Citibank, N.A. South Africa Branch

Pillar 3 Disclosure: Annual

31 December 2020

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1. INTRODUCTION

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. (Citigroup). 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 ("PA"). The branch is required to adhere to the various prudential requirements as set out in the Banks Act 94 of 1990 ("Banks Act"), as amended, and Regulations relating to Banks.

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

2. BASIS OF PREPARATION

The purpose of this public disclosure is to provide detailed information on Citibank, N.A South Africa Branch ("Citi SA") capital structure, capital adequacy, risk exposure and risk-weighted assets ("RWA"), leverage ratio and liquidity ratios as of 31 December 2020.

The following public disclosure presents the annual Pillar 3 disclosure of Citi SA which has been prepared in accordance with the South African Banks Act Regulation 43 *Public Disclosure* and Directive 1 of 2019 *Matters related to Pillar 3 disclosure requirements framework,* as well as the BCBS standards which have been applied. Further selective information on the monthly filings by Citi SA to the SARB may be obtained by visiting www.resbank.co.za

The 31 December 2020 financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and reported in accordance with the Regulations relating to Banks. The financial statements are audited on an annual basis by an independent audit firm.

The Pillar 3 Disclosure document has been independently reviewed by an external audit firm prior to publication.

The Pillar 3 Disclosure document has been prepared and presented using local currency - South African Rand (ZAR'000).

3. MANAGEMENT'S RESPONSIBILITY STATEMENT

Citi SA management is responsible for the preparation and fair presentation of the annual financial statements of the Branch, comprising the statement of financial position as of 31 December 2020, and disclosure requirements in respect of Regulation 43 of the Regulations relating to Banks.

The Pillar 3 Disclosure document has been verified internally by senior management in accordance with Citi's policies on disclosure, financial reporting and governance processes.

4. OVERVIEW OF RISK MANAGEMENT AND RWA

4.1 TEMPLATE KM1: KEY METRICS (QUARTERLY)

The key prudential metrics relate to regulatory capital, leverage ratio and liquidity standards related to Citi SA. Citi SA's capital and leverage position is managed within the risk appetite framework. No transitional arrangement with regards to implementation of IFRS 9 for the impact of expected credit loss accounting on regulatory capital have been applied.

Citi SA is subject to regulatory capital standards issued by the SARB. These rules establish an integrated capital adequacy framework, encompassing both risk-based capital ratios and leverage ratios. Citi SA manages its balance sheet proactively, with a particular focus on the efficient management of RWA.

Citi SA is not highly leveraged, with a leverage ratio of 8.81%, above the minimum leverage ratio requirement of 4%.

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
		Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	7,962,472	7,941,607	8,127,091	7,940,701	7,761,337
1a	Fully loaded ECL accounting model	7,962,472	7,941,607	8,127,091	7,940,701	7,761,337
2	Tier 1	7,962,472	7,941,607	8,127,091	7,940,701	7,761,337
2a	Fully loaded ECL accounting model Tier 1	7,962,472	7,941,607	8,127,091	7,940,701	7,761,337
3	Total capital	8,046,199	8,228,438	8,340,962	8,035,028	7,794,323
3a	Fully loaded ECL accounting model total capital	8,046,199	8,228,438	8,340,962	8,035,028	7,794,323
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	33,699,853	37,198,392	44,328,106	40,512,630	41,444,755
4a	Total risk-weighted assets (pre-floor)	33,699,853	37,198,392	44,328,106	40,512,630	41,444,755
Risk-based capital ratios as a percentage of RWA						
5	CET1 ratio (%)	23.63%	21.35%	18.33%	19.60%	18.73%
5a	Fully loaded ECL accounting model CET1 (%)	23.63%	21.35%	18.33%	19.60%	18.73%
5b	CET1 ratio (%) (pre-floor ratio)	0.00%	0.00%	0.00%	0.00%	0.00%
6	Tier 1 ratio (%)	23.63%	21.35%	18.33%	19.60%	18.73%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	23.63%	21.35%	18.33%	19.60%	18.73%
6b	Tier 1 ratio (%) (pre-floor ratio)	0.00%	0.00%	0.00%	0.00%	0.00%
7	Total capital ratio (%)	23.88%	22.12%	18.82%	19.83%	18.81%
7a	Fully loaded ECL accounting model total capital ratio (%)	23.88%	22.12%	18.82%	19.83%	18.81%
7b	Total capital ratio (%) (pre-floor ratio)	0.00%	0.00%	0.00%	0.00%	0.00%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank G-SIB and/or D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	23.63%	21.35%	18.33%	19.60%	18.73%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	90,364,320	87,409,083	87,690,698	94,277,808	72,358,833
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	8.81%	9.09%	9.27%	8.42%	10.73%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	8.81%	9.09%	9.27%	8.42%	10.73%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	8.81%	9.09%	9.27%	8.42%	10.73%
Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	27,239,766	25,919,468	25,678,700	23,351,984	24,270,903
16	Total net cash outflow	10,763,459	13,364,983	17,827,631	14,167,783	11,822,700
17	LCR ratio (%)	253.08%	193.94%	144.04%	164.82%	205.29%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	36,700,021	35,817,623	34,144,441	33,739,181	31,323,427
19	Total required stable funding	20,563,134	22,560,388	23,911,495	23,271,025	18,426,841
20	NSFR ratio	178.47%	158.76%	142.80%	144.98%	169.99%

Directive 2 of 2020 *Matters related to temporary capital relief to alleviate risks posed by the Covid-19 pandemic* issued on 6 April 2020 directed banks to reduce its Pillar 2A temporarily to zero. Citi SA remained adequately capitalised with a Common Equity Tier 1 (CET1) ratio of 23.63%, well ahead of the current regulatory minimum requirement of 7.13%.

Directive 1 of 2020 *Temporary measures to aid compliance with the liquidity coverage ratio during the Coronavirus (Covid-19) pandemic stress period* issued 31 March 2020, directed banks to comply with a revised minimum LCR requirement of 80%, with effect from 1 April 2020. Citi SA LCR at 253.08% was well above the minimum requirement of 80% and NSFR at 178.47%, also above the minimum requirement of 100%.

4.2 TEMPLATE OVA: OVERVIEW OF RISK MANAGEMENT (QUARTERLY)

The mission of Citi SA is to responsibly provide financial services that enable economic growth and progress as a trusted partner to its clients and to deliver sustainable, growing earnings across all its businesses while protecting capital and liquidity.

Citi SA has a comprehensive risk governance framework in place to provide oversight of the Branch's monitoring and management of risks, ensuring that the risk profile of Citi SA is well documented and pro-actively managed at all levels of the organisation so that Citi SA's financial strength is safeguarded. The framework applies to Citi SA in its entirety, including all businesses and functions.

Risk governance at Citi SA is cascaded through risk frameworks and risk policies, which describe how Citi SA identifies, measure, mitigates, monitors and reports material risk. This ensures transparent lines of responsibility and accountability for the core risk governance processes performed by the Branch.

The risk management framework is based on a 'three lines of defense' governance model, whereby each line has a specific role and defined responsibilities in such a way that the execution of tasks is separated from the control of the same tasks. The three lines of defense also collaborate with each other in structured fora and through formalised processes to bring various perspectives together and to lead the Branch toward outcomes that are in clients' and shareholders' interests, create economic value and are systemically responsible.

Each of Citi SA's businesses (the first line of defense) owns and manages the risks inherent in or arising from the business and is responsible for establishing and operating controls to mitigate key risks, performing manager assessments of the design and effectiveness of internal controls, and promoting a culture of compliance and control.

Citi SA's independent control functions (the second line of defense), including Independent Risk Management, Finance, Independent Compliance Risk Management, Legal, and Human Resources ("HR"), set standards against which business, operations and control functions are required to manage and oversee risks, including compliance with applicable laws, regulatory requirements, and policies and standards of ethical conduct. These functions are involved in identifying, measuring, monitoring, or controlling aggregate risks, and are independent from front line units.

Citi SA's Internal Audit function (the third line of defense) independently reviews activities of the first two lines of defense, based on a risk-based audit plan and methodology approved by the Audit Committee.

These disclosures provide details of Citi SA's exposure to risk and describes the methods used by management to manage risk. The most important types of financial risk to which Citi SA is exposed is credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate risk and equity price risk.

