

CITIBANK, N.A. SOUTH AFRICA BRANCH

QUARTERLY PUBLIC DISCLOSURE INFORMATION

Citibank, N.A. is incorporated in the United States of America and has a national bank charter under the National Bank Act of 1863 with the ability to open branches, establish subsidiaries and provide products and services to clients globally. Citibank, N.A. is regulated by The Office of the Comptroller of Currency (OCC). This is the bank's primary regulator and is authorized to examine and supervise the bank on a consolidated global basis. The Federal Deposit Insurance Corporation (FDIC) oversees the federal deposit insurance fund that insures deposits with the bank in the United States and therefore examines the bank as well.

Citibank, N.A. is an indirect wholly owned subsidiary of Citigroup Inc. (Citi). This financial holding company is domiciled in the United States of America and is listed on the New York, Tokyo as well as the Mexico Stock Exchanges. The Federal Reserve (Fed) is the primary prudential regulator of Citigroup Inc.

Citibank, N.A. (Registration number 1995/007396/10) was authorized by the Office of the Registrar of Banks at the South African Reserve Bank (SARB) to conduct the business of a bank by means of a branch in South Africa in July 1995. The local branch is now supervised by the Prudential Authority ("the PA"). This requires that the branch must adhere to the various prudential requirements in terms of the Banks Act of 1994, as amended and is subject to all regulatory reporting obligations set out by the aforementioned banking regulator.

Members of the general public may access further comprehensive information as contained in the Citi Annual Report, as well as view regulatory filings of Citi and the bank by visiting www.citigroup.com

The following relevant Pillar 3 public disclosure information is provided by Citibank, N.A. South Africa Branch, in terms of the provisions contained in the Regulations relating to Banks. This information is consistent with information reported to the PA. Further

selective information on the monthly filings by the local branch to the SARB may be obtained by visiting www.resbank.co.za

This document discloses salient qualitative and quantitative information of Citibank, N.A. South Africa Branch pertaining to;

- I. Capital
- II. Credit risk¹
- III. Market risk
- IV. Liquidity risk
- V. Operational risk

¹ Including counterparty credit risk

I. Capital

The tables below illustrate the composition of the branch qualifying capital, the risk weighted asset components and the related capital adequacy ratios:

Capital components ZAR '000	31 Mar 2018	30 June 2018
Endowment capital	2,605,010	2,737,877
Appropriated Reserve funds	3,965,444	4,147,482
Other	20,949	-181,443
Tier 2 unimpaired reserve funds	9,823	14,138
Total qualifying capital and reserve funds	6,601,225	6,718,054

Risk weighted Assets – ZAR '000	31 Mar 2018	30 June 2018
Credit risk¹	20,348,732	22,439,231
Market risk	19,571,192	15,434,076
Operational risk	4,717,000	4,971,914
Other risks	690,940	379,794

¹ Including counterparty credit risk

Capital Ratio	31 Mar 2018	30 June 2018
Total Capital Adequacy Ratio (CAR)	13.88%	15.54%

Leverage Ratio	31 Mar 2018	30 June 2018
Basel III Leverage ratio	8.82%	9.06%

The present CAR is above the regulatory minimum [11.38% for 2018] capital ratio required by the SARB under Basel III.

The aforementioned Basel III leverage ratio depicts the total branch capital in relation to the total exposures of the branch. This is an important supplementary measure to the risk based capital requirements, required by the PA. This ratio may at no time be less than 4 percent.

II. Credit risk

The branch is subject to credit risk through its trading and lending activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The risk that counterparties to both derivative and other instruments might default on their obligations is monitored on an ongoing basis. The branch's primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the statement of financial position. The branch is exposed to credit risk on various other financial assets, including derivative financial instruments and interest bearing securities. The current credit exposure in respect of these instruments is equal to the carrying amount of these assets in the statement of financial position. In addition, the branch is exposed to off balance sheet credit risk through commitments to extend credit and guarantees issued. Concentrations of credit risk (whether on or off balance sheet) arise when counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise by type of customer in relation to loans and advances, commitments to extend credit and guarantees issued.

