

CITIBANK, N. A. SRI LANKA BRANCH

A Company incorporated in the USA with limited liabilities

Rated 'AAA (lka)' by Fitch Ratings Lanka Ltd.

Quarterly Financial Statements

30-Jun-23

INCOME STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2023

In Rupees Thousands

	Bank	
	Current Period From 01/01/2023 to 30/06/2023 (Unaudited)	Previous Period From 01/01/2022 to 30/06/2022 (Unaudited)
Interest income	5,170,224	2,285,041
Interest expenses	(232,742)	(95,885)
Net interest income	4,937,482	2,189,155
Fee and commission income	873,065	658,944
Fee and commission expenses	(129,905)	(15,798)
Net fee and commission income	743,160	643,146
Net gains/(losses) from trading	(165,791)	119,426
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	-	91,199
Net gains from derecognition of financial assets	1,004,207	11,047
Net other operating income	2,842,548	1,602,104
Total operating income	9,361,606	4,656,077
Impairment charges	2,330,770	(743,512)
Net operating income	11,692,376	3,912,565
Personnel expenses	(652,075)	(449,276)
Depreciation and amortization expenses	(25,816)	(16,594)
Other expenses	(545,589)	(591,125)
Operating profit/(loss) before VAT on financial services	10,468,895	2,855,570
Value Added Tax (VAT) on financial services	(1,470,583)	(538,013)
Social Security Contribution Levy (SSCL)	(195,184)	-
Profit/(loss) before tax	8,803,127	2,317,557
Income tax expenses	(2,047,533)	(900,452)
Profit/(loss) for the period	6,755,594	1,417,105

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30TH JUNE 2023

In Rupees Thousands

	Bank	
	Current Period From 01/01/2023 to 30/06/2023 (Unaudited)	Previous Period From 01/01/2022 to 30/06/2022 (Unaudited)
Profit/(loss) for the period	6,755,594	1,417,105
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	(1,573,829)	2,908,181
Net gains/(losses) on cash flow hedges	6,486	(16,773)
Less: Tax expense relating to items that will be reclassified to income statement	-	-
Items that will not be reclassified to income statement		
Re-measurement of post-employment benefit obligations	(2,241)	(6,463)
Less: Tax expense relating to items that will not be reclassified to income statement	672	-
Other Comprehensive Income (OCI) for the period, net of taxes	(1,568,911)	2,884,945
Total comprehensive income for the period	5,186,683	4,302,050

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

In Rupees Thousands

	Bank	
	Current Period As at 30/06/2023 (Unaudited)	Previous Period As at 31/12/2022 (Audited)
Assets		
Cash and cash equivalents	5,455,673	3,896,850
Balances with central banks	4,823,525	27,477,422
Placements with banks	27,355,595	20,818,582
Derivative financial instruments	107,399	160,210
Financial assets recognized through profit or loss		
- measured at fair value	21,175,365	5,825,506
Financial assets at amortised cost		
- loans and advances	19,890,466	16,706,570
Financial assets measured at fair value through other comprehensive income	8,233,811	7,065,633
Property, plant and equipment	382,206	362,325
Deferred tax assets	117,974	117,974
Other assets	104,027	68,934
Total assets	87,646,042	82,500,006
Liabilities		
Due to banks	73,379	598,314
Derivative financial instruments	109,152	2,382
Financial liabilities at amortised cost		
- due to depositors	52,670,028	54,319,360
Retirement benefit obligations	326,416	283,896
Current tax liabilities	2,295,987	2,750,347
Other provisions	192,650	711,406
Other liabilities	4,317,828	1,360,380
Total liabilities	59,985,440	60,026,085
Equity		
Assigned capital	1,524,250	1,524,250
Statutory reserve fund	920,324	920,324
Retained earnings	21,563,766	14,827,656
Other reserves	3,652,263	5,201,691
Total shareholders' equity	27,660,603	22,473,921
Non-controlling interests	-	-
Total equity	27,660,603	22,473,921
Total equity and liabilities	87,646,042	82,500,006
Contingent liabilities and commitments	83,131,929	105,684,199
Memorandum Information		
Number of Employees	90	88
Number of Branches	1	1

Note : Amounts stated are net of impairment and depreciation

CERTIFICATION:

We, the undersigned, being the Citi Country Officer and the Country Finance Officer of Citibank, N. A. Sri Lanka Branch jointly certify that;

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;

(b) the information contained in these statements have been extracted from the unaudited financial statements of the bank unless indicated as audited.

