

CITIBANK, N. A. SRI LANKA BRANCH

Pillar III Disclosures – Market Discipline

31 December 2021

Key Regulatory Ratios - Capital and Liquidity

| Item | Current Reporting Period 31/12/2021 | Previous Reporting Period 31/12/2020 |
|---|--|---|
| Regulatory Capital (LKR in millions) | | |
| Common Equity Tier 1 | 14,211 | 14,388 |
| Tier 1 Capital | 14,211 | 14,388 |
| Total Capital | 14,293 | 14,425 |
| Regulatory Capital Ratios (%) | | |
| Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement– 7%</i>) | 32.73% | 41.15% |
| Tier 1 Capital Ratio (<i>Minimum Requirement– 8.5%</i>) | 32.73% | 41.15% |
| Total Capital Ratio (<i>Minimum Requirement– 12.5%</i>) | 32.92% | 41.25% |
| Leverage Ratio (<i>Minimum Requirement – 3%</i>) | 18.33% | 7.7% |
| Regulatory Liquidity | | |
| Statutory Liquid Assets (LKR in millions) | 37,027 | 39,213 |
| Statutory Liquid Assets Ratio (<i>Minimum Requirement – 20%</i>) | | |
| Domestic Banking Unit (%) | 105.28% | 115.00% |
| Off-Shore Banking Unit (%) | 67.37% | 60.63% |
| Total Stock of High-Quality Liquid Assets (LKR in Millions) | 11,564 | 23,952 |
| Liquidity Coverage Ratio (%) – Rupee | 335.97% | 325.84% |
| Liquidity Coverage Ratio (%) – All Currency (<i>Minimum Requirement - 100%</i>) | 297.77% | 553.20% |
| Net Stable Funding Ratio (%) - (<i>Minimum Requirement - 100%</i>) | 203.64% | 192.25% |

Basel III Computation of Capital Ratios

| Item | Amount (LKR '000) | |
|---|-------------------|-------------------|
| | Current | Previous |
| | Reporting | Reporting |
| | Period | Period |
| | 31/12/2021 | 31/12/2020 |
| | (Unaudited) | (Audited) |
| Common Equity Tier 1 (CET1) Capital after Adjustments | 14,210,571 | 14,388,073 |
| Common Equity Tier 1 (CET1) Capital | 13,735,442 | 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| Unpublished Current Year's Profit/Loss and Gains reflected in OCI | (44,246) | - |
| Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties | - | - |
| Total Adjustments to CET1 Capital | (475,129) | (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 | (545,437) | (481,527) |
| Amount due from head office & branches outside Sri Lanka in Foreign Currency (net) | - | - |
| 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 | 82,070 | 37,161 |
| Tier 2 Capital | 82,070 | 37,161 |
| Qualifying Tier 2 Capital Instruments | - | - |
| Revaluation Gains | - | - |
| General provisions | 82,070 | 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 | 14,210,571 | 14,388,073 |
| Total Capital | 14,292,641 | 14,425,233 |

| Item | Amount (LKR '000) | |
|--|--------------------------|---------------------------|
| | Current Reporting Period | Previous Reporting Period |
| | 31/12/2021 | 31/12/2020 |
| Total Risk Weighted Assets (RWA) | 43,417,059 | 34,967,429 |
| RWAs for Credit Risk | 25,036,881 | 19,593,849 |
| RWAs for Market Risk | 13,717,065 | 10,592,566 |
| RWAs for Operational Risk | 4,663,113 | 4,781,014 |
| CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 32.73 | 41.15 |
| Total Tier 1 Capital Ratio (%) | 32.73 | 41.15 |
| Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 32.92 | 41.25 |

Computation of Leverage Ratio

| Item | Amount (LKR '000) | |
|--|--------------------------|---------------------------|
| | Current Reporting Period | Previous Reporting Period |
| | 31/12/2021 | 31/12/2020 |
| Tier 1 Capital | 14,210,571 | 13,069,606 |
| Total Exposures | 77,534,599 | 169,734,674 |
| On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral) | 50,793,162 | 50,165,139 |
| Derivative Exposures | 22,077,987 | 115,205,217 |
| Securities Financing Transaction Exposures | - | 112,384 |
| Other Off-Balance Sheet Exposures | 4,663,449 | 4,251,935 |
| Basel III Leverage Ratio (%) (Tier 1/Total Exposure) | 18.33% | 7.7% |

