

CITIBANK, N. A. SRI LANKA BRANCH

Pillar III Disclosures – Market Discipline

30-Jun-23

Basel III Computation of Capital Ratios

Item	Current Period	Previous Period
	As at 30/06/2023	As at 31/12/2022
	(Unaudited)	(audited)
Common Equity Tier I (CETI) Capital after Adjustments	19,358,260	24,060,208
Total Common Equity Tier I (CET1) Capital	20,902,414	22,473,921
Equity capital or stated capital/assigned capital	1,524,250	1,524,250
Reserve fund	920,324	920,324
Published retained earnings/(Accumulated retained losses)	14,862,434	14,862,434
Accumulated other comprehensive income (OCI)	4,956,913	4,956,913
General and other disclosed reserves	210,000	210,000
Unpublished current year's profit/(losses) and gains reflected in OCI	(1,571,506)	-
Total Adjustments to CET1 Capital	1,544,154	(1,586,288)
Goodwill (net)		
Deferred tax assets (net)	117,973	117,973
Shortfall of capital in financial subsidiaries		
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	(510,961)	(1,704,261)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	1,937,142	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-
Total Additional Tier 1 (ATI) Capital	-	-
Qualifying Additional Tier 1 Capital Instruments		
Total Adjustments to AT1 Capital	-	-
Tier 2 Capital after Adjustments	452,090	442,828
Total Tier 2 Capital	452,090	442,828
General provisions	452,090	442,828
Total Adjustments to Tier 2 Capital	-	-
Total Tier 1 Capital	19,358,260	24,060,208
Total Capital	19,810,350	24,503,037
Total Risk Weighted Assets (RWA)	63,363,283	62,874,299
RWAs for Credit Risk	36,167,170	35,426,269
RWAs for Market Risk	16,506,532	19,386,160
RWAs for Operational Risk	10,689,582	8,061,870
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	30.55	38.267
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)	-	-
Total Tier 1 Capital Ratio (%)	30.551	38.267
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	31.265	38.971
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 30/06/23	As at 31/12/22
Tier 1 Capital	19,358,260	24,060,208
Total Exposures	113,933,921	92,076,073
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	85,480,986	82,221,825
Derivative Exposures	21,219,536	3,195,952
Securities Financing Transaction Exposures	-	
Other Off-Balance Sheet Exposures	7,233,400	6,658,296
Basel III Leverage Ratio (%) (Tier 1 / Exposure)	16.99%	26.13%

Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)			
	Current Period As at 30/06/23		Previous Period As at 31/12/22	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	35,683,750	35,683,750	42,041,635	42,041,635
Total Adjusted Level 1A Assets	35,683,750	35,683,750	42,041,635	42,041,635
Level 1 Assets	35,683,750	35,683,750	42,041,635	42,041,635
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	119,398,969	25,046,664	146,734,682	26,938,837
Deposits	-	-	-	-
Unsecured Wholesale Funding	52,747,593	21,429,036	55,240,240	23,037,000
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable)	63,754,094	720,345	88,451,244	858,639
Facilities and Other Contingent Funding	-	-	-	-
Obligations	-	-	-	-
Additional Requirements	2,897,283	2,897,283	3,043,199	3,043,199
Total Cash Inflows	59,393,100	37,467,916	39,163,162	29,259,675
Maturing Secured Lending Transactions	-	-	-	-
Backed by Collateral	-	-	-	-
Committed Facilities	9,226,200	-	-	-
Other Inflows by Counterparty which are Maturing within 30 Days	47,170,234	37,436,592	37,699,693	29,259,603
Operational Deposits	2,965,342	-	1,463,396	-
Other Cash Inflows	31,323	31,323	72	72
Liquidity Coverage Ratio (%) (Stock of				
High Quality Liquid Assets/Total Net Cash		569.88%		624.25%
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 30.06.2023					
	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	34,231,661	-	34,231,661	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	996,990	-	996,990	-	498,495	0.50
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	24,094,496	7,054,515	24,594,890	500,394	8,327,596	0.33
Claims on Financial Institutions	4,615,052	3,576,383	4,615,052	716,383	4,759,435	0.89
Claims on Corporates	19,585,111	17,723,769	19,585,111	6,342,743	21,986,969	0.85
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	3,010,971	45,647,899	3,010,971	-	594,675	0.20
Total	86,534,281	74,002,566	87,034,674	7,559,519	36,167,170	0.38

