(7,297)	5,170

Credit Risk under Standardized Approach

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Amount (LKR'000) as at 30/06/2021						
Asset Class	Exposures 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 ⁽ⁱ⁾
Claims on Central Government and CBSL	20,762,712	-	20,762,712	-	-	-
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	4,123,157	16,532,943	4,123,157	1,312,112	1,127,510	0.21
Claims on Financial Institutions	78,443	5,924,088	78,443	195,680	220,650	0.80
Claims on Corporates	18,763,424	73,354,284	18,763,424	4,685,272	22,581,117	0.96
Retail Claims	-	-	-	-	-	-
Claims Secured by Residential Property	-	-	-	-	-	-
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) ⁽ⁱ⁾	-	-	-	-	-	-
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets (includes Undrawn Credit Lines in Off Balance sheet)	2,148,410	-	2,148,410	-	700,622	0.33
Total	45,876,145	95,811,315	45,876,145	6,193,064	24,629,898	0.47

Notes:

(i) *RWA Density – Total RWA/Exposures post CCF and CRM*

Market Risk under Standardized Measurement Method

Item	RWA Amount (LKR'000) as at 30/06/2021
(a) RWA for Interest Rate Risk	50,144
General Interest Rate Risk	50,144
(i) Net Long or Short Position	50,144
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
(b) RWA for Equity	-
(i) General Equity Risk	-
(ii) Specific Equity Risk	-
Foreign Exchange & Gold = (e)	1,970,331
(c) RWA for Foreign Exchange & Gold	2,020,475
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	16,163,796

Operational Risk under Basic Indicator Approach / The Standardized Approach / The Alternative Standardized Approach

Business Lines	Capital Charge Factor	Fixed Factor	Gross Income (LKR'000) as at 31/03/2021		
			1 st Year	2 nd Year	3 rd Year
The Basic Indicator Approach	15%		4,914,622	4,609,115	4,866,731
The Standardized 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 Standardized 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 Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	599,603				
The Standardized Approach	-				
The Alternative Standardized Approach	-				
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	4,796,823				
The Standardized Approach	-				
The Alternative Standardized Approach	-				

Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories

Amount (LKR '000) as at 30/06/2021					
Item	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	Not subject to Capital Requirements or Subject to Deduction from Capital
Assets	47,644,439				
Cash and cash equivalents	3,255,034	3,256,858	1,525,637	86,311	-
Balances with central banks	88,876	88,876	88,876	-	-
Placements with banks	10,672,309	10,671,600	10,671,600	4,045,672.23	-
Derivative financial instruments	319,166	-	-	-	-
Financial assets recognized through profit or loss	-	-	-	-	-
- measured at fair value	6,710,856	13,930,099	13,930,099	13,930,099	-
- designated at fair value	-	-	-	-	-
Financial assets at amortized cost					
- loans and advances	18,808,833	18,747,746	18,747,746	10,613,892	-
- debt and other instruments	-	-	-	-	-
Financial assets measured at fair value through other comprehensive Income	7,337,203	-	-	-	-
Investment in subsidiaries	-	-	-	-	-
Investments in associates and joint ventures	-	-	-	-	-
Property, plant and equipment	315,637	548,277	315,637	-	-
Investment properties	-	-	-	-	-
Goodwill and intangible assets	-	-	-	-	-
Deferred tax assets	70,308	26,546	-	-	26,546
Other assets	66,221	502,429	384,620	360,651	-

Amount (LKR ‘000) as at 30/06/2021					
Item	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	Not subject to Capital Requirements or Subject to Deduction from Capital
Liabilities and equity	47,644,439				
Due to banks	1,429,793	1,429,788	-	1,427,822	-
Derivative financial instruments	216,855	-	-	-	-
Financial liabilities recognized through profit or loss					
- measured at fair value	-	-	-	-	-
- designated at fair value	-	-	-	-	-
Financial liabilities at amortized cost					
- due to depositors	28,190,308	28,171,911	-	15,337,502	-
- due to debt securities holders	-	-	-	-	-
- due to other borrowers	-	-	-	-	-
Retirement benefit obligations	291,795	-	-	-	-
Current tax liabilities	540,737	591,156	-	123,630	-
Deferred tax liabilities	-	-	-	-	-
Other provisions	30,659	-	-	-	-
Other liabilities	1,103,028	1,795,709	-	220,856	-
Off-Balance Sheet Liabilities					
Guarantees	6,058,135	6,058,135	6,058,135	4,454,516	-
Performance Bonds	238,161	238,161	238,161	223,303	-
Letters of Credit	9,043,034	9,043,034	9,043,034	8,293,034	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	53,136,949	53,136,949	53,136,949	-	-
Other Commitments	2,663,047	2,663,047	2,663,047	-	-
Foreign Exchange Contracts	25,744,846	25,744,846	25,744,846	25,744,846	-
Shareholders' Equity					
Assigned Capital	1,524,250	1,524,250	-	-	1,524,250
<i>of which Amount Eligible for CET1</i>	<i>1,524,250</i>	<i>1,524,250</i>	-	-	<i>1,524,250</i>
Retained Earnings	11,703,688	13,466,686	-	-	13,466,686
Accumulated OCI	(8,105)	-	-	-	-
Other Reserves	2,621,430	792,930	-	-	792,930