4.3 TEMPLATE OV1: OVERVIEW OF RWA (QUARTERLY)

		a	b	c
		RWA		Minimum capital requirements
		T	T-1	T
		Dec-20	Sep-20	Dec-20
1	Credit risk (excluding counterparty credit risk)	20,001,394	24,333,418	1,600,112
2	Of which: standardised approach (SA)	20,001,394	24,333,418	1,600,112
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	2,490,422	1,468,586	199,234
7	Of which: standardised approach for counterparty credit risk	2,490,422	1,468,586	199,234
8	Of which: IMM	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	749,689	513,560	59,975
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period	90	90	7
12	Equity investments in funds – look-through approach	-	-	-
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in banking book	-	-	-
17	Of which: securitisation IRB approach (SEC-IRBA)	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	4,356,193	4,889,265	348,495
21	Of which: standardised approach (SA)	-	-	-
22	Of which: internal model approach (IMA)	4,356,193	4,889,265	348,495
23	Capital charge for switch between trading book and banking book	-	-	-
24	Operational risk	5,684,190	5,641,541	454,735
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	417,875	351,931	33,430
26	Aggregate capital floor applied	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)	33,699,853	37,198,392	2,695,988

5. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

5.1 TEMPLATE LI1: DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND MAPPING OF FINANCIAL STATEMENTS WITH REGULATORY RISK CATEGORIES (ANNUAL)

	a	b	c	d	e	f	g
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central banks	1,059,283	1,059,283	1,059,283				
Treasury bills	17,335,566	17,335,566	17,335,566				
Items in the course of collection from other banks	-	-					
Trading portfolio assets	1,705,315	1,705,315				1,705,315	
Financial assets designated at fair value	-	-					
Derivative financial instruments	17,732,038	17,732,038		17,732,038			
Loans and advances to banks	19,374,211	19,374,211	19,374,211				
Loans and advances to customers	18,625,633	18,625,633	18,625,633				
Reverse repurchase agreements and other similar secured lending	387,044	387,044	387,044				
Investment and trading securities	90	90	-	-	-	-	90
Available for sale financial investments	9,772,474	9,772,474	9,772,474				
Current and deferred tax assets	97,268	97,268					97,268
Prepayments, accrued income and other assets	62,137	62,137	62,136				
Investments in associates and joint ventures	-	-	-				
Goodwill and intangible assets	-	-					
Of which: goodwill	-	-					
Of which: other intangibles (excluding MSR)	-	-					
Of which: MSR	-	-					
Property, plant and equipment	180,886	180,886	180,886				
Total assets	86,331,945	86,331,945	66,797,233	17,732,038	-	1,705,315	97,358

	a	b	c	d	e	f	g
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposits from banks	3,837,785	3,837,785					3,837,785
Items in the course of collection due to other banks	-	-					-
Customer accounts	51,215,346	51,215,346					51,215,346
Repurchase agreements and other similar secured borrowing	644,385	644,385					644,385
Trading portfolio liabilities	268,868	268,868					268,868
Financial liabilities designated at fair value	-	-					-
Derivative financial instruments	16,833,509	16,833,509					16,833,509
Debt securities in issue	-	-					-
Accruals, deferred income and other liabilities	2,699,413	2,699,413					2,699,413
Current and deferred tax liabilities	-	-					-
Of which: deferred tax liabilities (DTL) related to goodwill	-	-					-
Of which: DTL related to intangible assets (excluding MSR)	-	-					-
Of which: DTL related to MSR	-	-					-
Subordinated liabilities	-	-					-
Provisions	64,418	64,418					64,418
Retirement benefit liabilities	-	-					-
							-
Total liabilities	75,563,724	75,563,724	-	-	-	-	75,563,724

5.2 TEMPLATE LI2: MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS (ANNUAL)

	a	b	c	d	e
		Items subject to:			
	Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	86,331,945	66,797,233	-	17,732,038	1,705,315
Total net amount under regulatory scope of consolidation			-		
Off-balance sheet amounts	41,462,961	41,462,960	-		
Differences in valuations and other	653,133	653,133	-		
Exposure amounts considered for regulatory purposes	**128,448,038**	**108,913,326**	**-**	**17,732,038**	**1,705,315**

5.3 TEMPLATE PV1: PRUDENT VALUATION ADJUSTMENTS (PVA) (ANNUAL)

Directive 5 of 2020 *Prudent Valuation Adjustments (PVA) Framework* requires Citi SA to provide PVA disclosure on an annual basis. Citi SA assessed and determined that PVA is not applicable due to the instruments traded and the global pricing models used for the vanilla products traded as of 31 December 2020.

Citi SA does not hold model/valuation reserve for the global valuation models used for pricing the derivatives. Citi SA trades vanilla foreign exchange and interest instruments and there is no reduced liquidity uncertainty for these instruments or complex products traded where valuation adjustments would be deemed necessary.

PVA's are only applied to Citi entities that are under the European Banking Authority (EBA) based on the specific EBA PVA Regulatory Standards.

6. COMPOSITION OF CAPITAL

Citi SA's capital management framework is designed to ensure that adequate capital consistent with its risk profile, management targets and all applicable regulatory standards and guidelines (including Basel III deduction requirements) are maintained. There were no significant changes to Citi SA's regulatory capital over the reporting period.

The following tables present the semi-annual components of Citi SA's composition of regulatory capital and reconciliation of regulatory capital to balance sheet as of 31 December 2020.

6.1 TEMPLATE CC1: COMPOSITION OF REGULATORY CAPITAL (SEMI-ANNUAL)

		a	b
		Amounts [in'000 ZAR]	reference numbers/letters of the balance sheet under the regulatory scope of consolidation *
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	2,735,508	a
2	Retained earnings	4,981,054	
3	Accumulated other comprehensive income (and other reserves)	245,910	b
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	0	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0	
6	Common Equity Tier 1 capital before regulatory adjustments	7,962,472	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudent valuation adjustments	0	
8	Goodwill (net of related tax liability)	0	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	0	
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	69,926	
11	Cash flow hedge reserve	0	
12	Shortfall of provisions to expected losses	0	
13	Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework25)	0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	
15	Defined benefit pension fund net assets	0	
16	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	0	
17	Reciprocal cross-holdings in common equity	0	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
20	Mortgage servicing rights (amount above 10% threshold)	0	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0	
22	Amount exceeding the 15% threshold	0	
23	Of which: significant investments in the common stock of financials	0	
24	Of which: mortgage servicing rights	0	
25	Of which: deferred tax assets arising from temporary differences	0	
26	National specific regulatory adjustments	0	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0	
28	Total regulatory adjustments to Common Equity Tier 1	69,926	
29	Common Equity Tier 1 capital (CET1)	7,892,546	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	0	
31	Of which: classified as equity under applicable accounting standards	0	
32	Of which: classified as liabilities under applicable accounting standards	0	
33	Directly issued capital instruments subject to phase-out from additional Tier 1	0	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0	
35	Of which: instruments issued by subsidiaries subject to phase-out	0	
36	Additional Tier 1 capital before regulatory adjustments	0	

		a	b
		Amounts [in'000 ZAR]	reference numbers/letters of the balance sheet under the regulatory scope of consolidation *
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own additional Tier 1 instruments	0	
38	Reciprocal cross-holdings in additional Tier 1 instruments	0	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	0	
41	National specific regulatory adjustments	0	
42	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	0	
43	**Total regulatory adjustments to additional Tier 1 capital**	0	
44	**Additional Tier 1 capital (AT1)**	0	
45	**Tier 1 capital (T1 = CET1 + AT1)**	7,892,546	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0	
47	Directly issued capital instruments subject to phase-out from Tier 2	0	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0	
49	Of which: instruments issued by subsidiaries subject to phase-out	0	
50	Provisions	83,728	
51	**Tier 2 capital before regulatory adjustments**	83,728	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	0	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	0	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	
56	National specific regulatory adjustments	0	
57	Total regulatory adjustments to Tier 2 capital	0	
58	**Tier 2 capital (T2)**	83,728	
59	**Total regulatory capital (TC = T1 + T2)**	7,976,273	
60	**Total risk-weighted assets**	33,699,853	
Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	23.42%	
62	**Tier 1 (as a percentage of risk-weighted assets)**	23.42%	
63	**Total capital (as a percentage of risk-weighted assets)**	23.67%	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	2.50%	
65	Of which: capital conservation buffer requirement	2.50%	
66	Of which: bank-specific countercyclical buffer requirement	0.00%	
67	Of which: higher loss absorbency requirement	0.00%	
68	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements*	23.63%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	N/A	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	N/A	
71	National total capital minimum ratio (if different from Basel III minimum)	N/A	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	75.000	
73	Significant investments in the common stock of financial entities	15.000	
74	Mortgage servicing rights (net of related tax liability)	0	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	69,926	

		a	b
		Amounts [in'000 ZAR]	reference numbers/letters of the balance sheet under the regulatory scope of consolidation *
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	83,728	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1.25%	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	
82	Current cap on AT1 instruments subject to phase-out arrangements	0	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	
84	Current cap on T2 instruments subject to phase-out arrangements	0	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	