Ravin Basnayake

(Sgd.) Citi Country Officer / Managing Director

7th August 2023

Feroze Kamaldeen

(Sgd.) Country Finance Officer

7th August 2023

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30TH JUNE 2023

In Rupees Thousands

	Stated Assigned capital	Statutory Reserve fund	Reserves OCI reserve	Retained earnings	Other Reserves	Total
Balance as at 01/01/2023 (Opening balance) (Unaudited)	1,524,250	920,324	5,652	14,827,656	5,196,039	22,473,921
Total comprehensive income for the period						-
Profit/(loss) for the year (net of tax)	-	-	-	6,755,594	-	6,755,594
Other comprehensive income (net of tax)	-	-	6,486	(1,569)	(1,573,829)	(1,568,911)
Total comprehensive income for the period	-	-	6,486	6,754,025	(1,573,829)	5,186,683
Transactions with equity holders, recognised directly in equity						
Others (transfer to ECL Stage 01 Reserve)	-	-	-	(17,915)	17,915	-
Total transactions with equity holders	-	-	-	(17,915)	17,915	-
Balance as at 30/06/2023 (Closing balance)(Unaudited)	1,524,250	920,324	12,138	21,563,766	3,640,125	27,660,603

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2023

In Rupees Thousands

	Bank	
	Current Period From 01/01/2023 to 30/06/2023 (Unaudited)	Previous Period From 01/01/2022 to 31/12/2022 (Audited)
Cash flows from operating activities		
Interest receipts	5,216,510	7,609,512
Interest payments	(119,655)	(206,029)
Net commission receipts	757,385	1,306,296
Trading income	3,680,613	4,120,606
Payments to employees	(678,955)	(831,873)
VAT and SSCL on financial services	(1,665,768)	(1,276,610)
Receipts from other operating activities	351	1,896
Payments on other operating activities	(2,525,160)	(955,265)
Operating profit before change in operating assets & liabilities	4,665,322	9,768,533
(Increase) / decrease in operating assets		
Balances with Central Bank of Sri Lanka	22,653,897	(13,809,995)
Financial assets at amortised cost – loans & advances	688,708	(1,966,593)
Financial assets recognized through profit or loss	(12,696,063)	(676,834)
Other assets	64,337	131,726
Increase / (decrease) in operating liabilities		
Financial liabilities at amortised cost – due to depositors	(1,762,420)	22,063,302
Financial liabilities at amortised cost – due to debt securities holders	(418,166)	(205,940)
Other liabilities	18,791	576,696
Net cash generated from operating activities before income tax	13,214,406	15,880,895
ROU adjustment	45,772	78,670
Surcharge tax paid	-	(691,314)
Income tax paid	(2,501,894)	(536,957)
Net cash (used in) / from operating activities	10,758,284	14,731,294
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,535)	(107,947)
Proceeds from the sale of property, plant and equipment	-	-
Purchase of financial investments (net)	(7,698,298)	(16,111,113)
Proceeds from the sale and maturity of financial investments	-	-
Net purchase of intangible assets	-	-
Net cash flow from acquisition of investment in subsidiaries, joint ventures and associates	-	-
Net cash flow from disposal of subsidiaries, associates and joint ventures	-	-
Dividends received from investment in subsidiaries and associates	-	-
Others	-	-
Net cash (used in) / from investing activities	(7,708,833)	(16,219,060)
Cash flows from financing activities		
Net proceeds from the issue of ordinary share capital	-	-
Net proceeds from the issue of other equity instruments	-	-
Net proceeds from the issue of subordinated debt	-	-
Repayment of subordinated debt	-	-
Interest paid on subordinated debt	-	-
Dividend paid to non-controlling interest	-	-
Dividend paid to shareholders of the parent company	-	-
Dividend paid to holders of other equity instruments	-	-
Others	-	-
Net cash (used in) / from financing activities	-	-
Net increase / (decrease) in cash & cash equivalents	3,049,451	(1,487,766)
Cash and cash equivalents at the beginning of the period	3,980,051	2,080,357
Exchange difference in respect of cash & cash equivalent	(1,573,829)	3,387,457
Cash and cash equivalents at the end of the period	5,455,673	3,980,048

