

CITIBANK, N. A. SRI LANKA BRANCH

Pillar III Disclosures – Market Discipline

31-Mar-22

Basel III Computation of Capital Ratios

Item	Current Period	Previous Period
	As at 31/03/2022	As at 31/12/2021
	(Unaudited)	(Unaudited)
Common Equity Tier I (CETI) Capital after Adjustments	14,472,604	14,210,571
Total Common Equity Tier I (CET1) Capital	13,731,460	13,735,442
Equity capital or stated capital/assigned capital	1,524,250	1,524,250
Reserve fund	824,321	824,321
Published retained earnings/(Accumulated retained losses)	10,786,636	10,786,636
Accumulated other comprehensive income (OCI)	639,311	639,311
General and other disclosed reserves	5,170	5,170
Unpublished current year's profit/(losses) and gains reflected in OCI	(48,229)	(44,246)
Ordinary shares issued by consolidated banking and financial subsidiaries of the bank and held by third parties		
Total Adjustments to CET1 Capital	(741,144)	(475,129)
Goodwill (net)		
Other 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	(811,452)	(545,437)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	-	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-
Total 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	153,703	82,070
Total Tier 2 Capital	153,703	82,070
Qualifying Tier 2 Capital Instruments		
Revaluation gains		
General provisions	153,703	82,070
Instruments issued by consolidated banking and financial subsidiaries of the bank and held by third parties		
Total Adjustments to Tier 2 Capital	-	-
Investment in own shares		
Reciprocal cross holdings in Tier 2 capital instruments		
Investments in the capital of financial institutions and where the bank does not own more than 10 per cent of the issued capital carrying voting rights of the issuing 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		
Total Tier 1 Capital	14,472,604	14,210,571
Total Capital	14,626,307	14,292,641
Total Risk Weighted Assets (RWA)	63,130,974	43,417,059
RWAs for Credit Risk	33,968,507	25,036,881
RWAs for Market Risk	24,193,754	13,717,065
RWAs for Operational Risk	4,968,713	4,663,113
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	22.92	32.73
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	22.92	32.73
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	23.17	32.92
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-

Computation of Leverage Ratio

Item	Amount (LKR '000)	
	Reporting Period	Previous Reporting Period
	As at 31/03/22	As at 31/12/21
Tier 1 Capital	14,472,604	14,210,571
Total Exposures	100,219,659	77,534,599
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	68,263,917	50,793,162
Derivative Exposures	25,359,717	22,077,987
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	6,596,026	4,663,449
Basel III Leverage Ratio (%) (Tier 1 / Exposure)	14.44%	18.33%

Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)			
	Current Period As at 31/03/22		Previous Period As at 31/12/21	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	11,686,720	11,686,720	11,563,681	11,563,681
Total Adjusted Level 1A Assets	11,686,720	11,686,720	11,563,681	11,563,681
Level 1 Assets	11,686,720	11,686,720	11,563,681	11,563,681
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	134,286,820	26,107,291	104,589,548	15,533,593
Deposits	-	-	-	-
Unsecured Wholesale Funding	47,805,062	23,103,453	33,097,663	14,408,601
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable)	84,502,075	1,024,155	70,975,421	608,529
Facilities and Other Contingent Funding	-	-	-	-
Obligations	-	-	-	-
Additional Requirements	1,979,683	1,979,683	516,463	516,463
Total Cash Inflows	62,773,701	42,480,938	39,776,436	27,122,366
Maturing Secured Lending Transactions	-	-	-	-
Backed by Collateral	-	-	-	-
Committed Facilities	9,750,000	-	6,045,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	48,238,626	40,337,243	33,186,522	27,031,791
Operational Deposits	2,641,381	-	454,339	-
Other Cash Inflows	2,143,695	2,143,695	90,575	90,575
Liquidity Coverage Ratio (%) (Stock of				
High Quality Liquid Assets/Total Net Cash		179.06%		297.77%
Outflows over the Next 30 Calendar Days) * 100				

Credit Risk under Standardised Approach
Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

Asset Class	Amount (LKR'000) as at 31.03.2022					
	Exposures before Credit		Exposures post CCF and		RWA and RWA	
	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	30,625,059	-	30,625,059	-	-	-
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	8,682,774	12,289,186	8,682,774	1,343,765	2,070,308	0.21
Claims on Financial Institutions	3,620,120	12,635	3,620,120	12,635	3,447,790	0.95
Claims on Corporates	20,614,911	85,018,233	20,614,911	5,660,194	25,312,869	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	5,048,585	-	5,048,585	-	3,137,541	0.62
Total	68,591,450	97,320,054	68,591,450	7,016,594	33,968,507	0.45

Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 31.03.2022
(a) RWA for Interest Rate Risk	11,331
General Interest Rate Risk	11,331
(i) Net Long or Short Position	11,331
(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)	3,012,888
(c) RWA for Foreign Exchange & Gold	3,024,219
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	24,193,754

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 31.03.2022		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		5,702,523	4,500,854	4,702,761
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 Charges for Operational Risk (LKR'000)					
The Basic Indicator Approach	621,089				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	4,968,713				
The Standardised Approach					
The Alternative Standardised Approach					

Key Regulatory Ratios - Capital and Liquidity

	Current Reporting Period	Previous Reporting Period
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tier 1	14,473	14,211
Core (Tier 1) Capital	14,473	14,211
Total Capital Base	14,626	14,293
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement 7%)	22.92%	32.73%
Tier 1 Capital Ratio (%) (Minimum Requirement 8.5%)	22.92%	32.73%
Total Capital Ratio (%) (Minimum Requirement 12.5%)	23.17%	32.92%
Leverage Ratio (%) (Minimum Requirement - 3%)	14.44%	18.33%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Millions)	34,329	37,027
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)		
Domestic Banking Unit (%)	107.96%	105.28%
Off-Shore Banking Unit (%)	72.17%	67.37%
Total Stock of High-Quality Liquid Assets (LKR in Millions)	11,687	11,564
Liquidity Coverage Ratio (%) (Minimum Requirement 100%)		
Rupee (%)	239.32%	335.97%
All Currency (%)	179.06%	297.77%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	169.79%	203.64%

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	10,786,636
Accumulated Other Comprehensive Income (OCI)			
Comprise of gains/(losses) arising from fair valuation of assets 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	(43,059)	(39,076)

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

Item	Amount (LKR ‘000) as at 31/03/2022				
	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	71,070,992				
Cash and cash equivalents	4,619,657	4,619,657	1,911,631	72,685	0
Balances with central banks	690,624	690,624	690,624	-	-
Placements with banks	32,048,603	32,048,603	32,065,898	14,307,857	-
Derivative financial instruments	2,736,767	2,736,767	-	-	-
Financial assets recognized through profit or loss	-	-	-	-	-
- measured at fair value	3,242,549	3,242,549	3,242,549	3,242,549	-
- designated at fair value	-	-	-	-	-
Financial assets at amortized cost					
- loans and advances	20,868,100	20,868,100	20,984,874	10,151,120	-
- debt and other instruments	-	-	-	-	-
Financial assets measured at fair value through other comprehensive	6,392,311	6,392,311	6,392,311	6,392,311	-
Income					
Investment in subsidiaries	-	-	-	-	-
Investments in associates and joint ventures	-	-	-	-	-
Property, plant and equipment	82,985	82,985	322,362	-	-
Investment properties	-	-	-	-	-
Goodwill and intangible assets	-	-	-	-	-
Deferred tax assets	70,308	70,308	-	-	70,308
Other assets	319,087	319,087	2,814,593	60,006	-
Item	Amount (LKR ‘000) as at 31/03/2022				
	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	71,070,992				
Due to banks	3,267,521	3,267,521	-	3,250,448	-
Derivative financial instruments	1,897,437	1,897,437	-	-	-

Financial liabilities recognized through profit
or loss

- measured at fair value	-	-	-	-	-
- designated at fair value	-	-	-	-	-

Financial liabilities at amortized cost

- due to depositors	44,514,367	44,514,367	-	17,996,548	-
- due to debt securities holders	-	-	-	-	-
- due to other borrowers	-	-	-	-	-
Retirement benefit obligations	218,211	218,211	-	-	-
Current tax liabilities	670,668	670,668	-	179,802	-
Deferred tax liabilities	-	-	-	-	-
Other provisions	167,117	167,117	-	-	-
Other liabilities	774,580	774,580	-	72,526	-

Off-Balance Sheet Liabilities

Guarantees	6,421,920	6,421,920	6,421,920	6,421,920	-
Performance Bonds	237,603	237,603	237,603	237,603	-
Letters of Credit	9,876,213	9,876,213	9,876,213	9,876,213	-
Other Contingent Items	-	-	-	-	-
Undrawn Loan Commitments	61,452,814	61,452,814	61,452,814	61,452,814	-
Other Commitments	6,658,943	6,658,943	6,658,943	6,658,943	-
Foreign Exchange Contracts	17,103,717	17,103,717	17,103,717	17,103,717	-

Shareholders' Equity

Assigned Capital	1,524,250	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>	-	<i>1,524,250</i>
Retained Earnings	12,731,317	12,731,317	12,731,317	-	12,731,317
Accumulated OCI	(10,941)	(10,941)	(10,941)	-	(10,941)
Other Reserves	5,316,465	5,316,465	5,316,465	-	5,316,465