

Citibank N.A. – India branches

Financial statements
together with Auditor's Report
for the year ended 31 March 2014

Citibank N.A. – India branches

Financial statements together with Auditor's Report *for the year ended 31 March 2014*

Contents

	<i>Pages</i>
Auditor's Report	3 - 5
Balance Sheet	6
Profit and Loss Account	7
Cash Flow Statement	8
Schedules forming part of the accounts of the Indian branches	9 – 54

Independent Auditor's Report

To the Chief Executive Officer of Citibank N.A. – India branches

Report on the Financial Statements

1. We have audited the accompanying financial statements of Citibank N.A. – India Branches ('the Bank'), which comprise the Balance Sheet as at 31 March 2014, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with provisions of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Companies Act, 1956 and circulars and guidelines issued by Reserve Bank of India from time to time. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.
4. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (*Continued*)

Citibank N.A. – India branches

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March 2014;
 - (b) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Companies Act, 1956.
8. We report that:
- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - (c) during the course of our audit we have visited 8 branches. Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
9. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, to the extent they are not inconsistent with the accounting policies prescribed by Reserve Bank of India.
10. We further report that:
- (i) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (ii) the financial accounting systems of the Bank are centralised and, therefore, returns are not necessary to be submitted by the branches;

Independent Auditor's Report (*Continued*)

Citibank N.A. – India branches

- (iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books; and
- (iv) the requirements of section 274 (1) (g) of the Companies Act, 1956 are not applicable considering the Bank is a branch of Citibank N.A., which is incorporated with limited liability in United States of America.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W

Mumbai
26 June 2014

Manoj Kumar Vijai
Partner
Membership No: 046882

CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

Balance Sheet of the Indian branches as at March 31, 2014

	<i>Schedules</i>	31-Mar-14 (Rs in lakhs)	31-Mar-13 (Rs in lakhs)
CAPITAL & LIABILITIES			
Capital	<i>1</i>	374,384	374,384
Reserves & Surplus	<i>2</i>	1,472,014	1,363,551
Deposits	<i>3</i>	7,831,302	6,655,938
Borrowings	<i>4</i>	2,641,472	3,185,598
Other liabilities and provisions	<i>5</i>	2,178,890	1,258,628
TOTAL		14,498,062	12,838,099
ASSETS			
Cash and balance with Reserve Bank of India	<i>6</i>	477,508	478,438
Balances with banks and money at call and short notice	<i>7</i>	1,153,927	1,424,454
Investments	<i>8</i>	5,127,213	4,407,662
Advances	<i>9</i>	5,651,931	5,203,554
Fixed Assets	<i>10</i>	165,953	173,454
Other Assets	<i>11</i>	1,921,530	1,150,537
TOTAL		14,498,062	12,838,099
Contingent Liabilities	<i>12</i>	105,284,425	98,300,937
Bills for Collection		1,569,335	1,217,870
Significant Accounting Policies & Notes to Accounts	<i>18</i>		

Schedules referred to herein form an integral part of the Balance Sheet.

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of Citibank N.A. - India Branches

Sd/-
Manoj Kumar Vijai
Partner
Membership No: 046882

Sd/-
Pramit Jhaveri
Chief Executive Officer

Sd/-
Abhijit Sen
Chief Financial Officer

Mumbai
26 June 2014

CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

Profit and Loss Account of the Indian branches

for the year ended March 31, 2014

	<i>Schedules</i>	31-Mar-14 (Rs in lakhs)	31-Mar-13 (Rs in lakhs)
I. INCOME			
Interest earned	13	919,521	891,614
Other income	14	300,413	199,722
TOTAL		1,219,934	1,091,336
II. EXPENDITURE			
Interest expended	15	373,826	373,818
Operating expenses	16	285,649	289,476
Provisions and contingencies	17	271,185	156,208
TOTAL		930,660	819,502
III. PROFIT			
Net profit for the year		289,274	271,834
TOTAL		289,274	271,834
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		72,319	67,959
Transfer to Foreign Exchange Reserve		-	7,425
Transfer to Capital Reserve on sale of immovable property		4,488	1,906
Transfer to Investment Reserve		975	23,755
Transfer to Special Reserve		1,487	42
Balance carried over to Balance Sheet under Profit and Loss account		210,005	170,747
TOTAL		289,274	271,834

Significant Accounting Policies & Notes to Accounts

18

Schedules referred to herein form an integral part of the Profit and Loss account.