6.2 TEMPLATE CC2: RECONCILIATION OF REGULATORY CAPITAL TO BALANCE SHEET (SEMI-ANNUAL)

	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end 31 Dec 2020	As at period end 31 Dec 2020	
Assets			
Cash and balances at central banks	1,059,283	1,059,283	
Short term negotiable securities	17,335,566	17,335,566	
Items in the course of collection from other banks	0	0	
Trading portfolio assets	1,705,315	1,705,315	
Financial assets designated at fair value	0	0	
Derivative financial instruments	17,732,038	17,732,038	
Loans and advances to banks	19,374,211	19,374,211	
Loans and advances to customers	18,625,633	18,625,633	
Reverse repurchase agreements and other similar secured lending	387,044	387,044	
Investment and trading securities	90	90	
Available for sale financial investments	9,772,474	9,772,474	
Current and deferred tax assets	97,268	97,268	
Prepayments, accrued income and other assets	62,137	62,137	
Investments in associates and joint ventures	0	0	
Goodwill and intangible assets	0	0	
Of which: goodwill	0	0	a
Of which: other intangibles (excluding MSR)	0	0	b
Of which: MSR	0	0	c
Property, plant and equipment	180,886	180,886	
Total assets	86,331,945	86,331,945	
Liabilities			
Deposits from banks	3,837,785	3,837,785	
Items in the course of collection due to other banks	0	0	
Customer accounts	51,215,346	51,215,346	
Repurchase agreements and other similar secured borrowing	644,385	644,385	
Trading portfolio liabilities	268,868	268,868	
Financial liabilities designated at fair value	0	0	
Derivative financial instruments	16,833,509	16,833,509	
Debt securities in issue	0	0	
Accruals, deferred income and other liabilities	2,699,413	2,699,413	
Current and deferred tax liabilities	0	0	
Of which: deferred tax liabilities (DTL) related to goodwill	0	0	d
Of which: DTL related to intangible assets (excluding MSR)	0	0	e
Of which: DTL related to MSR	0	0	f
Subordinated liabilities	0	0	
Provisions	64,418	64,418	
Retirement benefit liabilities	0	0	
Total liabilities	75,563,724	75,563,724	
Shareholders' equity			
Paid-in share capital	2,735,508	2,735,508	
Of which: amount eligible for CET1 capital	2,735,508	2,735,508	h
Of which: amount eligible for AT1 capital	0	0	i
Retained earnings	7,786,803	7,786,803	
Accumulated other comprehensive income	245,910	245,910	
Total shareholders' equity	10,768,221	10,768,221	

7. LEVERAGE RATIO

The Basel III leverage ratio is a non-risk sensitive ratio used to restrict the build-up of leverage in the banking sector to avoid destabilising deleveraging processes that can damage the broader financial system and the economy. It compares the Tier 1 capital to the total exposure (including off balance sheet items) on a non-risk weighted basis.

Citi SA's Basel III leverage ratio calculated in accordance with the Banks Act, was 8.81% on 31 December 2020, lower than 10.73% on 31 December 2019, however above the regulatory minimum requirement of 4%. The decline from prior year was driven by lower capital balances after repatriating capital to Citigroup during January 2020. In addition, the asset holdings were higher during 2020 due to an increase in liquidity. There were no significant changes to Citi's leverage position over the reporting period.

Citi SA's leverage position is managed within the Citigroup Global Risk Appetite framework. The leverage ratio is also calculated and presented to the ALCO every month.

The following tables present Citi SA's summary comparison of accounting assets versus leverage ratio exposure amount and leverage ratio common disclosure as of quarter ended 31 December 2020.

7.1 TEMPLATE LR1: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE AMOUNT (QUARTERLY)

		a
		Dec-20
1	Total consolidated assets as per published financial statements	86,331,945
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustmens for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	2,941,069
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	387,044
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	-
11	Adjustments for prudent valuationadjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	704,262
13	Leverage ratio exposure measure	90,364,320

7.2 TEMPLATE LR2: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE (QUARTERLY)

		a	b
		T	T-1
		Dec-20	Sep-20
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	68,212,863	66,579,502
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Basel III Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	-	-
7	**Total on-balance sheet exposure** (excluding derivatives and SFTs) (sum of rows 1 to 6)	68,212,863	66,579,502
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligiable cash variation margin and/or with bilateral netting)	12,668,539	10,277,752
9	Add-on amounts for potential future exposure associated with all derivative transactions	2,122,430	2,166,397
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures (sum of rows 8 to 12)**	14,790,969	12,444,149
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustments for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterpart credit risk exposure for SFT assets	387,044	977,720
17	Agent transaction exposures	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	387,044	977,720
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	41,462,960	7,407,711
20	(Adjustments for conversion to credit equivalent amounts)	34,489,516	-
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determing Tier 1 capital)	-	-
22	**Off-balance sheet items (sum of rows 19 to 21)**	6,973,444	7,407,711
Capital and total exposures			
23	Tier 1 capital	7,962,472	7,941,607
24	Total exposures (sum of rows 7, 13, 18 and 22)	90,364,320	87,409,083
Leverage ratio			
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	8.81%	9.09%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	8.81%	9.09%
26	National minimum leverage ratio requirement	4.00%	4.00%
27	Applicable leverage buffers	-	-

8. LIQUIDITY

8.1 TEMPLATE LIQA: LIQUIDITY RISK MANAGEMENT (ANNUAL)

Liquidity is the ability of an institution to fund increases in assets and meet obligations as they fall due at a reasonable cost. Thus, it is the risk that Citi SA will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or the financial condition of Citi SA. Adequate and diverse sources of funding and liquidity are essential to Citi SA's business. Citi's sources of funding include deposits and short-term borrowings primarily in the form of secured funding transactions.

Funding and liquidity risks arise from several factors, many of which are mostly or entirely outside Citi SA's control, such as disruptions in the financial markets, changes in key funding sources, credit spreads, changes in macroeconomic, geopolitical and other conditions, reduced access to sources of funding, or increased demands on the available funding of Citi SA.

Liquidity risk 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. Citi SA has access to Head Office funding and strives to maintain a balance between continuity of funding and flexibility using liabilities with a range of maturities.

Citi SA's funding and liquidity management objectives are aimed at:

- funding the existing asset base,
- growing the core businesses
- maintaining sufficient liquidity, structured appropriately, so that Citi SA can operate under a variety of adverse circumstances, including potential Company-specific and/or market liquidity events in varying durations and severity, and
- satisfying regulatory requirements, including, among other things, those related to the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). Citi SA's goal is to maintain sufficient funding in amount and tenor to fully fund customer assets and to provide an appropriate amount of cash and high-quality liquid assets (HQLA), even in times of stress, to meet its payment obligations as they come due.

Citi SA's funding and liquidity framework ensures that the tenor of funding sources is of sufficient term in relation to the tenor of its asset base. The goal of Citi SA's asset/liability management is to ensure that there is excess liquidity and tenor in the liability structure relative to the liquidity profile of the assets. This reduces the risk that liabilities will become due before assets mature or are monetized. This excess liquidity is held primarily in the form of HQLA.

The liquidity position of the legal vehicle is managed as a part of Citigroup's Global Liquidity Risk Management Policy ("LRM Policy"). Citigroup's Global LRM Policy establishes the framework for defining, measuring, limiting and reporting liquidity risk to ensure the transparency and comparability of liquidity risk-taking activities. It also provides for the establishment of an appropriate risk appetite and liquidity risk management strategies. The Global LRM Policy applies to Citigroup Inc., its consolidated subsidiaries and managed affiliates (Citibank, N.A. (CBNA)). The Global LRM Policy is supplemented by the Standards for Liquidity Risk Management Planning and Reporting.

The following are part of the LRM Policy, amongst other things:

- Liquidity Risk Management Framework
- Liquidity Monitoring and Escalation
- Liquidity Stress Continuum
- Citi Support Agreement
- Balance Sheet Funding and Liquidity Plan
- Contingency Funding Plan
- Intraday Liquidity Management Plan
- Cash Flow Projections
- Funding & Liquidity Assessment of New Products
- Internal Metrics and Stress Test Assumption Changes

- Cash flow forecast back-testing
- HQLA monetisation plan
- Intraday Monitoring, management & Reserving Procedures

Citi SA adopts the Global LRM Policy. Citi monitors its liquidity position against internal and external metrics, including thresholds and limits. Internal metrics are defined in the Global LRM Policy and monitored independently, including liquidity planning, balance sheet stress reporting. External metrics include unencumbered assets, Top 5 depositors, liquid assets ratio, endowment capital ratio and cash reserve ratio. In addition, Basel III liquidity metrics which include the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR").

Citi SA's liquidity is managed by the Country Legal Entity (CLE) Treasurer, with independent oversight provided by Independent Risk Management. The CLE Treasurer is overseen by the local ALCO, being the primary governance committees for the balance sheet. The CLE Treasurer is supported by Treasury and Finance function in implementing the Global LRM Policy.

Citi SA continually assesses liquidity risk by identifying and monitoring changes in funding requirements to meet business goals and targets set in terms of the overall branch strategy. In addition, Citi SA holds a portfolio of liquid assets as part of its liquidity risk management strategy.

The LCR is intended to measure the amount of HQLA held by Citi SA in relation to estimated net cash outflows within a 30-day period during an acute stress event. The NSFR aims to promote resilience over a longer time horizon by creating incentives for banks to fund their activities with more stable sources of funding on an ongoing basis.

Directive 1 of 2020 *Temporary measures to aid compliance with the liquidity coverage ratio during the Coronavirus (Covid-19) pandemic stress period* issued 31 March 2020, directed banks to comply with a revised minimum LCR requirement of 80%, with effect from 1 April 2020. The minimum NSFR requirement is 100%.

Citi SA did not breach the minimum LCR and NSFR requirements during 2020.

Citi SA holds certain unencumbered high quality, liquid assets that are available to raise liquidity if required. Citi SA did not breach its liquid asset requirement during 2020.

The following tables present Citi SA's LCR and NSFR ratio as of quarter ending 31 December 2020.

8.2 TEMPLATE LIQ1: LIQUIDITY COVERAGE RATIO (LCR) (QUARTERLY)

The strong liquidity and funding position can be evidenced by the LCR of 253.08% (2019: 205.29%). LIQ1 has been prepared based on averages over the financial reporting period (i.e. the average of components and the average LCR over the most recent three months of daily positions, irrespective of the financial reporting schedule) per Basel III Pillar 3 requirements.