The branch structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review.

The exposure to any one borrower is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a significant portion is lending where no such facilities can be obtained.

The branch's maximum credit exposure is represented by the financial assets presented on the statement of financial position and, additionally, off-balance sheet items.

The branch currently adopts the standardised approach to credit risk.

The table below illustrates the gross on and off balance sheet gross exposure values and risk weighted assets:

31 Mar 2018 ZAR '000	Gross Exposure Values	Risk Weighted Assets	Regulatory Capital[®]
Corporate	50,825,196	19,895,066	2,213,326
Public sector	935,173	301,299	33,519
Sovereigns	16,604,420	20,245	2,252
Banks	32,157,929	1,625,748	180,864
Securities firms	786,928	7,181	799
Total	101,309,645	21,849,538	2,430,761

[®]Measured at 11.125%¹ in line with transitional requirements and excludes any bank-specific capital requirements. There is currently no requirement for the countercyclical buffer add-on in South Africa.

30 June 2018 ZAR '000	Gross Exposure Values	Risk Weighted Assets	Regulatory Capital¹
Corporate	53,782,987	19,649,034	2,185,955
Public sector	755,264	26,664	2,966
Sovereigns	28,792,748	179	20
Banks	25,398,452	2,442,288	271,705

¹ Minimum capital requirements - This value is 11.125% for 2018, consisting of a Pillar 1 requirement of 8.00%, Pillar 2A of 1.25%, and a phased in Capital Conservation Buffer of 1.875% in 2018.

Securities firms	268,886	-	-
Total	108,998,337	22,118,166	2,460,646

The tables below illustrate the geographical distribution of the credit exposures, credit rating of counterparties including the industry type and the maturity breakdown:

Credit concentration per geography gross exposure breakdown

ZAR '000	31 Mar 2018	30 June 2018
South Africa	68,620,447	85,972,074
Africa	1,614,663	1,932,408
Europe	13,755,827	11,446,691
Asia	196,815	483,092
North America	17,120,450	9,163,383
South America	-	-
Other	1,442	690
Total	101,309,645	108,998,337

Industry type

ZAR '000	31 Mar 2018	30 June 2018
Agriculture	973,365	955,543
Mining	2,080,223	2,428,744
Manufacturing	27,774,792	29,010,769
Electricity, gas & water	1,838,105	1,928,139
Construction	25,370	28,167
Wholesale & retail trade	10,091,876	13,783,199
Transport	6,914,884	7,362,023
Financial services	31,578,097	21,088,008
Real estate	-	-
Business services	3,095,559	3,547,291
Community	16,937,372	28,866,447
Private households	-	-
Other	-	7
Total	101,309,645	108,998,337

III. Market risk

Market risk arises as a result of interest rate risk, currency risk and trading price risk.

Interest rate risk

The branch's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income, maintaining market interest rate levels consistent with the branch's business strategies. Interest rate derivatives are primarily used to bridge the mismatch in the re-pricing of assets and liabilities. This is done in accordance with the guidelines established by the branch's asset-liability management committee. Part of the branch's return on financial instruments is obtained from controlled mismatching of the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates or, if earlier, the dates on which the instruments mature.

Currency risk

The branch is exposed to currency risk through transactions in foreign currencies. The branch's funding is primarily in US Dollars. As the currency in which the branch presents its annual financial statements is the South African Rand, the branch annual financial statements are affected by movements in the exchange rates between the South African Rand and the US Dollar. The branch's transactional exposures give rise to foreign currency gains and losses that are recognised in the statement of comprehensive income. The branch's foreign exchange position is treated as part of the trading portfolios for risk management purposes.

