

# **CITIBANK, N. A. SRI LANKA BRANCH**

Pillar III Disclosures – Market Discipline

30 September 2021

## Key Regulatory Ratios - Capital and Liquidity

Item	Current Reporting Period 30/09/2021	Previous Reporting Period 31/12/2020
<b>Regulatory Capital (LKR in millions)</b>		
Common Equity Tier 1	12,196	14,388
Tier 1 Capital	12,196	14,388
Total Capital	12,288	14,425
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital Ratio ( <i>Minimum Requirement– 7%</i> )	25.10%	41.15%
Tier 1 Capital Ratio ( <i>Minimum Requirement– 8.5%</i> )	25.10%	41.15%
Total Capital Ratio ( <i>Minimum Requirement– 12.5%</i> )	25.29%	41.25%
Leverage Ratio ( <i>Minimum Requirement – 3%</i> )	14.95%	7.7%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR in millions)	32,679	39,213
Statutory Liquid Assets Ratio ( <i>Minimum Requirement – 20%</i> )		
Domestic Banking Unit (%)	94.71%	115.00%
Off-Shore Banking Unit (%)	59.67%	60.63%
Liquidity Coverage Ratio (%) – Rupee	408.64%	325.84%
Liquidity Coverage Ratio (%) – All Currency ( <i>Minimum Requirement - 100%</i> )	289.34%	553.20%
Net Stable Funding Ratio (%) - ( <i>Minimum Requirement - 100%</i> )	197.47%	192.25%

## Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	Current Reporting Period	Previous Reporting Period
	30/09/2021 (Unaudited)	31/12/2020 (Audited)
<b>Common Equity Tier 1 (CET1) Capital after Adjustments</b>	<b>12,195,926</b>	<b>14,388,073</b>
<b>Common Equity Tier 1 (CET1) Capital</b>	<b>13,745,461</b>	<b>13,976,853</b>
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI	(34,227)	-
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>1,549,536</b>	<b>(411,219)</b>
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	(634,069)	(481,527)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	2,113,297	-

<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	-	-
<b>Additional Tier 1 (AT1) Capital</b>	-	-
Qualifying Additional Tier 1 Capital Instruments	-	-
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to AT1 Capital</b>	-	-
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	-	-
<b>Tier 2 Capital after Adjustments</b>	<b>92,017</b>	<b>37,161</b>
<b>Tier 2 Capital</b>	<b>92,017</b>	<b>37,161</b>
Qualifying Tier 2 Capital Instruments	-	-
Revaluation Gains	-	-
General provisions	92,017	37,161
Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties	-	-
<b>Total Adjustments to Tier 2</b>	-	-
Investment in Own Shares	-	-
<b>Total Tier 1 Capital</b>	<b>12,195,926</b>	<b>14,388,073</b>
<b>Total Capital</b>	<b>12,287,943</b>	<b>14,425,233</b>

Item	Amount (LKR '000)	
	Current Reporting Period	Previous Reporting Period
	<b>30/09/2021</b>	<b>31/12/2020</b>
<b>Total Risk Weighted Assets (RWA)</b>	48,593,887	34,967,429
RWAs for Credit Risk	27,600,841	19,593,849
RWAs for Market Risk	16,258,188	10,592,566
RWAs for Operational Risk	4,734,859	4,781,014
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>25.10</b>	<b>41.15</b>
<b>Total Tier 1 Capital Ratio (%)</b>	<b>25.10</b>	<b>41.15</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>25.29</b>	<b>41.25</b>

## Computation of Leverage Ratio

Item	Amount (LKR '000)	
	Current Reporting Period	Previous Reporting Period
	30/09/2021	31/12/2020
<b>Tier 1 Capital</b>	<b>12,195,926</b>	<b>13,069,606</b>
<b>Total Exposures</b>	<b>81,573,000</b>	<b>169,734,674</b>
On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	48,625,775	50,165,139
Derivative Exposures	27,715,605	115,205,217
Securities Financing Transaction Exposures	-	112,384
Other Off-Balance Sheet Exposures	5,231,621	4,251,935
<b>Basel III Leverage Ratio (%) (Tier 1/Total Exposure)</b>	<b>14.95%</b>	<b>7.7%</b>

## Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR '000)			
	Current Reporting Period		Previous Reporting Period	
	30/09/2021		31/12/2020	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
<b>Total Stock of High-Quality Liquid Assets (HQLA)</b>	<b>11,555,498</b>	<b>11,555,498</b>	<b>23,951,515</b>	<b>23,951,515</b>
<b>Total Adjusted Level 1A Assets</b>	<b>11,555,498</b>	<b>11,555,498</b>	<b>23,956,510</b>	<b>23,956,510</b>
<b>Level 1 Assets</b>	<b>11,555,498</b>	<b>11,555,498</b>	<b>23,951,515</b>	<b>23,951,515</b>
<b>Total Adjusted Level 2A Assets</b>	-	-	-	-
<b>Level 2A Assets</b>	-	-	-	-
<b>Total Adjusted Level 2B Assets</b>	-	-	-	-
<b>Level 2B Assets</b>	-	-	-	-
<b>Total Cash Outflows</b>	<b>103,358,734</b>	<b>15,974,720</b>	<b>135,036,294</b>	<b>17,318,406</b>
Deposits				
Unsecured Wholesale Funding	33,150,031	14,530,428	34,249,341	16,281,069
Secured Funding Transactions	-	-	107,389	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	69,507,742	743,331	100,086,899	444,673
Additional Requirements	700,962	700,962	592,665	592,665
<b>Total Cash Inflows</b>	<b>38,622,460</b>	<b>23,402,023</b>	<b>25,957,305</b>	<b>14,482,938</b>
Maturing Secured Lending Transactions Backed by Collateral	-	-	-	-
Committed Facilities	6,185,100	-	5,617,500	-
Other Inflows by Counterparty which are Maturing within 30 Days	30,187,519	23,315,042	19,472,346	14,376,745
Operational Deposits	2,162,859	-	761,266	-
Other Cash Inflows	86,981	86,981	106,193	106,193
<b>Liquidity Coverage Ratio (%) (Stock of High-Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100</b>		<b>289.34%</b>		<b>553.2%</b>

## Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Accounting Classification	Current Reporting Period	Previous Reporting Period
<b>Assigned Capital</b> 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
<b>Reserve Fund</b> Comprise of mandatory appropriations made out of profit after tax, per the Banking Act requirements.	Equity	824,321	824,321
<b>Retained Earnings</b> 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
<b>Accumulated Other Comprehensive Income (OCI)</b> 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
<b>General and other Disclosed Reserves</b> Exchange gains/(losses) arising from foreign currency translation and unpublished Un-published Current Year's Profit/Loss and Gains reflected in OCI	Equity	(29,057)	5,170

## Credit Risk under Standardized Approach

### Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Amount (LKR'000) as at 30/09/2021						
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 <sup>(i)</sup>
Claims on Central Government and CBSL	23,178,459	-	23,178,459	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	29,057	-	29,057	-	5,811	0.20
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	1,696,509	11,527,872	1,696,509	1,106,568	605,561	0.22
Claims on Financial Institutions	2,024,338	4,594,441	2,024,338	179,337	2,016,197	0.91
Claims on Corporates	19,691,864	70,187,501	19,691,864	4,545,218	24,051,307	0.99
Retail Claims	-	-	-	-	-	-
Claims Secured by Residential Property	-	-	-	-	-	-
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs) <sup>(i)</sup>	-	-	-	-	-	-
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets (includes Undrawn Credit Lines in Off Balance sheet)	2,521,579	-	2,521,579	-	921,965	0.37
<b>Total</b>	<b>49,141,806</b>	<b>86,309,814</b>	<b>49,141,806</b>	<b>5,831,123</b>	<b>27,600,841</b>	<b>0.50</b>