Basel III Computation of Liquidity Coverage Ratio

| Item | Amount (LKR '000) | | | |
|--|--------------------------|----------------------|---------------------------|----------------------|
| | Current Reporting Period | | Previous Reporting Period | |
| | 31/12/2021 | | 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) | 11,563,681 | 11,563,681 | 23,951,515 | 23,951,515 |
| Total Adjusted Level 1A Assets | 11,563,681 | 11,563,681 | 23,956,510 | 23,956,510 |
| Level 1 Assets | 11,563,681 | 11,563,681 | 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 | 104,589,548 | 15,533,593 | 135,036,294 | 17,318,406 |
| Deposits | | | | |
| Unsecured Wholesale Funding | 33,097,663 | 14,408,601 | 34,249,341 | 16,281,069 |
| Secured Funding Transactions | - | - | 107,389 | - |
| Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations | 70,975,421 | 608,529 | 100,086,899 | 444,673 |
| Additional Requirements | 516,463 | 516,463 | 592,665 | 592,665 |
| Total Cash Inflows | 39,776,436 | 27,122,366 | 25,957,305 | 14,482,938 |
| Maturing Secured Lending Transactions Backed by Collateral | - | - | - | - |
| Committed Facilities | 6,045,000 | - | 5,617,500 | - |
| Other Inflows by Counterparty which are Maturing within 30 Days | 33,186,522 | 27,031,791 | 19,472,346 | 14,376,745 |
| Operational Deposits | 454,339 | - | 761,266 | - |
| Other Cash Inflows | 90,575 | 90,575 | 106,193 | 106,193 |
| Liquidity Coverage Ratio (%) (Stock of High-Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100 | | 297.77% | | 553.20% |

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 and Un-published Current Year's Profit/Loss and Gains reflected in OCI | Equity | (39,076) | 5,170 |

Credit Risk under Standardized Approach

Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

| Amount (LKR'000) as at 31/12/2021 | | | | | | |
|---|---|--------------------------|----------------------------|--------------------------|-------------------------|----------------------------|
| 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 | 23,523,155 | - | 23,523,155 | - | - | - |
| Claims on Foreign Sovereigns and their Central Banks | - | - | - | - | - | - |
| Claims on Public Sector Entities | 35,981 | - | 35,981 | - | 7,196 | 0.20 |
| Claims on Official Entities and Multilateral Development Banks | - | - | - | - | - | - |
| Claims on Banks Exposures | 5,712,813 | 12,756,271 | 5,712,813 | 932,817 | 1,369,426 | 0.21 |
| Claims on Financial Institutions | 2,307,245 | 1,241,234 | 2,307,245 | 65,930 | 2,227,060 | 0.94 |
| Claims on Corporates | 16,954,496 | 71,316,272 | 16,954,496 | 4,091,930 | 20,870,949 | 0.99 |
| 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) | 2,165,955 | - | 2,165,955 | - | 562,250 | 0.26 |
| Total | 50,699,646 | 85,313,776 | 50,699,646 | 5,090,678 | 25,036,881 | 0.45 |

Notes:

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

Market Risk under Standardized Measurement Method

| Item | RWA Amount (LKR'000) as at 31/12/2021 |
|---|--|
| (a) RWA for Interest Rate Risk | 11,344 |
| General Interest Rate Risk | 11,344 |
| (i) Net Long or Short Position | 11,344 |
| (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) | 1,703,289 |
| (c) RWA for Foreign Exchange & Gold | 1,714,633 |
| Capital Charge for Market Risk [(a) + (b) + (c)] * CAR | 13,717,065 |