Price risk is measured using various tools, including Interest Rate Gap Analysis, Interest Rate Exposure ("IRE") limits, stress and scenario analysis, which are applied to interest rate risk arising in the non-trading portfolios. Factor sensitivity limits and Value-at Risk ('VaR'), stress and scenario analysis is applied to the trading portfolios. At the discretion of Market Risk Management, VaR can

sometimes be applied to the non-trading portfolio as a complementary measure.

Trading price risk

The branch uses a daily VaR measure, in conjunction with factor sensitivity and stress reporting, as a mechanism for monitoring and controlling market risk. The VaR is calculated at a 99% confidence level assuming a one-day horizon. Daily losses are expected to exceed the VaR, on average, once every one hundred business days.

The VaR engine is based on the structured Monte-Carlo approach. The covariance matrix of volatility and correlation is updated at least quarterly, based on three years of market data.

Although extensive back testing of the VaR hypothetical portfolios, with varying concentrations by industry, risk rating etc. are performed, the VaR cannot necessarily provide an indication of the potential size of loss when it occurs. Hence a comprehensive set of factors, sensitivity limits and stress tests are used, in addition to VaR limits.

As can be deduced from above, the branch uses and has obtained the approval of the SARB to adopt the Internal Models Approach (IMA) for market risk.

The risk weighted assets (RWA) applied to market risk

Total ZAR '000	31 Mar 2018	30 June 2018
RWA for Market Risk	19,571,192	15,434,076
Total 60 day average VaR	523,449	412,974
Total 60 day average SVaR	1,042,246	821,752

IV. Liquidity risk

Liquidity risk is the risk that the branch will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises in the general funding of the branch's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The branch has access to Head Office funding and strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The branch continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall branch strategy. In addition, the branch holds a portfolio of liquid assets as part of its liquidity risk management strategy.

The table below illustrates the liquidity coverage ratio (LCR) which requires all banks to hold sufficient high quality unencumbered liquid assets to cover any potential cash outflow under a stressed scenario over a 30 day period. The introduction of the LCR is being phased in from January 2015 with a regulatory minimum 60% ratio, increasing by 10% annually to full implementation in January 2019. 90% regulatory minimum for 2018. Net Stable Funding Ratio (NSFR) has come into effect from 1 January 2018.

Average Weighted Total / Percentage – ZAR - 000	31 Mar 2018	30 June 2018
Total High Quality Liquid Assets	19,839,778	19,952,520
Net Cash Outflow	10,646,323	11,727,118
Liquidity coverage ratio (LCR)	192%	180%
Regulatory Minimum LCR ratio	90%	90%

Weighted Total	30-June-18
Total Available Stable Funding	30,243,596
Total Required Stable Funding	11,310,413
Net stable funding ratio (NSFR)	267%

V. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct that the branch undertakes. Operational risk is inherent in the branch's business activities and, as with other risk types, is managed through an overall framework with checks and balances that includes:

- Recognised ownership of the risk by the businesses;**
- Oversight by independent risk management; and**
- Independent review by internal audit.**

Framework

The branch follows the approach to operational risk, which is defined in the Manager Control and Assessment (MCA) in terms of the Operational Risk Policy. The objective of the policy is to establish a consistent, value-added framework for assessing and communicating operational risk and the overall effectiveness of the internal control environment across Citibank. The Operational Risk Policy facilitates the effective communication of operational risk. Information about operational risk, historical losses and the control environment is reported and summarised for the Audit Committee, Senior Management and the Directors.

The branch currently adopts the standardised approach to operational risk. Under this approach, the branch uses a pre-determined beta mapped to the gross operating income for the previous 3 years across each of the eight business lines.

The table below illustrates the operational risk capital requirement for the branch

ZAR '000	31 Mar 2018	30 June 2018
Risk weighted assets for operational risk	4,717,000	4,971,914

In conclusion, Citibank. N.A. South Africa branch is of the opinion that the aforementioned information provides sufficient public disclosure on the capital adequacy position, main business activities and the risk profile of the branch. Further information on product offerings by the South Africa franchise may be obtained by visiting <http://www.citi.com/southafrica/homepage/index.htm>