**Notes:**

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



## Market Risk under Standardized Measurement Method

Item	RWA Amount (LKR'000) as at 30/09/2021
<b>(a) RWA for Interest Rate Risk</b>	<b>19,235</b>
General Interest Rate Risk	19,235
(i) Net Long or Short Position	19,235
(ii) Horizontal Disallowance	-
(iii) Vertical Disallowance	-
(iv) Options	-
Specific Interest Rate Risk	-
<b>(b) RWA for Equity</b>	<b>-</b>
(i) General Equity Risk	-
(ii) Specific Equity Risk	-
<b>Foreign Exchange &amp; Gold = (e)</b>	<b>2,013,038</b>
<b>(c) RWA for Foreign Exchange &amp; Gold</b>	<b>2,032,273</b>
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	<b>16,258,188</b>

## 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 30/09/2021		
			1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year
The Basic Indicator Approach	15%		4,843,045	4,456,676	4,904,855
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	591,857				
The Standardized Approach	-				
The Alternative Standardized Approach	-				
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	4,734,859				
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 30/09/2021					
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
<b>Assets</b>	<b>51,309,213</b>				
Cash and cash equivalents	3,779,406	3,779,406	1,665,263	59,258	2,114,144
Balances with central banks	532,912	532,912	532,912	-	-
Placements with banks	16,067,413	16,065,720	16,065,720	3,298,803	-
Derivative financial instruments	498,987	-	-	-	-
Financial assets recognized through profit or loss	-	-	-	-	-
- measured at fair value	4,763,018	9,876,799	9,876,799	9,876,799	-
- designated at fair value	-	-	-	-	-
Financial assets at amortized cost					
- loans and advances	20,059,031	20,095,974	20,095,974	12,635,783	-
- debt and other instruments	-	-	-	-	-
Financial assets measured at fair value through other comprehensive Income	5,114,821	-	-	-	-
Investment in subsidiaries	-	-	-	-	-
Investments in associates and joint ventures	-	-	-	-	-
Property, plant and equipment	304,532	544,748	304,532	-	-
Investment properties	-	-	-	-	-
Goodwill and intangible assets	-	-	-	-	-
Deferred tax assets	70,308	70,308	-	-	70,308
Other assets	118,785	617,880	617,088	499,537	-

Amount (LKR ‘000) as at 30/09/2021					
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
<b>Liabilities and equity</b>	<b>51,309,213</b>				
Due to banks	507,277	507,194	-	847	-
Derivative financial instruments	582,586	-	-	-	-
Financial liabilities recognized through profit or loss					
- measured at fair value	-	-	-	-	-
- designated at fair value	-	-	-	-	-
Financial liabilities at amortized cost					
- due to depositors	32,642,377	32,624,104	-	16,340,375	-
- due to debt securities holders	-	-	-	-	-
- due to other borrowers	-	-	-	-	-
Retirement benefit obligations	301,875	-	-	-	-
Current tax liabilities	552,160	601,952	-	145,384	-
Deferred tax liabilities	-	-	-	-	-
Other provisions	138,232	-	-	-	-
Other liabilities	672,413	1,711,057	-	599,767	-
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	4,827,884	4,827,884	4,827,884	3,168,324	-
Performance Bonds	345,187	345,187	345,187	338,229	-
Letters of Credit	5,873,696	5,873,696	5,873,696	5,873,696	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	52,348,152	52,348,152	52,348,152	-	-
Other Commitments	6,112,823	6,112,823	6,112,823	-	-
Foreign Exchange Contracts	19,683,623	19,683,623	19,683,623	19,683,623	-
<b>Shareholders' Equity</b>					
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	11,751,247	13,693,253	-	-	13,693,253
Accumulated OCI	(16,736)	-	-	-	-
Other Reserves	2,653,531	824,321	-	-	824,321