The composition of Citi SA's HQLA is Treasury bills, Repos / Reverse Repos, Government and government-guaranteed securities and short traded bonds.

		Total unweighted value (average)	Total weighted value (average)
		Dec-20	Dec-20
High-quality liquid assets			
1	Total HQLA	27,239,766	27,239,766
Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**	-	-
3	Stable deposits	-	-
4	Less stable deposits	-	-
5	**Unsecured wholesale funding, of which:**	59,063,528	34,159,996
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	59,063,528	34,159,996
8	Unsecured debt	-	-
9	**Secured wholesale funding**	61,519	-
10	**Additional requirements, of which:**	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	-	-
14	**Other contractual funding obligations**	43,260,443	2,196,007
15	**Other contingent funding obligations**	-	-
16	**TOTAL CASH OUTFLOWS**	102,385,490	36,356,004
Cash inflows			
17	Secured lending (eg reverse repo)	-	-
18	Inflows from fully performing exposures	-	-
19	Other cash inflows	-	-
20	TOTAL CASH INFLOWS	28,700,677	25,592,544
			Total adjusted value
21	Total HQLA		27,239,766
22	Total net cash outflows		10,763,459
23	Liquidity coverage ratio (%)		253.08%

Number of data points: 65

Citi does not hold any level two high-quality liquid assets (level 2A high-quality liquid assets and level 2B high-quality liquid assets).

Weighted figures of HQLA have been calculated after the application of the respective haircuts but before the application of any caps on Level 2B and Level 2 assets.

Unweighted inflows and outflows have been calculated as outstanding balances. Weighted inflows and outflows have been calculated after the application of the inflow and outflow rates.

Adjusted HQLA have been calculated after the application of both (i) haircuts and (ii) any applicable caps (i.e., cap on Level 2B and Level 2 assets). Adjusted figures of net cash outflows have been calculated after the application of both (i) inflow and outflow rates and (ii) any applicable cap (i.e., cap on inflows).

8.3 TEMPLATE LIQ2: NET STABLE FUNDING RATIO (NSFR) (QUARTERLY)

Citi SA's NSFR exceeded the minimum requirement of 100% effective 1 January 2018, during December 2020 at 178.47% (2019: 169.99%).

		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity*	<6 months	6 months to <1 year	≥1 year		No maturity*	<6 months	6 months to <1 year	≥1 year	
		Dec-20	Dec-20	Dec-20	Dec-20	Dec-20	Sep-20	Sep-20	Sep-20	Sep-20	Sep-20
Available stable funding (ASF) item											
1	Capital:	-			8,046,199	8,046,199	-			8,228,438	8,228,438
2	Regulatory capital	-			8,046,199	8,046,199	-			8,228,438	8,228,438
3	Other capital instruments	-			-	-	-			-	-
4	Retail deposits and deposits from small business customers:	-	-	-	-	-	-	-	-	-	-
5	Stable deposits	-	-	-	-	-	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-	-	-	-	-	-
7	Wholesale funding:	-	55,759,874	4,000	268,868	23,084,241	-	54,673,732	-	319,115	23,520,353
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	-	55,759,874	4,000	268,868	23,084,241	-	54,673,732	-	319,115	23,520,353
10	Liabilities with matching interdependent assets	-	-	-	-	-	-	-	-	-	-
11	Other liabilities:										
12	NSFR derivative liabilities	-			55,927	-	-			553,937	-
13	All other liabilities and equity not included in the above categories	-	387,044	-	5,569,581	5,569,581	-	-	-	4,068,832	4,068,832
14	Total ASF	-	55,759,874	4,000	13,940,575	36,700,021	-	54,673,732	-	13,170,322	35,817,623
Required stable funding (RSF) item											
15	Total NSFR high-quality liquid assets (HQLA)	-	7,878,881	10,733,171	9,675,095	1,414,357	-	7,251,832	10,749,195	6,299,511	1,215,027
16	Deposits held at other financial institutions for operational purposes	-	1,059,283	-	-	51,341	-	2,563,662	-	-	51,019
17	Performing loans and securities:	-	26,192,478	443,467	1,141,580	7,885,171	-	27,961,137	-	10,900,449	17,234,131
18	Performing loans to financial institutions secured by Level 1 HQLA	-	18,783,158	-	1,141,580	3,959,054	-	17,490,707	-	732,856	3,356,462
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-	-	-	-	-	-
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs , of which:	-	7,409,320	443,467		3,926,117	-	10,470,430	-	10,167,594	13,877,669
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit	-			9,300,821	7,905,698	-	10,470,430	-	10,167,594	13,877,669
22	Performing residential mortgages, of which:	-	-	-	-	-	-	-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-	-	-	-	-	-
25	Assets with matching interdependent liabilities	-	-	-	-	-	-	-	-	-	-
26	Other liabilities:										
27	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of	-	-	-	-	-	-	-	-	-	-
29	NSFR derivative assets	-			8,927,613	892,761	-			16,036,191	1,603,619
30	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
31	All other assets not included in the above categories	-	274,317		340,381	340,381	-			282,091	282,091
32	Off-balance sheet items	-	41,462,961			2,073,148	-	43,490,020			2,174,501
33	Total RSF	-				20,563,134	-				22,560,388
34	Net Stable Funding Ratio (%)	-				178.47%	0				158.76%

9. CREDIT RISK

9.1 TEMPLATE CRA: GENERAL QUALITATIVE INFORMATION ABOUT CREDIT RISK (ANNUAL)

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfill contractual obligations. When characterizing credit risk, the Exposure at Default, Probability of Default, and Loss Given Default are the key aspects.

Credit risk arises in many of Citi SA's business activities, including:

- consumer, commercial and corporate lending
- capital markets derivative transactions
- structured finance
- securities financing transactions (repurchase and reverse repurchase agreements, and securities loaned and borrowed)

Citi SA 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. Credit risk also arises from settlement and clearing activities when Citi SA transfers an asset in advance of receiving its counter-value or advances funds to settle a transaction on behalf of a client. The risk that counterparties to both derivative and other instruments might default on their obligations is monitored on an ongoing basis. Citi SA's primary exposure to credit risk arises through its loans and advances. In addition, Citi SA is exposed to off balance sheet credit risk through commitments to extend credit and guarantees issued. Concentration risk, within credit risk, is the risk associated with having credit exposure concentrated within a specific client, industry, region or other category.

Credit risk is one of the most significant risks Citi faces as an institution. As a result, Citi SA has a well-established Institutional Client Group ("ICG") Risk Management Manual in place for managing credit risk across all businesses. This includes a defined risk appetite, credit limits and credit policies, both at the business level as well as at the Company-wide level.

Citi SA's credit risk management also includes processes and policies with respect to problem recognition, including "remedial management," portfolio reviews, stress tests, review of risk ratings and classification triggers. With respect to Citi SA's settlement and clearing activities, the utilization of intraday client lines is monitored against limits, as well as against usage patterns. To the extent that there are risk concerns, Citi SA would review the client credit strategy, which may include moving exposure to a secured (collateralized) structure. Citi SA's intraday settlement and clearing lines are uncommitted and cancellable at any time. Citi SA has a credit risk appetite which is managed by using various limits and approval requirements, which is the level of risk acceptable 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 review or more frequent review. All credit limits are closely monitored against limits and should credit risks elevate, Citi SA would reduce credit limits to the client or move to a secured (collateralised) facility structure.

To manage concentration of risk within credit risk, Citi SA has in place a framework consisting of industry limits, an idiosyncratic framework consisting of single name concentrations for each business and across Citigroup and a specialized framework consisting of product limits. The exposure to any one borrower is further restricted by sub-limits covering on and off-balance sheet exposures. Exposure to credit risk is managed through the 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.

Credit exposures are generally reported in notional terms for accrual loans, reflecting the value at which the loans as well as loan and other off-balance sheet commitments are carried on the Balance Sheet. Credit exposure arising from capital markets activities is generally expressed as the current mark-to-market, net of margin, reflecting the net value owed to Citi by a given counterparty. The credit risk associated with these credit exposures is a function of the idiosyncratic creditworthiness of the obligor, as well as the terms and conditions of the specific obligation. Citi assesses the credit risk associated with its credit exposures on a regular basis through its loan loss reserve process as well as through regular stress testing at the company, business, geography and product levels. These stress-testing processes typically estimate potential incremental credit costs that would occur as a result of either downgrades in the credit quality or defaults of the obligors or counterparties.

Citi SA adopts the Standardised Approach to credit risk as of 31 December 2020.

Directive 3 of 2020 *Matters related to the treatment of restructured credit exposures due to the Coronavirus (Covid-19) pandemic* issued on 6 April 2020 outlined specific considerations to be made by banks when a loan is being restructured. Citi SA did not have any restructured credit exposures during 31 December 2020.

