

# CITIBANK, N. A. SRI LANKA BRANCH

## Pillar III Disclosures – Market Discipline

30-Jun-22

## Basel III Computation of Capital Ratios

Item	Current Period	Previous Period
	As at 30/06/2022	As at 31/12/2021
	(Unaudited)	(audited)
<b>Common Equity Tier I (CETI) Capital after Adjustments</b>	<b>16,980,526</b>	<b>14,893,949</b>
<b>Total Common Equity Tier I (CET1) Capital</b>	<b>15,199,762</b>	<b>14,422,190</b>
Equity capital or stated capital/assigned capital	1,524,250	1,524,250
Reserve fund	824,321	850,140
Published retained earnings/(Accumulated retained losses)	11,265,691	11,265,692
Accumulated other comprehensive income (OCI)	1,596,397	776,938
General and other disclosed reserves	5,170	5,170
Unpublished current year's profit/(losses) and gains reflected in OCI	(16,067)	-
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>(1,780,764)</b>	<b>(475,129)</b>
Goodwill (net)		
Other intangible assets (net)		
Revaluation losses of property, plant and equipment		
Deferred tax assets (net)	73,677	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	(1,854,441)	(545,437)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	-	-
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 (AT1) Capital</b>	<b>-</b>	<b>-</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>512,200</b>	<b>137,120</b>
<b>Total Tier 2 Capital</b>	<b>512,200</b>	<b>137,120</b>
Qualifying Tier 2 Capital Instruments		
Revaluation gains		
General provisions	512,200	137,120
Instruments issued by consolidated banking and financial subsidiaries of the bank and held by third parties		
<b>Total Adjustments to Tier 2 Capital</b>	-	-
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		
<b>Total Tier 1 Capital</b>	<b>16,980,526</b>	<b>14,893,949</b>
<b>Total Capital</b>	<b>17,492,726</b>	<b>15,031,070</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>69,372,044</b>	<b>43,418,764</b>
RWAs for Credit Risk	38,419,199	25,079,003
RWAs for Market Risk	25,264,342	13,676,647
RWAs for Operational Risk	5,688,503	4,663,114
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	24.477	34.30
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)	-	-
<b>Total Tier 1 Capital Ratio (%)</b>	24.477	34.30
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	25.216	34.62
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 30/06/22	As at 31/12/21
<b>Tier 1 Capital</b>	<b>16,980,526</b>	<b>14,210,571</b>
<b>Total Exposures</b>	<b>86,864,001</b>	<b>77,534,599</b>
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	75,364,473	50,793,162
Derivative Exposures	4,471,555	22,077,987
Securities Financing Transaction Exposures	-	-
Other Off-Balance Sheet Exposures	7,101,650	4,663,449
<b>Basel III Leverage Ratio (%) (Tier 1 / Exposure)</b>	<b>19.55%</b>	<b>18.33%</b>

### Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)			
	Current Period As at 30/06/22		Previous Period As at 31/12/21	
	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>30,755,002</b>	<b>30,755,002</b>	<b>11,563,681</b>	<b>11,563,681</b>
<b>Total Adjusted Level 1A Assets</b>	30,755,002	30,755,002	11,563,681	11,563,681
<b>Level 1 Assets</b>	30,755,002	30,755,002	11,563,681	11,563,681
<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>134,254,428</b>	<b>26,008,434</b>	<b>104,589,548</b>	<b>15,533,593</b>
Deposits	-	-	-	-
Unsecured Wholesale Funding	52,383,318	23,654,892	33,097,663	14,408,601
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable)	80,693,209	1,175,640	70,975,421	608,529
Facilities and Other Contingent Funding	-	-	-	-
Obligations	-	-	-	-
Additional Requirements	1,177,902	1,177,902	516,463	516,463
<b>Total Cash Inflows</b>	<b>37,980,983</b>	<b>25,857,586</b>	<b>39,776,436</b>	<b>27,122,366</b>
Maturing Secured Lending Transactions	-	-	-	-
Backed by Collateral	-	-	-	-
Committed Facilities	-	-	6,045,000	-
Other Inflows by Counterparty which are Maturing within 30 Days	36,533,069	25,856,399	33,186,522	27,031,791
Operational Deposits	1,446,726	-	454,339	-
Other Cash Inflows	1,187	1,187	90,575	90,575
<b>Liquidity Coverage Ratio (%) (Stock of</b>				
<b>High Quality Liquid Assets/Total Net Cash</b>		<b>473.00%</b>		<b>297.77%</b>
<b>Outflows over the Next 30 Calendar Days) * 100</b>				

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

Asset Class	Amount (LKR'000) as at 30.06.2022					
	Exposures before Credit		Exposures post CCF and		RWA and 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	29,921,121	-	29,921,121	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	996,413	-	996,413	-	199,283	0.20
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	13,086,729	1,383,798	13,086,729	881,888	4,233,872	0.30
Claims on Financial Institutions	2,229,924	18,453	2,229,924	18,453	2,245,877	1.00
Claims on Corporates	26,366,934	26,611,193	26,366,934	6,204,764	31,310,906	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	2,037,854	54,863,014	2,037,854	-	429,261	0.21
<b>Total</b>	<b>74,638,976</b>	<b>82,876,459</b>	<b>74,638,976</b>	<b>7,105,106</b>	<b>38,419,199</b>	<b>0.47</b>

### Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 30.06.2022
<b>(a) RWA for Interest Rate Risk</b>	<b>27,291</b>
General Interest Rate Risk	27,291
(i) Net Long or Short Position	27,291
(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>3,130,752</b>
<b>(c) RWA for Foreign Exchange &amp; Gold</b>	<b>3,158,043</b>
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	<b>25,264,342</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 30.06.2022		
			1st Year	2nd Year	3rd Year
<b>The Basic Indicator Approach</b>	15%		6,284,811	4,095,518	3,840,929
<b>The Standardised Approach</b>					
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%				
<b>The Alternative Standardised Approach</b>					
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			
<b>Capital Charges for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	711,063				
The Standardised Approach					
The Alternative Standardised Approach					
<b>Risk Weighted Amount for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	5,688,503				
The Standardised Approach					
The Alternative Standardised Approach					



## Key Regulatory Ratios - Capital and Liquidity

	Current Reporting Period	Previous Reporting Period
<b>Regulatory Capital Adequacy (LKR in Millions)</b>		
Common Equity Tier 1	16,981	14,894
Core (Tier 1) Capital	16,981	14,894
Total Capital Base	17,493	15,031
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital (%) (Minimum Requirement 7%)	24.48%	34.30%
Tier 1 Capital Ratio (%) (Minimum Requirement 8.5%)	24.48%	34.30%
Total Capital Ratio (%) (Minimum Requirement 12.5%)	25.22%	34.62%
Leverage Ratio (%) (Minimum Requirement - 3%)	19.55%	18.33%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR in Millions)	39,729	37,027
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)		
Domestic Banking Unit (%)	104.79%	105.28%
Off-Shore Banking Unit (%)	92.79%	67.37%
Total Stock of High-Quality Liquid Assets (LKR in Millions)	30,755	11,564
Liquidity Coverage Ratio (%) (Minimum Requirement 90%)		
Rupee (%)	373.35%	335.97%
All Currency (%)	473.00%	297.77%
Net Stable Funding Ratio (%) - (Minimum Requirement - 90%)	160.71%	203.64%

## 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	850,140
<b>Retained Earnings</b>			
Comprise of un-remitted profits (after tax) of the branch, after making statutory appropriations to the Statutory Reserve.	Equity	11,265,691	11,265,692
<b>Accumulated Other Comprehensive Income (OCI)</b>			
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	1,596,397	776,938
<b>General and other Disclosed Reserves</b>			
Exchange gains/(losses) arising from foreign currency translation and Un-published Current Year's Profit/Loss and Gains reflected in OCI	Equity	(10,897)	5,170

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

Amount (LKR '000) as at 30/06/2022					
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>75,452,967</b>				
Cash and cash equivalents	3,147,156	3,147,156	1,606,878	218,845	1,321,433
Balances with central banks	940,961	940,961	940,961	-	-
Placements with banks	32,618,780	32,618,780		4,030,110	-
Derivative financial instruments	88,494	88,494	-	88,494	-
Financial assets recognized through profit or loss	-	-	-	-	-
- measured at fair value	5,557,114	5,557,114	5,557,114	5,557,114	-
- designated at fair value	-	-	-	-	-
Financial assets at amortized cost					
- loans and advances	26,702,696	26,702,696	26,702,696	13,285,473	-
- debt and other instruments	-	-	-	-	-
Financial assets measured at fair value through other comprehensive	5,982,637	5,982,637	5,982,637	5,982,637	-
<b>Income</b>					
Investment in subsidiaries	-	-	-	-	-
Investments in associates and joint ventures	-	-	-	-	-
Property, plant and equipment	77,800	77,800	77,800	-	-
Investment properties	-	-	-	-	-
Goodwill and intangible assets	-	-	-	-	-
Deferred tax assets	73,677	73,677	-	-	73,677
Other assets	263,651	263,651	263,651	88,769	-
Amount (LKR '000) as at 30/06/2022					
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>71,070,992</b>				
Due to banks	4,694,171	4,694,171	-	125,897	-
Derivative financial instruments	255	255	-	-	-
Financial liabilities recognized through profit or loss					

- measured at fair value	-	-	-	-	-
- designated at fair value	-	-	-	-	-
<b>Financial liabilities at amortized cost</b>					
- due to depositors	47,688,076	47,688,076	-	15,291,948	-
- due to debt securities holders	-	-	-	-	-
- due to other borrowers	-	-	-	-	-
Retirement benefit obligations	221,587	221,587	-	-	-
Current tax liabilities	1,038,026	1,038,026	-	299,621	-
Deferred tax liabilities	-	-	-	-	-
Other provisions	351,529	351,529	-	-	-
Other liabilities	541,872	541,872	-	133,279	-
<b>Off-Balance Sheet Liabilities</b>					
Guarantees	6,880,666	6,880,666	6,880,666	6,880,666	-
Performance Bonds	0	0	0	0	-
Letters of Credit	12,675,619	12,675,619	12,675,619	12,675,619	-
Other Contingent Items			-	-	-
Undrawn Loan Commitments	54,863,014	54,863,014	54,863,014	54,863,014	-
Other Commitments	6,658,910	6,658,910	6,658,910	6,658,910	-
Foreign Exchange Contracts	3,074,979	3,074,979	1,798,250	1,798,250	-
<b>Shareholders' Equity</b>					
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>	1,524,250	-	1,524,250
Retained Earnings	13,787,060	13,787,060	13,787,060	-	13,787,060
Accumulated OCI	(18,959)	(18,959)	-18,959	-	-18,959
Other Reserves	5,625,100	5,625,100	5,625,100	-	5,625,100