

# **CITIBANK, N. A. SRI LANKA BRANCH**

## **Pillar III Disclosures – Market Discipline**

**31-Dec-23**

## Basel III Computation of Capital Ratios

Item	Current Period	Previous Period
	As at 31/12/2023	As at 31/12/2022
	(Unaudited) LKR '000	(Audited) LKR '000
<b>Common Equity Tier I (CETI) Capital after Adjustments</b>	<b>17,004,832</b>	<b>24,060,208</b>
<b>Total Common Equity Tier I (CET1) Capital</b>	<b>17,770,001</b>	<b>22,473,921</b>
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)	11,423,407	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Unpublished current year's profit/(losses) and gains reflected in OCI	(1,264,893)	-
<b>Total Adjustments to CET1 Capital</b>	<b>765,169</b>	<b>(1,586,288)</b>
Goodwill (net)		
Deferred tax assets (net)	117,974	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	(1,447,878)	(1,704,261)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	2,095,073	-
<b>Additional Tier 1 (AT1) Capital after Adjustments</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 (ATI) Capital</b>	<b>-</b>	<b>-</b>
Qualifying Additional Tier 1 Capital Instruments		
<b>Total Adjustments to AT1 Capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 Capital after Adjustments</b>	<b>422,013</b>	<b>442,828</b>
<b>Total Tier 2 Capital</b>	<b>422,013</b>	<b>442,828</b>
General provisions	422,013	442,828
<b>Total Adjustments to Tier 2 Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier 1 Capital</b>	<b>17,004,832</b>	<b>24,060,208</b>
<b>Total Capital</b>	<b>17,426,845</b>	<b>24,503,037</b>
<b>Total Risk Weighted Assets (RWA)</b>	<b>64,733,830</b>	<b>62,874,299</b>
RWAs for Credit Risk	33,761,062	35,426,269
RWAs for Market Risk	18,211,800	19,386,160
RWAs for Operational Risk	12,760,968	8,061,870
<b>CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>26.27</b>	<b>38.27</b>
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)	-	-
<b>Total Tier 1 Capital Ratio (%)</b>	<b>26.27</b>	<b>38.27</b>
<b>Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer &amp; Surcharge on D-SIBs) (%)</b>	<b>26.92</b>	<b>38.97</b>
of which: Capital Conservation Buffer (%)	-	-
of which: Countercyclical Buffer (%)	-	-
of which: Capital Surcharge on D-SIBs (%)	-	-

**Note** - There had been a profit Repatriation of LKR 3.4 BN during 2023, which is reduced from Retained Earnings.

## Computation of Leverage Ratio

Item	Amount (LKR '000)	
	Reporting Period (Unaudited)	Previous Reporting Period (Audited)
	As at 31/12/23	As at 31/12/22
<b>Tier 1 Capital</b>	<b>17,004,831</b>	<b>24,060,208</b>
<b>Total Exposures</b>	<b>104,175,386</b>	<b>92,076,073</b>
On-Balance Sheet Items (Excluding Derivatives and Securities Financing Transactions, but including Collateral)	95,293,066	82,221,825
Derivative Exposures	1,468,032	3,195,952
Securities Financing Transaction Exposures	-	
Other Off-Balance Sheet Exposures	7,414,288	6,658,296
<b>Basel III Leverage Ratio (%) (Tier 1 / Exposure)</b>	<b>16.32%</b>	<b>26.17%</b>

### Basel III Computation of Liquidity Coverage Ratio

Item	Amount (LKR'000)			
	Current Period As at 31/12/23		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)	40,098,417	40,098,417	42,041,635	42,041,635
Total Adjusted Level 1A Assets	40,098,417	40,098,417	42,041,635	42,041,635
Level 1 Assets	40,098,417	40,098,417	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	150,280,216	30,747,471	146,734,682	26,938,837
Deposits	-	-	-	-
Unsecured Wholesale Funding	65,572,003	26,765,338	55,240,240	23,037,000
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	81,535,035	808,955	88,451,244	858,639
Additional Requirements	3,173,178	3,173,178	3,043,199	3,043,199
Total Cash Inflows	64,568,260	30,753,903	50,116,462	29,259,675
Maturing Secured Lending Transactions backed by Collateral	-	-	-	-
Committed Facilities	9,719,700	-	10,953,300	-
Other Inflows by Counterparty which are Maturing within 30 Days	36,984,275	30,573,979	37,699,693	29,259,603
Operational Deposits	17,684,361	-	1,463,396	-
Other Cash Inflows	179,924	179,924	72	72
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		521.65%		624.25%

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

Asset Class	Amount (LKR'000) as at 31.12.2023					
	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	36,585,788	-	36,585,788	-	-	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	872	-	872	-	436	0.50
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	36,526,568	15,374,266	36,526,568	799,165	10,691,041	0.29
Claims on Financial Institutions	6,158,575	1,002,184	6,158,575	502,185	6,260,760	0.94
Claims on Corporates	13,145,082	21,728,330	13,145,082	6,664,108	15,872,713	0.80
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	4,539,484	61,679,359	4,539,484	-	936,112	0.21
<b>Total</b>	<b>96,956,369</b>	<b>99,784,140</b>	<b>96,956,369</b>	<b>7,965,458</b>	<b>33,761,062</b>	<b>0.32</b>

### Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 31.12.2023
<b>(a) RWA for Interest Rate Risk</b>	<b>156,017</b>
General Interest Rate Risk	156,017
(i) Net Long or Short Position	156,017
(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>2,120,458</b>
<b>(c) RWA for Foreign Exchange &amp; Gold</b>	<b>2,276,475</b>
<b>Capital Charge for Market Risk [(a) + (b) + (c)] * CAR</b>	<b>18,211,800</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 31.12.2023		
			1st Year	2nd Year	3rd Year
<b>The Basic Indicator Approach</b>	15%		15,443,376	12,384,470	4,074,568
<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	1,595,121				
The Standardised Approach					
The Alternative Standardised Approach					
<b>Risk Weighted Amount for Operational Risk (LKR'000)</b>					
The Basic Indicator Approach	12,760,968				
The Standardised Approach					
The Alternative Standardised Approach					

## Main Features of Regulatory Capital Instruments

Description of the Capital Instrument	Accounting Classification	Current Reporting Period 000 'LKR	Previous Reporting Period 000 'LKR
<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	920,324	920,324
<b>Retained Earnings</b>			
Comprise of un-remitted profits (after tax) of the branch, after making statutory appropriations to the Statutory Reserve.	Equity	11,423,407	14,862,434
<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	4,956,913	4,956,913
<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	210,000	210,000

*Note - There had been a profit Repartition of LKR 3.4 BN, which is reduced from Retained Earnings.*



## Key Regulatory Ratios - Capital and Liquidity

	As at 31st Dec 2023	As at 31st Dec 2022
<b>Regulatory Capital Adequacy (LKR in Millions)</b>		
Common Equity Tier 1	17,005	24,060
Core (Tier 1) Capital	17,005	24,060
Total Capital Base	17,427	24,503
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tier 1 Capital (%) (Minimum Requirement 7%)	26.27%	38.27%
Tier 1 Capital Ratio (%) (Minimum Requirement 8.5%)	26.27%	38.27%
Total Capital Ratio (%) (Minimum Requirement 12.5%)	26.92%	38.97%
<b>Leverage Ratio (%) (Minimum Requirement - 3%)</b>		
	16.32%	26.17%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets (LKR in Millions) - (Consolidated)	82,015	68,232
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)		
Domestic Banking Unit (%)	114.59%	111.41%
Off-Shore Banking Unit (%)	131.80%	120.19%
Total Stock of High-Quality Liquid Assets (LKR in Millions)	40,098	42,042
Liquidity Coverage Ratio (%) (Minimum Requirement 100%)		
Rupee (%)	465.02%	338.28%
All Currency (%)	521.65%	624.25%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	224.91%	179.98%

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

Item	Amount (LKR '000) as at 31/12/2023				
	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
<b>Assets</b>	<b>97,941,373</b>	<b>97,941,373</b>			
Cash and cash equivalents	21,405,033	21,405,033	19,192,591		2,212,442
Balances with central banks	11,153,406	11,153,406	11,153,406	-	-
Placements with banks	27,072,570	27,072,570	27,072,570	-	-
Derivative financial instruments	435,192	435,192	-	-	-
Financial assets recognized through profit or loss	0				
- measured at fair value	17,238,165	17,238,165	17,238,165	17,238,165	-
- designated at fair value	-	-	-	-	-
Financial assets at amortized cost	-				
- loans and advances	11,823,923	11,823,923	11,823,923	-	-
Financial assets measured at fair value through other comprehensive Income	8,195,256	8,195,256	8,195,256	8,195,256	-
Property, plant and equipment	204,484	204,484	204,484	-	-
Deferred tax assets	117,974	117,974	-	-	117,974
Other assets	295,371	295,371	295,371	-	-
Item	Amount (LKR '000) as at 31/12/2023				
	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
<b>Liabilities and equity</b>	<b>97,941,373</b>	<b>97,941,373</b>			
Due to banks	11,972	11,972	-		69
Derivative financial instruments	80,445	80,445	-	-	-
Financial liabilities at amortized cost	-				
- due to depositors	65,527,629	65,527,629	-	-	-
Retirement benefit obligations	403,527	403,527	-	-	-
Current tax liabilities	2,598,597	2,598,597	-	-	-
Other provisions	206,187	206,187	-	-	-
Other liabilities	1,765,970	1,765,970	-	-	-
<b>Off-Balance Sheet Liabilities</b>	<b>-</b>				
Guarantees	6,330,949	6,330,949	6,330,949		-
Performance Bonds	-	-	-	-	-
Letters of Credit	-	-	-	-	-
Other Contingent Items			-	-	-
Undrawn Loan Commitments	45,647,899	45,647,899	45,647,899		-
Other Commitments	16,144,602	16,144,602	16,144,602		-
Foreign Exchange Contracts	15,008,480	15,008,480	29,477,035		29,477,035
<b>Shareholders' Equity</b>					
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>	-	-	1,524,250
Retained Earnings	20,973,207	20,973,207	-	-	20,973,207
Accumulated OCI	3,733	3,733	-	-	3,733
Other Reserves	4,845,857	4,845,857	-	-	4,845,857