9.2 TEMPLATE CR1: CREDIT QUALITY OF ASSETS (SEMI-ANNUAL)

		Gross carrying values of		Allowances/ impairments	Of which ECL accounting		Of which ECL accounting provisions for credit losses on IRB	Net values (a+b-c)
		Defaulted exposures	Nondefaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
1	Loans	0	38,047,404	94,120	10,392	83,728	0	37,953,285
2	Debt securities	0	27,810,562	0	0	0	0	27,810,562
3	Off-balance sheet exposures	0	41,462,960	0	0	0	0	41,462,960
4	Total	0	107,320,927	94,120	10,392	83,728	0	107,226,807

9.3 TEMPLATE CRB: ADDITIONAL DISCLOSURE RELATED TO THE CREDIT QUALITY OF ASSETS (ANNUAL)

Citi SA groups its exposures based on its credit quality as explained below:

- Performing exposures are exposures that are not non-performing exposures. Performing exposures are classified as Stage 1 or Stage 2 under IFRS 9
- Non-performing exposures (NPEs) are classified as Stage 3 under IFRS 9

Exposures are considered to be past due if contractually agreed payments of principal and/or interest remain unpaid by due date.

Financial assets are deemed to be credit-impaired when a credit loss event has occurred. Credit-impaired assets are classified as Stage 3 and in default. A loss allowance equal to the full lifetime expected credit losses is recognised. Credit losses are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

Troubled Debt Restructurings ('TDRs') involve a restructuring when Citi SA, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider.

Citi SA applies a default definition that is consistent with that used for internal credit risk management purposes for the relevant financial instrument and considers qualitative indicators (for example, financial covenants) when appropriate. The definition of default used for this purpose is applied consistently to all financial instruments unless information becomes available that demonstrates another default definition is more appropriate for a particular financial instrument.

The Branch classifies an exposure as a Non-Performing Exposure ("NPE") if it satisfies either or both of the following criteria:

- There are material exposures which are more than 90 days past-due; and/or
- The obligor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

A default shall be considered to have occurred and exposure classified as Stage 3 if the NPE is more than 90 days past due or the indications of unlikeliness to pay.

A NPE shall be considered not in default and classified as Stage 2 if it has no material exposures which are more than 90 days past-due or if the indications of unlikeliness to pay in section above have not occurred.

The table below shows Citi SA's exposures, majority of which are performing:

R'000	2020 Stage 1	Stage 2	Stage 3	Total
Loans and advances at amortised cost				
Balance 1 January	8,975	21,623	13	30,611
- Transfer to Stage 1	-	-	-	-
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	19,278	13	(2)	19,289
New financial assets originated or purchased	9,790	48,109	7,355	65,254
Financial assets that have been derecognised	(5,490)	(21,635)	-	(27,125)
Balance at 31 December	**32,553**	**48,110**	**7,366**	**88,029**

R'000	2020 Stage 1	Stage 2	Stage 3	Total
Financial assets at FVOCI				
Balance 1 January	78,109	6,291	-	84,400
- Transfer to Stage 1	-	-	-	-
- Transfer to Stage 2	-	-	-	-
- Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	205,543	-	-	205,543
Financial assets that have been derecognised	(78,109)	(6,291)	-	(84,400)
Balance at 31 December	**205,543**	**-**	**-**	**205,543**

9.4 TEMPLATE CRC: QUALITATIVE DISCLOSURE REQUIRMENTS RELATED TO CREDIT RISK MITIGATION TECHNIQUES (ANNUAL)

Netting agreements, collateral and other techniques are used to mitigate the impact of risks borne by the organisation. Citi SA's credit risk mitigation processes are governed by group credit risk management policies.

Collateral evaluation and management policy and processes are set out in collateral policy, of which the policy's objective is to outline the key principles of collateral management.

Citi's core principles of collateral management are:

- Documentation
- Legal enforceability
- Valuation
- Collateral control

These core principles are designed to ensure that the risks associated with the value and liquidity of collateral being held in support of a facility are fully understood and documented and that they form part of the approval of the facility. Collateral received is subject to continuous monitoring. This includes establishing legal enforceability of the collateral and ensuring it is valued regularly.

9.5 TEMPLATE CR3: CREDIT RISK MITIGATION TECHNIQUES OVERVIEW (SEMI-ANNUAL)

		a	b	c	d	e
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans	37,953,285				0
2	Debt securities	27,810,562				0
3	Total	65,763,847	0	0	0	0
4	Of which defaulted					0

9.6 TEMPLATE CRD: QUALITATIVE DISCLOSURE ON BANK'S USE OF EXTERNAL CREDIT RATINGS UNDER THE STANDARDISED APPROACH FOR CREDIT RISK (ANNUAL)

Citi SA uses external ratings from External Credit Agencies to determine the risk weightings to be applied to rated counterparties, in the calculation of its credit risk capital requirements (under the Standardised Approach). When counterparties are unrated, the Standardised Approach principles are applied.

Risk weightings for classes of exposure (Central Government & Central Bank, Public Sector Entities (PSE), Banks, Banks: Short Term, Securities firms, Securities firms: Short term, Corporate Entities) are available from External Credit Agencies.

Exposures to, or guaranteed by, central governments and central banks and denominated in local currency are risk-weighted at 0% using the Standardised Approach, provided they would be eligible under that approach for a 0% risk weighting.

9.7 TEMPLATE CR4: STANDARDISED APPROACH - CREDIT RISK EXPOSURE AND CREDIT RISK MITIGATION EFFECTS (SEMI-ANNUAL)

	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		Onbalance sheet amount	Offbalance sheet amount	Onbalance sheet amount	Offbalance sheet amount	RWA *	RWA density
1	Sovereigns and their central banks	28,655,128	3,280	28,581,515	3,271	191	0.00%
2	Non-central government public sector entities	17,518	655,704	4,403	655,704	7,187	1.09%
3	Multilateral development banks	0	0	0	0	0	0.00%
4	Banks	38,557,935	2,858,031	34,154,113	2,531,606	2,731,262	7.45%
5	Securities firms	1,029,952	2,199	998,557	2,132	5	0.00%
6	Corporates	18,724,545	37,943,746	18,360,863	37,206,775	19,753,171	35.55%
7	Regulatory retail portfolios	0	0	0	0	0	0.00%
8	Secured by residential property	0	0	0	0	0	0.00%
9	Secured by commercial real estate	0	0	0	0	0	0.00%
10	Equity	0	0	0	0	0	0.00%
11	Past-due loans	0	0	0	0	0	0.00%
12	Higher-risk categories	0	0	0	0	0	0.00%
13	Other assets	0	0	0	0	0	0.00%
14	Total	86,985,078	41,462,960	82,099,451	40,399,489	22,491,817	44.08%

* RWA for credit risk and OTC derivatives excluding CVA

9.8 TEMPLATE CR5: EXPOSURES BY ASSET CLASSES AND RISK WEIGHTS (SEMI-ANNUAL)

The major exposures are concentrated in the Banks, Corporates and Sovereigns and their central banks:

	Risk weight*→ / Asset classes↓	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	28,581,516	0	0	0	0	0	3,270	0	0	28,584,786
2	Non-central government public sector entities	0	0	0	0	660,108	0	0	0	0	660,108
3	Multilateral development banks	0	0	0	0	0	0	0	0	0	0
4	Banks	32,992,447	0	403,738	0	25,565	0	3,263,970	0	0	36,685,719
5	Securities firms	1,000,679	0	0	0	11	0	0	0	0	1,000,690
6	Corporates	641,512	0	0	0	0	0	53,671,130	1,254,996	0	55,567,638
7	Regulatory retail portfolios	0	0	0	0	0	0	0	0	0	0
8	Secured by residential property	0	0	0	0	0	0	0	0	0	0
9	Secured by commercial real estate	0	0	0	0	0	0	0	0	0	0
10	Equity	0	0	0	0	0	0	0	0	0	0
11	Past-due loans	0	0	0	0	0	0	0	0	0	0
12	Higher-risk categories	0	0	0	0	0	0	0	0	0	0
13	Other assets	0	0	0	0	0	0	0	0	0	0
14	Total	63,216,154	0	403,738	0	685,683	0	56,938,370	1,254,996	0	122,498,940

10.COUNTERPARTY CREDIT RISK

10.1 TEMPLATE CCRA: QUALITATIVE DISCLOSURE RELATED TO COUNTERPARTY CREDIT RISK (ANNUAL)

Counterparty credit risk (CCR) is the risk arising from the possibility that the counterparty could default before the settlement of a transaction, without fulfilling its financial obligation. The CCR is a function of three elements: the potential future exposure (or replacement cost), the probability of default, and the loss in the event of default attributable to expectations of recovery.

At Citi, the counterparty risk framework is comprised of these three elements working in conjunction:

- Obligor Exposure Limits against both the PSE (Pre-Settlement Exposure, our high confidence level measure of exposure), and PSLE (Pre-Settlement Loan Exposure, our loan-equivalent measure)
- Obligor Risk Ratings (ORR), encapsulating our concept of probability of default, and defining the corporate level of aggregation of exposure and expression of risk appetite.
- Facility Risk Ratings, overlaying the concept of the loss given default on top of ORR. Built atop these foundation elements lies our internal concept of economic capital: the cushion required to cover unexpected variations on profit-and-loss over a one-year horizon.

Citi SA's measurement of exposure is performed at a counterparty level. The current exposure to the entity is a function of current mark-to-markets, and the effect of any legally enforceable exposure mitigations, such as Citi SA's ability to net transactions, or margin held with the right to set-off. The potential future exposure is likewise a function of the potential distribution of mark-to-markets under plausible market scenarios at each point out into the future to the maturity of the contracts, again considering the appropriate exposure mitigants.

