

04 Oct 2019 | Affirmation

Fitch Affirms Citibank N.A - Colombo Branch at 'AAA(Ika)'; Outlook Stable

Fitch Ratings-Colombo-04 October 2019:

Fitch Ratings Lanka has affirmed Citibank N.A. - Colombo Branch's (CitiSL) National Long-Term Rating at 'AAA(Ika)'. The Outlook is Stable.

'AAA(Ika)' National Long-Term Ratings denote the highest ratings assigned by Fitch on its national rating scale for that country. This rating is assigned to issuers or obligations with the lowest expectation of default risk relative to all other issuers or obligations in the same country.

Key Rating Drivers

The affirmation of CitiSL's rating reflects Fitch's expectation of an extremely high probability of support from its US-based head office - Citibank, N.A. (A+/Stable/a). The agency believes a default by the branch would pose a huge reputational risk to Citibank, N.A. as CitiSL is part of the same legal entity and they are highly integrated.

CitiSL's rating reflects the credit profile and financial strength of Citibank, N.A. whose Issuer Default Rating (IDR) is higher than Sri Lanka's Long-Term Local- and Foreign-Currency IDRs of 'B' with a Stable Outlook. As a result, CitiSL's National Long-Term Rating is mapped to 'AAA(Ika)', which is the highest end on the National Rating scale.

Fitch believes that support from Citibank, N.A. would be forthcoming if required, subject to any regulatory constraints on remitting money into Sri Lanka. The small size of the branch (its assets account for less than 1% of the total assets of Citibank, N.A.) implies that support, if any, would not be material to the head office.

The extremely high probability of support is underpinned by the alignment of CitiSL's objectives and strong operational integration with Citigroup. CitiSL has maintained zero non-performing loans since 2009, reflecting the bank's selective lending to top-tier local and multinational corporates and financial institutions. The bank's above-average Fitch Core Capital ratio of 34.1% at end-March 2019 should support its growth aspirations despite regular profit repatriations.

RATING SENSITIVITIES

CitiSL's rating could be downgraded if Citibank, N.A.'s rating falls below Sri Lanka's IDR (B/Stable), although Fitch sees that as highly unlikely in the near to medium term. Significant changes to Fitch's expectation of support from Citibank N.A. could also have a negative impact on the rating.

There is no rating upside for the National Long-Term Rating as it is already at the highest point on the scale.

Citibank N.A.- Colombo Branch; National Long Term Rating; Affirmed; AAA(Ika); RO:Sta

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Applicable Criteria

[Bank Rating Criteria \(pub. 12 Oct 2018\)](#)

[National Scale Ratings Criteria \(pub. 18 Jul 2018\)](#)

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