ANALYSIS OF FINANCIAL INSTRUMENTS ON MEASUREMENT BASIS AS AT 30TH JUNE 2023

a. Bank - Current period

In Rupees Thousands

	AMC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	5,455,673	-	-	5,455,673
Balances with central banks	4,823,525	-	-	4,823,525
Placements with banks	27,355,595	-	-	27,355,595
Derivative financial instruments	-	107,399	-	107,399
Loans and advances	19,890,466	-	-	19,890,466
Debt instruments	-	21,175,365	8,232,771	29,408,136
Equity instruments	-	-	1,040	1,040
Total financial assets	57,525,260	21,282,763	8,233,811	87,041,834
LIABILITIES				
Due to banks	73,379	-	-	73,379
Derivative financial instruments	-	109,152	-	109,152
Financial liabilities				
- due to depositors	52,670,028	-	-	52,670,028
Total financial liabilities	52,743,406	109,152	-	52,852,558

b. Bank – Previous period

In Rupees Thousands

	AMC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	3,980,051	-	-	3,980,051
Balances with central banks	27,477,422	-	-	27,477,422
Placements with banks	20,735,382	-	-	20,735,382
Derivative financial instruments	-	160,210	-	160,210
Loans and advances	16,706,570	-	-	16,706,570
Debt instruments	-	5,825,506	7,064,593	12,890,099
Equity instruments	-	-	1,040	1,040
Total financial assets	68,899,426	5,985,716	7,065,633	81,950,775
LIABILITIES				
Due to banks	598,314	-	-	598,314
Derivative financial instruments	-	2,382	-	2,382
Financial liabilities				
- due to depositors	54,319,360	-	-	54,319,360
Total financial liabilities	54,917,674	2,382	-	54,920,056

AMC Amortised Cost

FVPL Fair Value through Profit or Loss

FVOCI Fair Value through Other Comprehensive Income

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT AS AT 30TH JUNE 2023

In Rupees Thousands

	Bank	
	Current Period As at 30/06/2023	Previous Period As at 31/12/2022
Product-wise Gross loans & advances		
By product – Domestic currency		
Overdrafts	12,831,615	8,275,562
Term loans	344,160	1,531,656
Lease rentals receivable	-	-
Credit cards	-	-
Pawning	-	-
Other loans	-	-
Sub total	13,175,775	9,807,217
By product – Foreign currency		
Overdrafts	3,353,323	3,649,990
Term loans	4,366,383	5,835,604
Guarantees	-	-
Bonds	-	-
Other loans	-	-
Sub total	7,719,706	9,485,594
Total	20,895,481	19,292,811
Product-wise commitments and contingencies		
By product – Domestic currency		
Guarantees	3,385,013	3,017,397
Bonds	-	(2,500)
Undrawn credit lines	45,647,899	47,819,170
Other commitment	4,364,152	15,129,000
Sub total	53,397,063	65,963,067
By product – Foreign currency		
Guarantees	2,945,936	6,371,984
Bonds	-	38,337
Undrawn credit lines	-	19,496,742
Other commitments	11,780,450	11,710,115
Foreign Exchange Contracts	15,008,480	2,103,955
Sub total	29,734,866	39,721,132
Total	83,131,929	105,684,199
Stage-wise impairment on loans & advances, commitments and contingencies		
Gross loans and advances, commitments and contingencies	104,027,410	124,977,010
Less: Accumulated impairment under stage 1	(2,406)	(61,804)
Less: Accumulated impairment under stage 2	(1,195,260)	(3,235,843)
Less: Accumulated impairment under stage 3	-	-
Net value of loans and advances, commitments and contingencies	102,829,744	121,679,363
Movement of impairment during the period		
Under Stage 1		
Balance as at 01/01/2023 (Opening balance)	61,804	4,142
Charge/(Write back) to income statement	(59,398)	57,662
Write-off during the year	-	-
Other movements	-	-
Balance as at 30/06/2023 (Closing balance)	2,406	61,804
Under Stage 2		
Balance as at 01/01/2023 (Opening balance)	3,235,843	92,918
Charge/(Write back) to income statement	(2,040,583)	3,142,925
Write-off during the year	-	-
Other movements	-	-
Balance as at 30/06/2023 (Closing balance)	1,195,260	3,235,843
Under Stage 3		
Balance as at 01/01/2023 (Opening balance)	-	-
Charge/(Write back) to income statement	-	-
Write-off during the year	-	-
Other movements	-	-
Balance as at 30/06/2023 (Closing balance)	-	-