Counterparty risk can be mitigated in one of several ways; mitigants that reduce the probability of a loss occurring, and mitigants that affect either the recovery in the event of default, or the size of the exposure.

- Netting and the right to set-off
- Margin agreements
- Collateral
- Early termination clauses and options to cancel

Netting and the right to set off

Netting agreements, whether they are product specific (IFEMAs in FX), multi-product (the so-called Master Agreements, such as ISDAs), or specific to an underlying market (for example, multi-entity netting of positions in a single commodity), are a critical first step towards exposure mitigation. Where legally enforceable, they permit Citi SA to make a single claim in bankruptcy proceedings based on the net mark-to-market across transactions covered by the agreement.

Without a netting agreement, the likelihood is that Citi SA would have to pay out our liabilities under the bankruptcy proceedings, and then join the long queue of creditors to regain any assets. Therefore, netting agreements constitute both an exposure and a work-out-risk/recovery-risk mitigant.

The right to set-off, as an addendum or implicit to the netting agreement, allows Citi SA, in the event of default of the counterparty, to deliver in an asset of potentially a different asset-class against a known liability.

Margin and Collateral

Citigroup policy clearly demarcates the term "margin" from "collateral", and the effect these have on the presentation of risk through the risk framework. Margin is tightly defined as a suite of eligible securities or cash (collectively termed 'near-cash') which, when held in a position over which Citi SA has legally perfected its interest, in an eligible legal jurisdiction, constitutes a valid third way out for the counterparty risk. For those qualifying situations, Citi SA classifies the contents of the account as "margin", and this reduces Citi SA's exposure for the margin held. For those situations where the securities do not qualify, they are termed "collateral", and an analysis is performed based on historical recoveries of similar securities to determine whether a facility-risk-rating alteration is appropriate to replicate the applicable loss-given default in Citi SA's wider equation of counterparty risk.

Citi SA adopts the Current Exposure Method (CEM) for CCR as of 31 December 2020.

The following tables present the semi-annual counterparty credit risk (CCR) exposure by approach, credit valuation adjustment (CVA) capital charge and standardised approach of CCR exposures by regulatory portfolio and risk weights as of 31 December 2020.

10.2 TEMPLATE CCR1: ANALYSIS OF COUNTERPARTY CREDIT RISK (CCR) EXPOSURE BY APPROACH (SEMI-ANNUAL)

		a	b	c	d	e	f
		Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)*	30,400,577	5,130,459		1.4	14,790,969	2,490,422
2	Internal models method (for derivatives and securities financing transactions, or SFTs)			0	0	0	0
3	Simple Approach for credit risk mitigation (for SFTs)					0	0
4	Comprehensive Approach for credit risk mitigation (for SFTs)					0	0
5	Value-at-risk (VaR) for SFTs					0	0
6	**Total**	30,400,577	5,130,459	0	1.4	14,790,969	2,490,422

* Current exposure method for derivatives as SA-CCR only comes into effect on 1 January 2021

10.3 TEMPLATE CCR2: CREDIT VALUATION ADJUSTMENT (CVA) CAPITAL CHARGE (SEMI-ANNUAL)

		a	b
	Total portfolios subject to the Advanced CVA capital charge	EAD post-CRM	RWA
1	(i) VaR component (including the 3×multiplier)		0
2	(ii) Stressed VaR component (including the 3×multiplier)		0
3	All portfolios subject to the Standardised CVA capital charge	14,085,357	749,689
4	Total subject to the CVA capital charge	14,085,357	749,689

10.4 TEMPLATE CCR3: STANDARDISED APPROACH OF CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTS (SEMI-ANNUAL)

Risk weight*,**→ / Regulatory portfolio*↓	a	b	c	d	e	f	g	h	i
	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	27,810,572	0	0	0	0	3,270	0	0	27,813,842
Non-central government public sector	0	0	0	660,108	0	0	0	0	660,108
Multilateral development banks	0	0	0	0	0	0	0	0	0
Banks	22,458,696	0	16,693	25,565	0	1,921,763	0	0	24,422,718
Securities firms	2,203	0	0	11	0	0	0	0	2,214
Corporates	641,512	0	0	0	0	52,530,783	1,249,750	0	54,422,045
Regulatory retail portfolios	0	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0	0
Total	50,912,984	0	16,693	685,683	0	54,455,816	1,249,750	0	107,320,927

11. MARKET RISK

11.1 TEMPLATE MRA: QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO MARKET RISK (ANNUAL)

Market risk is the potential for losses arising from changes in the value of Citi SA's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange (FX) rates, equity prices, commodity prices and credit spreads, as well as their implied volatilities. Market risk emanates from both Citi SA's trading and non-trading portfolios.

Market risk is measured through a complementary set of tools, including factor sensitivities, VaR, and stress testing and monitored daily in risk reports that compare exposures in FX and DV01 per currency and VaR against approved limits.

Each business is required to establish, with approval from Citi SA's Market Risk Management, a market risk limit framework for identified risk factors that clearly defines approved risk profiles and is within the parameters of Citi SA's overall risk appetite. These limits are monitored by Independent Market Risk, Citi's country and business ALCO and the Citigroup ALCO. In all cases, the businesses are ultimately responsible for the market risks taken and for remaining within their defined limits.

Price risk losses within Citi SA currently arise from fluctuations in the market value of trading and non-trading positions resulting from changes in interest rates and foreign exchange rates. Price risks are measured in accordance with established standards to ensure consistency across businesses and the ability to aggregate risk. Price risk are 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. At the discretion of Market Risk Management, Value at Risk (VaR) can sometimes be applied to the non-trading portfolio as a complementary measure.

The market risk of Citi SA's trading portfolios is monitored using a combination of quantitative and qualitative measures, including, but not limited to:

- Factor sensitivity
- Value at risk (VAR)
- Stress testing

Each trading portfolio across Citi SA's business segments has its own market risk limit framework encompassing these measures and other controls, including trading mandates, new product approval, permitted product lists and pre-trade approval for larger, more complex and less liquid transactions. All trading positions are marked to market, with the results reflected in earnings.

Currently Citi SA's trading book activity is undertaken in specific risk-taking units, which each have independent market risk limits. These limits are produced in conjunction with the business management based upon the strategies it wishes to run and the products and tenors permitted and approved by Independent Market Risk Management along with the Citi SA ALCO.

Market Risk Management adheres to Citi SA's single set of standards for the measurement of market risk to ensure consistency across businesses, stability in methodologies, and transparency of risk.

Trading-related revenue includes trading, net interest and other revenue associated with Citi SA's trading businesses. It excludes DVA, FVA and credit value adjustments (CVA) incurred due to changes in the credit quality of counterparties, as well as any associated hedges of that CVA. In addition, it excludes fees and other revenue associated with capital markets origination activities. Trading-related revenues are driven by both customer flows and the changes in valuation of the trading inventory.

Factor Sensitivities

Factor sensitivities are used to measure an instrument's sensitivity to a change in value. These are expressed as the change in the value of a position for a defined change in a market risk factor, such as a change in the value of a bond for a one-basis point change in interest rates.

The methodologies underlying the factor sensitivity calculations must comply with Citi Market Risk Exposure Specifications, adhere to the interface specifications of the independent risk systems and are subject to reconciliation standards to ensure the integrity and completeness of the data. Citi's market risk management, works to ensure that factor sensitivities are calculated, monitored and limited for all material risks taken in the trading portfolios.

Value at Risk (VAR)

The volatility of, and correlation between, market factors are used to calculate statistically- based portfolio risk measurements, such as VaR.

VaR estimates, at a 99% confidence level, the potential maximum loss in the value of a position or a portfolio under normal market conditions assuming a one-day holding period. VaR statistics, which are based on historical data, can be materially different across firms due to differences in portfolio composition, differences in VaR methodologies and differences in model parameters. As a result, Citi SA believes VaR statistics can be used more effectively as indicators of trends in risk-taking within a firm, rather than as a basis for inferring differences in risk-taking across firms.

Citi SA uses a single, independently approved VaR model. Citi SA's VaR includes positions that are measured at fair value; it does not include investment securities classified as AFS or HTM. Citi SA believes its VaR model is conservatively calibrated to incorporate fat-tail scaling and the greater of short-term and long-term market volatility.

VaR review and model validation process entails reviewing the model framework, major assumptions and implementation of the mathematical algorithm.

Back-testing, as required by the regulators and Basel III, is performed by Citi SA on a periodic basis, to assess the adequacy of allocated market risk capital (derived from VaR) as a cushion to absorb losses. This is performed as part of the model validation process, which tests the effectiveness of Citi's Regulatory VaR model.

Regulatory VaR back-testing is the process in which the daily one-day VaR, at a 99% confidence interval, is compared to the profit and loss. Given the conservative calibration of Citi SA's VaR model (as a result of taking the greater of short- and long-term volatilities and fat-tail scaling of volatilities), Citi SA would expect fewer exceptions under normal and stable market conditions. Periods of unstable market conditions could increase the number of back-testing exceptions.