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Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 30.06.2023
(a) RWA for Interest Rate Risk	157,467
General Interest Rate Risk	157,467
(i) Net Long or Short Position	157,467
(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)	1,905,849
(c) RWA for Foreign Exchange & Gold	2,063,316
Capital Charge for Market Risk [(a) + (b) + (c)] * CAR	16,506,532

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 30.06.2023		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		16,343,624	6,284,811	4,095,518
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	1,336,198				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	10,689,582				
The Standardised Approach					
The Alternative Standardised Approach					

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	920,324	920,324
Retained Earnings			
Comprise of un-remitted profits (after tax) of the branch, after making statutory appropriations to the Statutory Reserve.	Equity	14,862,434	14,862,434
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	4,956,913	4,956,913
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	210,000	210,000

Key Regulatory Ratios - Capital and Liquidity

	As at 30th June 2023	As at 31st Dec 2022
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tier 1	19,358	24,060
Core (Tier 1) Capital	19,358	24,060
Total Capital Base	19,810	24,503
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement 7%)	30.55%	38.27%
Tier 1 Capital Ratio (%) (Minimum Requirement 8.5%)	30.55%	38.27%
Total Capital Ratio (%) (Minimum Requirement 12.5%)	31.26%	38.97%
Leverage Ratio (%) (Minimum Requirement - 3%)	16.99%	26.13%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Millions)	49,913	48,197
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)		
Domestic Banking Unit (%)	130.55%	111.41%
Off-Shore Banking Unit (%)	115.93%	120.19%
Total Stock of High-Quality Liquid Assets (LKR in Millions)	35,684	42,042
Liquidity Coverage Ratio (%) (Minimum Requirement 100%)		
Rupee (%)	804.00%	338.28%
All Currency (%)	569.88%	624.25%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	163.00%	179.98%

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

Item	Amount (LKR '000) as at 30/06/2023				
	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	87,646,042	87,646,042			
Cash and cash equivalents	5,455,674	5,455,674	2,416,296	74,036	2,965,342
Balances with central banks	4,823,525	4,823,525	4,823,525	-	-
Placements with banks	27,355,595	27,355,595	27,355,595	20,819,513	-
Derivative financial instruments	107,399	107,399	-	107,399	-
Financial assets recognized through profit or loss					
- measured at fair value	21,175,365	21,175,365	21,175,365	21,175,365	-
- designated at fair value	-	-	-	-	-
Financial assets at amortized cost					
- loans and advances	19,890,465	19,890,465	19,890,465	19,890,465	-
Financial assets measured at fair value through other comprehensive Income	8,233,811	8,233,811	8,233,811	8,233,811	-
Property, plant and equipment	382,206	163,478	163,478	-	-
Deferred tax assets	117,974	117,974	-	-	117,974
Other assets	104,028	322,756	322,756	88,769	-
Amount (LKR '000) as at 30/06/2023					
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	87,646,042	87,646,042			
Due to banks	73,378	73,378	-	2,542	-
Derivative financial instruments	109,152	109,152	-	-	-
Financial liabilities at amortized cost					
- due to depositors	52,670,028	52,670,028	-	15,291,948	-
Retirement benefit obligations	326,416	326,416	-	-	-
Current tax liabilities	2,295,987	2,299,175	-	299,621	-
Other provisions	192,650	192,650	-	-	-
Other liabilities	4,317,829	4,314,640	-	133,279	-
Off-Balance Sheet Liabilities					
Guarantees	6,330,949	6,330,949	6,330,949	6,330,949	-
Performance Bonds	0	-	0	0	-
Letters of Credit	0	-	0	0	-
Other Contingent Items			-	-	-
Undrawn Loan Commitments	45,647,899	45,647,899	45,647,899	45,647,899	-
Other Commitments	16,144,602	16,144,602	16,144,602	16,144,602	-
Foreign Exchange Contracts	15,008,480	15,008,480	15,008,480	6,673,472	8,335,007
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>-</i>	<i>1,524,250</i>
Retained Earnings	21,563,766	21,563,766	21,563,766	-	21,563,766
Accumulated OCI	12,138	78,724	78,724	-	78,724
Other Reserves	4,560,447	4,493,863	4,493,863	-	4,493,863

Notes -

Audited Financial statements for FY 2022 were issued on 04th May 2023 and Right to Use Asset, Deferred Tax Asset , FVOCI Reserve and Statutory Reserve are based on them