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 31/12/2021 | | |
|---|-----------------------|--------------|---|----------------------|----------------------|
| | | | 1 st Year | 2 nd Year | 3 rd Year |
| The Basic Indicator Approach | 15% | | 4,889,482 | 4,434,766 | 4,665,092 |
| 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 | 582,889 | | | | |
| The Standardized Approach | - | | | | |
| The Alternative Standardized Approach | - | | | | |
| Risk Weighted Amount for Operational Risk (LKR'000) | | | | | |
| The Basic Indicator Approach | 4,663,113 | | | | |
| 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 31/12/2021 | | | | | |
|--|---|---|----------------------------------|----------------------------------|--|
| 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 | 51,117,823 | | | | |
| Cash and cash equivalents | 2,080,359 | 2,081,176 | 1,603,869 | 862,240 | 2,081,176 |
| Balances with central banks | 739,657 | 739,657 | 739,657 | - | - |
| Placements with banks | 20,568,444 | 20,583,000 | 20,584,829 | 5,903,383 | - |
| Derivative financial instruments | 254,353 | - | - | - | - |
| Financial assets recognized through profit or loss | - | - | - | - | - |
| - measured at fair value | 5,148,672 | 9,856,768 | 9,856,768 | 9,855,728 | - |
| - designated at fair value | - | - | - | - | - |
| Financial assets at amortized cost | | | | | |
| - loans and advances | 17,240,404 | 17,196,472 | 17,282,708 | 6,878,506 | - |
| - debt and other instruments | - | - | - | - | - |
| Financial assets measured at fair value through other comprehensive Income | 4,708,095 | - | - | - | - |
| Investment in subsidiaries | - | - | - | - | - |
| Investments in associates and joint ventures | - | - | - | - | - |
| Property, plant and equipment | 278,326 | 526,117 | 278,326 | - | - |
| Investment properties | - | - | - | - | - |
| Goodwill and intangible assets | - | - | - | - | - |
| Deferred tax assets | 70,308 | 70,308 | - | - | 70,308 |
| Other assets | 29,205 | 284,549 | 283,760 | 259,786 | - |

| Item | Amount (LKR ‘000) as at 31/12/2021 | | | | |
|---|---|---|----------------------------------|----------------------------------|--|
| | 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 | 51,117,823 | | | | |
| Due to banks | 527,133 | 527,131 | - | 16,249 | - |
| Derivative financial instruments | 279,499 | - | - | - | - |
| Financial liabilities recognized through profit or loss | | | | | |
| - measured at fair value | - | - | - | - | - |
| - designated at fair value | - | - | - | - | - |
| Financial liabilities at amortized cost | | | | | |
| - due to depositors | 32,564,678 | 32,544,951 | - | 10,205,515 | - |
| - due to debt securities holders | - | - | - | - | - |
| - due to other borrowers | - | - | - | - | - |
| Retirement benefit obligations | 228,197 | - | - | - | - |
| Current tax liabilities | 431,157 | 484,988 | - | 83,452 | - |
| Deferred tax liabilities | - | - | - | - | - |
| Other provisions | 103,990 | - | - | - | - |
| Other liabilities | 768,822 | 1,499,679 | - | 29,679 | - |
| Off-Balance Sheet Liabilities | | | | | |
| Guarantees | 4,873,743 | 4,873,743 | 4,873,743 | 4,873,743 | - |
| Performance Bonds | 139,451 | 139,451 | 139,451 | 135,751 | - |
| Letters of Credit | 4,774,807 | 4,774,807 | 4,774,807 | 4,774,807 | - |
| Other Contingent Items | - | - | - | - | - |
| Undrawn Loan Commitments | 56,513,352 | 56,513,352 | 56,513,352 | 12,813,636 | - |
| Other Commitments | 4,674,069 | 4,674,069 | 4,674,069 | 4,674,069 | - |
| Foreign Exchange Contracts | 15,638,750 | 15,638,750 | 15,638,750 | 15,638,750 | - |
| 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 | 12,139,802 | 10,747,561 | - | - | 10,747,561 |
| Accumulated OCI | (6,995) | 639,311 | - | - | 639,311 |
| Other Reserves | 2,557,290 | 824,321 | - | - | 824,321 |