Stress Testing

Citi SA performs market risk stress testing on a regular basis to estimate the impact of extreme market movements. It is performed on individual positions and trading portfolios, as well as in aggregate, inclusive of multiple trading portfolios. Citi SA's market risk management, after consultations with the business, develops both historical and hypothetical future market stress scenarios, reviews the output of periodic stress testing exercise and uses the information to assess the ongoing appropriateness of exposure levels and limits, considering current and anticipated market conditions.

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.

Citi SA has approval from the PA to adopt the Internal Models Approach (IMA) for market risk.

The following tables present the semi-annual structure of desks for banks, RWA flow statements for market risk exposures, comparison of VaR estimates with gains/losses and the quarterly IMA values for trading portfolios as of 31 December 2020.

11.2 TEMPLATE MRC: THE STRUCTURE OF DESKS FOR BANKS USING THE IMA (SEMI-ANNUAL)

The Branch trading desk is structure as follows:

Main portfolio/desk:

- Local Markets South Africa

Sub-portfolio/desk:

- Local Markets Sales and Trading
- Local Markets Treasury
- New Desks

11.3 TEMPLATE MR2: RWA FLOW STATEMENTS FOR MARKET RISK EXPOSURES UNDER AN IMA (SEMI-ANNUAL)

		RWAs	Capital Requirements	RWAs	Capital Requirements
		Dec-20	Dec-20	Sep-20	Sep-20
1	VaR (higher of values a and b)	1,556,826	124,546	1,878,892	150,311
1a	Previous Day's VaR (Article 365(1) of the CRR (VaR t-1))	630,654	50,452	450,055	36,004
1b	Average of the Daily VaR (Article 365(1)) of the CRR on each of the preceding 60 business days (VaR avg) x Multiplication Factor (mc) in accordance with Article 365 of the CRR	1,556,826	124,546	1,878,892	150,311
2	SVaR (higher of values a and b)	2,799,367	223,949	3,010,373	240,830
2a	Latest SVaR (Article 365(2) of the CRR (Svar t-1))	975,549	78,044	981,918	78,553
2b	Average of the SVaR (Article 365(2) of the CRR) during the preceding 60 business days (SVaR avg) x Multiplication Factor (ms) (Article 365 of the CRR)	2,799,367	223,949	3,010,373	240,830
	Total	4,356,193	348,495	4,889,265	391,141

11.4 TEMPLATE MR3: IMA VALUES FOR TRADING PORTFOLIOS (QUARTERLY)

		a
VaR (10 day 99%)		
1	Maximum value	51,195
2	Average value	34,404
3	Minimum value	20,033
4	Period end	50,992
sVaR (10 day 99%)		
5	Maximum value	82,427
6	Average value	67,554
7	Minimum value	52,120
8	Period end	78,044
Incremental Risk capital requirement (99.9%)		
9	Maximum value	-
10	Average value	-
11	Minimum value	-
12	Period end	-
Comprehensive Risk capital charge (99.9%)		
13	Maximum value	-
14	Average value	-
15	Minimum value	-
16	Period end	-
17	Floor (standardised measurement method)	-

11.5 TEMPLATE MR4: COMPARISON OF VAR ESTIMATES WITH GAINS/LOSSES (SEMI-ANNUAL)

As Citi SA adopts the IMA for market risk, it is required by the PA to perform Back-testing daily to assess the adequacy of allocated market risk capital (derived from VaR) as a cushion to absorb losses.

Back-testing encompasses the comparison of ex-ante VaR to ex-post Profit and Loss (P&L) and is conducted at a total Citi SA level on a quarterly basis, as well as at a legal entity level (e.g., CBNA), daily. The P&L for back-testing purposes is defined as actual P&L, inclusive of all adjustments, except the market value adjustment for credit, but excludes commissions, fees, new trades etc.

When the back-testing process results in an 'exception' in actual/hypothetical back-testing, the Citi SA Mark-To-Market Risk Policy, requires the relevant Independent Market Risk Manager to:

- determine the reason for the exception
- maintain the documentation describing the reason for the exception
- ensure that corrective actions to the risk systems, if required, are carried out

For internal market risk reporting and monitoring, Citigroup uses a one-day 99% USD VaR as a risk metric. This is estimated from the 1% quantile of the P&L distribution of the corporate portfolio over a one-day period. Citi SA as a Franchise adopts the same model to compute VaR. VaR is calculated with internally developed models designed to capture the market risk of each specific product in the corporate portfolio. The one-day 99% USD VaR calculation is based on the Monte-Carlo simulations of 10 000 scenario paths of one-day changes in the market risk factors underlying the portfolio.

For the 250 day period (06 Jan 2020 - 31 Dec 2020) Citi SA had five actuall back-testing exceptions at the overall desk level due to increased volatility in the marekt during COVID 19. Actions were taken to move to weekly updates of volatility until the market settled.

Date	Actual PnL ($)	VaR ($)	Reason
22-Dec-20	-$1,217,244	-$960,345	Increased volatily in FX during COVID
19-Mar-20	-$2,669,002	-$1,605,689	Increased volatily in interest rates during COVID
17-Mar-20	-$1,510,572	-$1,181,466	Increased volatily in interest rates and FX during COVID
3-Mar-20	-$1,445,888	-$778,290	Increased volatily in interest rates during COVID
2-Mar-20	-$1,620,240	-$592,467	Increased volatily in interest rates during COVID
Date	**Hypothetical PnL ($)**	**VaR ($)**	**Reason**
14-Apr-20	-$1,868,375	-$1,949,712	Increased volatily in FX during COVID
20-Mar-20	-$1,102,602	-$1,361,682	Increased volatily in interest rates during COVID
17-Mar-20	-$1,181,466	-$1,386,450	Increased volatily in interest rates and FX during COVID
3-Mar-20	-$778,290	-$977,053	Increased volatily in interest rates during COVID

12. INTEREST RATE RISK IN THE BANKING BOOK

12.1 TEMPLATE IRRBBA: IRRBB RISK MANAGEMENT OBVECTIVES AND POLICIES (ANNUAL)

The Global Market Risk Management for Accrual Portfolios Policy ("MRMAP Policy") establishes the standards for defining, measuring, limiting and reporting Interest Rate Risk in the Banking Book (IRRBB) to ensure transparency, consistency and comparability of risk-taking activities at Citi SA.

Market Risk is the earnings risk from changes in interest rates, foreign exchange rates, and equity and commodity prices, and in their implied volatilities. Market Risk arises in IRRBB, as well as in Marked-to-Market portfolios. The focus of the MRMAP Policy is on IRRBB.

IRRBB refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect Citi SA's banking book positions (all assets and liabilities on the balance sheet and any off-balance sheet items that generate net interest income).

It is the responsibility of the Independent Market Risk Manager and, where applicable the ALCO, to ensure that all Risk-Taking Units are identified and adhere to the MRMAP Policy. Oversight for managing IRRBB is the responsibility of the Independent Market Risk Manager, with ALCO as the primary governance committees for the balance sheet.

Interest Rate Exposure (IRE) measures the potential pre-tax impact on net interest income (NII) for Banking Book positions, due to defined shifts in interest rates over a specified reporting period. NII is the difference between the accrued interest income earned on assets and the interest expense paid on the liabilities. NII is affected by factors such as changes in the level of interest rates, volumes, and customer rates. Interest rate levels could change due to a parallel or non-parallel move in the Yield Curve, and it could happen either instantaneously as of a given date, or gradually over time.

When interest rates change, the present value and timing of future cash flows change. This inadvertently changes the underlying value of a bank's assets, liabilities, and off-balance sheet items and hence its economic value. Changes in interest rates impact Citi SA's earnings by altering interest rate-sensitive income and expenses, thus directly affecting its NII. Excessive IRRBB can pose a significant threat to Citi SA's current capital base and/or future earnings if not managed appropriately.

Citi SA'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 NII, maintaining market interest rate levels consistent with Citi SA's business strategies. Interest rate derivatives are primarily used to bridge the mismatch in the re-pricing of assets and

liabilities. This is performed in accordance with the guidelines established by Citi SA's ALCO. Part of Citi SA'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.

Price risk are 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. At the discretion of Market Risk Management, Value at Risk (VaR) can sometimes be applied to the non-trading portfolio as a complementary measure.

Basis Risk is the risk to earnings or capital arising from interest rates movement due to changing rate relationships between different yield curves. Citi SA has no Basis risk.

Citi SA's principal measure of risk to NII is IRE. IRE measures the change in expected net interest revenue in each currency resulting solely from unanticipated changes in forward interest rates. Citi SA's estimated IRE incorporates various assumptions including prepayment rates on loans, customer behaviour and the impact of pricing decisions.

Stress tests are performed using historical and hypothetical scenarios developed at Citigroup level in addition to +/100 and +/-200 bps interest rate shifts for IRE and EVS.

The following table present the annual quantitative information on IRRBB as of 31 December 2020.