ANALYSIS OF DEPOSITS AS AT 30TH JUNE 2023

In Rupees Thousands

	Bank	
	Current Period As at 30/06/2023	Previous Period As at 31/12/2022
By product – Domestic currency		
Demand deposits (current accounts)	11,491,488	27,733,778
Savings deposits	1,478,239	2,742,926
Fixed deposits	17,481,903	2,881,145
Others	266,142	233,275
Sub total	30,717,772	33,591,125
By product – Foreign currency		
Demand deposits (current accounts)	16,868,562	13,547,576
Savings deposits	4,852,867	6,499,678
Fixed deposits	92,358	-
Others	138,468	680,981
Sub total	21,952,255	20,728,235
Total	52,670,028	54,319,360

SELECTED PERFORMANCE INDICATORS AS AT 30TH JUNE 2023

(Based on Regulatory Reporting)

	Current Reporting Period	Previous Reporting Period
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%
Assets Quality (Quality of Loan Portfolio)		
Stage 3 Loans (net of Stage 3 Impairment) to Total Loans (%)	0.0%	0.0%
Stage Impairment 3 to Stage 3 Loans Ratio (%)	0.0%	0.0%
Profitability		
Net Interest Margin (%)	11.3%	9.0%
Return on Assets (before Tax) (%)	20.7%	9.6%
Return on Equity (%)	53.9%	18.1%

CITIGROUP FINANCIAL SUMMARY

(In millions of dollars, except per share amounts and as otherwise noted)

Item	Current Period Six Months 2023 (Unaudited)	Previous Period Six Months 2022 (Unaudited)
	Current Period 2Q 2 023 (Unaudited)	Previous Period 2Q 2 022 (Unaudited)
Total revenues, net of interest expense ⁽¹⁾	\$ 40,883	\$ 38,824
Total operating expenses	26,859	25,558
Provisions for credit losses and for benefits and claims	3,799	2,029
Income from continuing operations before income taxes	10,225	11,237
Citigroup's net income	\$ 7,521	\$ 8,853
<u>Diluted earnings per share:</u>		
Income from continuing operations	\$ 3.52	\$ 4.32
Citigroup's net income	\$ 3.52	\$ 4.20
<u>Shares (in millions):</u>		
Average basic	1,943.2	1,956.6
Average diluted	1,966.3	1,973.2
<u>Regulatory capital ratios and performance metrics:</u>		
Common Equity Tier 1 (CET1) Capital ratio ^{(2) (3) (4)}	13.3%	11.95%
Tier 1 Capital ratio ^{(2) (3) (4)}	15.2%	13.62%
Total Capital ratio ^{(2) (3) (4)}	16.1%	15.20%
Supplementary Leverage ratio (SLR) ^{(2) (4) (5)}	6.0%	5.66%
Return on average assets	0.47%	0.77%
Return on average common equity	5.6%	9.7%
Efficiency ratio (total operating expenses/total revenues, net)	69.8%	63.1%
<u>Balance sheet data (in billions of dollars, except per share amounts):</u>		
Total assets	\$ 2,423.7	\$ 2,380.9
Total average assets	2,465.6	2,380.1
Total loans	660.6	657.3
Total deposits	1,319.9	1,321.8
Citigroup's stockholders' equity	208.7	199.0
Book value per share	97.87	92.95

(1) Total Revenue includes an approximate \$1.059 billion gain on sale recorded in Other revenue (approximately \$727 million after various taxes) related to Citi's sale of the India consumer banking business.

(2) 2Q23 is preliminary.

(3) Citi's binding CET1 Capital and Tier 1 Capital ratios were derived under the Basel III Standardized Approach, whereas Citi's binding Total Capital ratios were derived under the Basel III Advanced Approaches framework for all periods presented. For the composition of Citi's CET1 Capital and ratio, see page 18 of Citigroup's 2Q23 Quarterly Financial Data Supplement.

(4) Citi's regulatory capital ratios and components reflect certain deferrals based on the modified regulatory capital transition provision related to the Current Expected Credit Losses (CECL) standard. For additional information, see "Capital Resources-Regulatory Capital Treatment-Modified Transition of the Current Expected Credit Losses Methodology" in Citigroup's 2022 Annual Report on Form 10-K.

(5) For the composition of Citi's SLR, see page 18 of Citigroup's 2Q23 Quarterly Financial Data Supplement.

Supplementary Citigroup information has been extracted from Citigroup's 2Q23 Quarterly Financial Data Supplement available at <https://www.citigroup.com/global/investors/quarterly-earnings>