12.2 TEMPLATE IRRBB1: QUANTITATIVE INFORMATION ON IRRBB (ANNUAL)

Dec-20		
USD ('000)	**Delta EVE**	**Delta NII**
Parallel up	68	8
Parallel down	(68)	3
Steepener	50	25
Flattener	(29)	(20)
Short rate up	2	(14)
Short rate down	4	24
ZAR ('000)	**Delta EVE**	**Delta NII**
Conversion Rate	14.66	14.66
Parallel up	993	116
Parallel down	(1,002)	49
Steepener	726	
Flattener	(431)	
Short rate up	33	
Short rate down	58	
Maximum	(1,002)	49
Tier 1 capital	10,635	10,635
Max % of Tier 1 Capital	9.42%	0.46%

13.OPERATIONAL RISK

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. It includes reputation and franchise risks associated with Citi's business practices or market conduct. It also includes the risk of failing to comply with applicable laws, regulations, ethical standards or Citi policies. Operational Risk does not encompass strategic risk or the risk of loss resulting solely from authorized judgments made with respect to taking credit, market, liquidity, or insurance risk.

There are five Event Types (Categories) used by Citi for categorizing Operational Risk:

- Clients, Products and Business Practices
- Execution, Delivery and Process Management
- Fraud, Theft and Unauthorized Activity
- Employment Practices and Workplace Environment
- Physical Asset and Infrastructure

Citi maintains an Operational Risk Management (ORM) Framework with a Governance Structure to ensure effective management of Operational Risk across Citi. The Governance Structure presents three lines of defense: business management accountability, oversight by independent control functions and independent assessments by internal audit.

Operational Risk Management oversees the implementation of the ORM Framework for the management of operational risk across Citi.

Citi applies the Standardised Approach for measuring the capital requirements for operational risk.

The following table presents the Operational Risk RWA as of 31 December 2020.

13.1 OPERATIONAL RISK RWA

	Dec-20	Dec-19
Operational Risk Weighted Exposure	5,685	5,504

14.REMUNERATION

14.1 REMA – REMUNERATION POLICY (ANNUAL)

Citi SA adopts the Citigroup Compensation Policy ("Policy"). Compensation relates to the total package that is directly linked to Citi SA employee's performance (including senior management). Citi SA aims to make the compensation process transparent, wherein open discussions between the manager and the employee are encouraged and decisions are taken in a manner that is fair, consistent, and explainable. This would include achievements and areas of development.

Compensation Philosophy

Our compensation program revolves around the following points:

Pay for Performance

To enable the bank to attract and retain people of the highest quality. Our total compensation package is linked to:

- The performance of the Organisation as a whole
- The performance of the Country/business/teams in which our people work
- The individual performance of each employee
- The ability to pay for the total compensation programme

The total Compensation package is designed to:

- Retain and Motivate people to constantly exceed their goals
- Differentiate between levels of performance
- Have the ability to increase total compensation based upon performance

Market competitiveness

The Europe, Middle East, and Africa (EMEA) Remuneration team conducts remuneration surveys on an annual basis to ensure that compensation is aligned to the market.

Consistent & Explainable

Individual salary decisions are taken based on the assessment of performance against measurable goals and targets, which is fair, consistent & explainable. The Compensation program is fully explained through discussions with direct managers.

Compensation Philosophy

CITI works on a Total Compensation philosophy. Total compensation may include Annual Salary Rate (ASR), an incentive and retention award granted under Citi's company-wide Discretionary Incentive and Retention Award Plan (DIRAP) or Variable Incentive Compensation (VIC) granted under a VIC plan established by individual businesses or functions for certain categories of employees. Total compensation may consist of other components based on local practices.

Certain roles in the bank are eligible for deferred compensation (variable pay) per the variable pay policy/guidelines. Job responsibility and performance are key elements in determining compensation. The job responsibility will determine the grade at which an employee should be placed, and the salary range will be applied accordingly. Individual employee performance will determine employee future salary progression. For Global Functions, Operations and Technology there are country bands which are applicable. ICG businesses follow benchmarks.

Job Level

Every job is assigned a level that considers the job responsibility, complexity, experience, knowledge required and people management responsibility. These factors determine the level of the job.

Initial Salary

Individual salaries are determined by considering the level of the job and the qualifications and experience that the incumbent brings to the role, as well as the typical rate of pay prevailing in the local market. Reference is also made to existing employees who are performing the same or similar jobs compensated near the midpoint of the grade where they will be promoted to. Their salaries will move higher within the range as they gain more experience and have sustained performance.

Competitive Review / Salary Survey

Every year the EMEA Compensation Team completes a competitive market review to determine Citi's market positioning and competitiveness. The Regional Compensation team uses the services of an independent consultant to complete a study of total compensation practices in competitor banks and a select sample of other major organizations.

The external consultant matches these positions with the other participants, collates this data and prepares a final report by position and by level.

The survey results are analyzed by the Compensation and Benefits team who then make recommendation to the Regional as well as Global Teams. These are passed to local team for final review before implementation.

Salary Ranges

For every grade there is a salary range:

- Minimum – 25th percentile
- Midpoint – 50th percentile
- Maximum – 75th percentile

Compensation Process

Individual salary increases are related to performance and the position in the salary range. This approach helps to distribute the increase budget in a logical way that favours the higher performers who have not yet reached the target salary position. It is still possible to receive increases to salary for those who are above target if their performance continues to meet or exceed expectations. The better the performance, the better the increase. Weaker performers rated '4' and '5' are unlikely to receive an increase until their performance and contribution improves. The aim is to encourage the employees to strive harder to perform better and often exceed the requirements of the job thereby improving their ranking.

Employee goals are agreed with the manager at the start of the year and formally measured at the end of the year. The result of this process is an evaluation of employee performance. The process works most effectively when both you and your manager have a clear understanding and agreement on goals and achievements.

Employee actual increase is determined by the Total Increase Rate (TIR) budget for the country, employee performance and employee position in the salary range.

Role and Responsibilities

Rewarding people is a management responsibility. Management makes decisions on Salary, TIR increases and IC annually, together with local HR and the Compensation partners.

All local requirements where applicable must be taken into consideration such as inflation, regulatory increases, or seniority allowance. Managers are responsible for:

- Communicating the overall business goals
- Agreeing business goals for their own area
- Defining job roles and responsibilities for their people
- Setting annual performance objectives
- Monitoring performance against agreed goals and objectives
- Evaluating performance of their people
- Contributing to determination of the salary of their staff

Human Resource's responsibility is to provide:

- Compensation policies which are aligned to business needs
- Compensation principles/guidelines as received by the regional compensation teams
- Provide guidance to managers on any outliers
- External data on best practices
- Information on how much our competitors pay, to guide managers on market competitive

Citi SA's goal, in line with Global policies, is to recognize the contribution of its people and reward successes.

Citi SA's compensation policy is consistent with the Group Compensation Philosophy which is available online:

https://www.citigroup.com/citi/investor/data/comp_phil_policy.pdf?ieNocache=805

The following tables presents the annual Remuneration Awarded, Special Payments and Deferred Remuneration as of 31 December 2020.

14.2 REM1 – REMUNERATION AWARDED DURING THE FINANCIAL YEAR (ANNUAL)

		Remuneration amount	a	b
			Senior management	Other material risk-takers
1	Fixed remuneration	Number of employees	16	-
2		Total fixed remuneration (3 + 5 + 7)	30,305	-
3		Of which: cash-based	30,305	-
4		Of which: deferred	-	-
5		Of which: shares or other share-linked instruments [vi]	-	-
6		Of which: deferred	-	-
7		Of which: other forms	-	-
8		Of which: deferred	-	-
9	Variable remuneration	Number of employees	16	-
10		Total variable remuneration (11 + 13 + 15)	17,009	-
11		Of which: cash-based	14,743	-
12		Of which: deferred	2,210	-
13		Of which: shares or other share-linked instruments	2,265	-
14		Of which: deferred	2,265	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	Total		47,314	-

Senior Management refers to all managers who are part of the Citi Country Coordination Committee (Executive Management Committee of Citibank NA South Africa Branch). Under Citibank NA South Africa Branch, there are no managers who are classified as material risk takers.

Fixed remuneration includes salary and medical aid allowance. Variable remuneration relates to awards in respect of 31 December 2020 performance year.

Share-based and share-linked instrument award represent value at grant date.

14.3 REM2 – SPECIAL PAYMENTS (ANNUAL)

Special payments are categorized as:

- Guaranteed bonuses: payments of guaranteed bonuses during the financial year.
- Sign-on awards: payments allocated to employees upon recruitment during the financial year.
- Severance payments: payments allocated to employees dismissed during the financial year.

There were no special payments made to senior management during the reporting period 31 December 2020.

14.4 REM3 – DEFERRED REMUNERATION (ANNUAL)

Deferred and retained remuneration	a	b	c	d	e
	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Senior management					
Cash	2,747	2,747	-	-	774
Shares	2,871	2,871	-	-	3,155
Share-linked instruments	3,426	3,426	-	-	468
Other	-	-	-	-	-
Other material risk-takers					
Cash	-	-	-	-	-
Shares	-	-	-	-	-
Share-linked instruments	-	-	-	-	
Other	-	-	-	-	-
Total	9,044	9,044	-	-	4,397

Value of all non-ZAR cash share awards and share-linked instruments are converted using foreign exchange rates for 31 December 2020.

Value of outstanding share awards and share-linked instruments are calculated using Citi closing share price as of 31 December 2020.

Shares and share-linked instruments are considered paid when vested. The Fair Market Value (FMV) at vesting date is determined by the closing New York Stock Exchange stock price for Citigroup common stock for the trading day immediately prior to the award's vest date.