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W

Sd/-

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

26 June 2014

For and on behalf of Citibank N.A. - India Branches

Sd/-

Pramit Jhaveri

Chief Executive Officer

Sd/-

Abhijit Sen

Chief Financial Officer

CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

Cash Flow Statement

for the year ended March 31, 2014

	31-Mar-14 (Rs. in lakhs)	31-Mar-13 (Rs. in lakhs)
<u>Cash flow from operating activities</u>		
Net profit for the year before tax	511,311	458,876
<u>Adjustments for:</u>		
Depreciation charge for the year	11,014	9,365
Profit on sale / write-off of fixed assets (net)	(10,443)	(4,245)
Write back of provision for depreciation on investments (net)	(2,290)	(55,821)
Provisions for non-performing assets / write-offs (net)	42,404	38,824
Write back of Restructure Advances	(65)	(13,837)
Floating Provision on Standard Advances	9,100	-
Increase in investments	(717,260)	(34,883)
Increase in advances	(490,716)	(518,241)
Increase in deposits	1,175,364	186,170
(Increase) / Decrease in other assets	(737,611)	728,746
Increase / (Decrease) in other liabilities and provisions	911,157	(623,469)
Direct taxes paid	(255,423)	(162,955)
Net cash generated from operating activities	446,542	8,531
<u>Cash flow from investing activities</u>		
Purchase of fixed assets	(13,935)	(97,790)
Proceeds from sale of fixed assets	10,807	5,191
Net purchase of investments in shares	-	(290)
Net cash used in investing activities	(3,128)	(92,889)
<u>Cash flow from financing activities</u>		
Remittance to Head Office	(170,747)	(139,590)
(Decrease) / Increase in borrowings	(544,126)	293,139
Net cash (used in) / generated from financing activities	(714,873)	153,549
Net (Decrease) / Increase in cash and cash equivalents	(271,459)	69,191
Cash and cash equivalents as at beginning of the year*	1,902,894	1,833,702
Cash and cash equivalents as at end of the year*	1,631,435	1,902,894

* Cash and cash equivalents include cash, balances with RBI & other banks and money at call and short notice (Refer to Schedule 6 & 7)

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W

Sd/-
Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
26 June 2014

For and on behalf of Citibank N.A. - India Branches

Sd/-
Pramit Jhaveri
Chief Executive Officer

Sd/-
Abhijit Sen
Chief Financial Officer

CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

Schedules forming part of the accounts of the Indian branches as at March 31, 2014

		31-Mar-14 (Rs in lakhs)	31-Mar-13 (Rs in lakhs)
SCHEDULE 1 - CAPITAL			
CAPITAL			
Amount of deposit kept with RBI under Section 11 (2) (b) of the Banking Regulation Act, 1949 (see Schedule 18 - Note V (1))		<u>432,300</u>	<u>375,500</u>
CAPITAL			
Initial Capital		20	20
Interest free funds from H.O. for CRAR requirements			
Opening Balance	374,364		374,364
Additions during the year	<u>-</u>	<u>374,364</u>	<u>374,364</u>
TOTAL		<u>374,384</u>	<u>374,384</u>
SCHEDULE 2 - RESERVES & SURPLUS			
I. Statutory Reserve			
Opening Balance	392,017		324,058
Additions during the year	<u>72,319</u>	<u>464,336</u>	<u>67,959</u>
			392,017
II. Furniture & Equipment Reserve		281	281
III. Properties Investment Reserve (see schedule 18 - note IV (7))		6,194	6,194
IV. Properties Revaluation Reserve			
Opening Balance	42,575		35,312
Additions during the year	-		8,131
Deductions during the year	(9,399)		-
Depreciation during the year	<u>(665)</u>	<u>32,511</u>	<u>(868)</u>
			42,575
V. Investment Reserve			
Opening Balance	35,683		11,928
Additions during the year	<u>975</u>	<u>36,658</u>	<u>23,755</u>
			35,683
VI. Capital Reserve on sale of immovable properties			
Opening Balance	6,493		4,587
Additions during the year (see schedule 18 - note V (5))	<u>4,488</u>	<u>10,981</u>	<u>1,906</u>
			6,493
VII. Foreign Exchange Reserve			
Opening Balance	11,925		4,500
Additions during the year	<u>-</u>	<u>11,925</u>	<u>7,425</u>
			11,925
VIII. Special Reserve (see Schedule 18 - Note V (4))			
Opening Balance	7,488		7,446
Additions during the year	<u>1,487</u>	<u>8,975</u>	<u>42</u>
			7,488
IX. Remittable Surplus retained for CRAR requirements			
Opening Balance		688,193	688,193
X. Balance in Profit and Loss Account			
Opening Balance	172,702		141,545
Less: Remitted during the year	(170,747)		(139,590)
Additions during the year	<u>210,005</u>	<u>211,960</u>	<u>170,747</u>
			172,702
TOTAL		<u>1,472,014</u>	<u>1,363,551</u>

CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

Schedules forming part of the accounts of the Indian branches (Continued)

as at March 31, 2014

	31-Mar-14 (Rs in lakhs)	31-Mar-13 (Rs in lakhs)
SCHEDULE 3 - DEPOSITS		
A. 1. Demand Deposits		
i) From banks	20,016	14,688
ii) From others	1,956,854	1,854,486
	<u>1,976,870</u>	<u>1,869,174</u>
II Savings Bank Deposits	<u>1,784,747</u>	<u>1,650,157</u>
III. Term Deposits		
i) From banks	51	51
ii) From others	4,069,634	3,136,556
	<u>4,069,685</u>	<u>3,136,607</u>
TOTAL	<u>7,831,302</u>	<u>6,655,938</u>
B Deposits of branches in India	7,831,302	6,655,938
Deposits of branches outside India	-	-
TOTAL	<u>7,831,302</u>	<u>6,655,938</u>

SCHEDULE 4 - BORROWINGS

I. Borrowings in India		
i) Reserve Bank of India	1,221,400	1,041,000
ii) Other banks	42	70,066
iii) Other institutions and agencies	180,592	691,377
	<u>1,402,034</u>	<u>1,802,443</u>
II. Borrowings outside India	1,239,438	1,383,155
TOTAL	<u>2,641,472</u>	<u>3,185,598</u>
Secured borrowings included in I & II above	1,257,377	1,624,297

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I. Bills payable	82,132	108,738
II. Inter - office adjustments (net)	22	9
III. Interest accrued	38,133	23,119
IV. Contingent provisions against standard assets (see Schedule 18 - Note V (11.6))	50,174	50,174
V. Others (including provisions)	2,008,429	1,076,588
TOTAL	<u>2,178,890</u>	<u>1,258,628</u>

CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

Schedules forming part of the accounts of the Indian branches (Continued)

as at March 31, 2014

	31-Mar-14 (Rs in lakhs)	31-Mar-13 (Rs in lakhs)
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	13,745	17,520
II. Balances with Reserve Bank of India		
i) in Current account	463,763	320,918
ii) in Other Deposit accounts	-	140,000
	463,763	460,918
TOTAL	477,508	478,438

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

I. In India		
i) Balances with banks		
a) In Current accounts	13,835	19,799
b) In Other Deposit accounts	259,125	477,025
	272,960	496,824
ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	-	-
	-	-
TOTAL (i & ii)	272,960	496,824
II. Outside India		
i) In Current accounts	10,958	8,192
ii) In Other Deposit accounts	870,009	919,438
iii) Money at call and short notice	-	-
	880,967	927,630
GRAND TOTAL (I & II)	1,153,927	1,424,454

SCHEDULE 8 - INVESTMENTS

I. Investments in India in		
i) Government securities	4,960,824	4,114,455
ii) Other approved securities	-	-
iii) Debentures and Bonds	-	-
iv) Shares	1,242	1,242
v) Others (see Schedule 18 Note V (2))	165,147	291,965
TOTAL	5,127,213	4,407,662

CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

Schedules forming part of the accounts of the Indian branches (Continued) as at March 31, 2014

	31-Mar-14 (Rs in lakhs)	31-Mar-13 (Rs in lakhs)
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted	246,643	320,275
ii) Cash credits, overdrafts and loans repayable on demand	938,523	864,970
iii) Term loans	4,466,765	4,018,309
TOTAL	5,651,931	5,203,554
B i) Secured by tangible assets (Including advances against book debts)	2,032,272	1,976,473
ii) Covered by Bank / Government guarantees	86,688	69,546
iii) Unsecured	3,532,971	3,157,535
TOTAL	5,651,931	5,203,554
C. I. Advances in India		
i) Priority sectors	1,509,108	1,386,961
ii) Public sector	43,797	61,619
iii) Banks	-	-
iv) Others	4,099,026	3,754,974
TOTAL	5,651,931	5,203,554
C. II. Advances outside India	-	-
GRAND TOTAL (C. I & C. II)	5,651,931	5,203,554
SCHEDULE 10 - FIXED ASSETS		
I. Leasehold land		
At cost as on 1 April	7,406	7,406
Additions during the year	-	-
Deductions during the year	-	-
	7,406	7,406
Depreciation to date	(2,252)	(2,104)
TOTAL	5,154	5,302
II. Premises		
At cost as on 1 April	8,085	8,108
Additions during the year	86,951	-
Deductions during the year	(51)	(24)
	94,985	8,084
Depreciation to date	(3,347)	(1,798)
	91,638	6,286
Add: Premises revaluation	32,511	42,575
TOTAL	124,149	48,861
III. A Other Fixed assets (including furniture and fixtures)		
At cost as on 1 April	59,646	61,961
Additions during the year	16,228	3,449
Deductions during the year	(3,866)	(5,764)
	72,008	59,646
Depreciation to date	(43,667)	(40,334)
	28,341	19,312

CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

Schedules forming part of the accounts of the Indian branches (Continued) as at March 31, 2014

	31-Mar-14 (Rs in lakhs)	31-Mar-13 (Rs in lakhs)
SCHEDULE 10 - FIXED ASSETS (Continued)		
III. B Other Fixed assets (taken on lease)		
At cost as on 1 April	9,008	9,315
Additions during the year	1,357	1,685
Deductions during the year	(2,411)	(1,992)
	7,954	9,008
Depreciation to date	(5,017)	(4,997)
	2,937	4,011
TOTAL	31,278	23,323
IV. Capital Work-in-progress	5,372	95,968
GRAND TOTAL (I, II, IIIA, IIIB, IV)	165,953	173,454
SCHEDULE 11 - OTHER ASSETS		
I. Due from Head office	-	826
II. Interest accrued	100,305	100,412
III. Tax paid in advance/tax deducted at source (net of provision for tax) (see Schedule 18 - Note V (8))	139,539	118,294
IV. Non-banking assets acquired in satisfaction of claims	-	-
V. Deferred tax assets (net) (see Schedule 18 - Note V (18))	45,196	43,014
VI. Others	1,636,490	887,991
TOTAL	1,921,530	1,150,537
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	2,292	2,752
II. Liability on account of outstanding forward exchange contracts	54,785,321	52,499,992
III. Liability on account of outstanding Rupee Interest Rate Swaps	47,304,517	43,263,289
IV. Guarantees given on behalf of constituents		
a) In India	1,229,688	945,247
b) Outside India	405,424	333,702
V. Acceptances, endorsements and other obligations	1,430,346	1,107,006
VI. Others	126,837	148,949
TOTAL	105,284,425	98,300,937

CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

Schedules forming part of the accounts of the Indian branches (Continued) for the year ended March 31, 2014

	31-Mar-14 (Rs in lakhs)	31-Mar-13 (Rs in lakhs)
SCHEDULE 13 - INTEREST EARNED		
I Interest/discount on advances/bills	528,094	484,646
II Income on investments	357,262	360,054
III Interest on balances with Reserve Bank of India and other inter-bank funds	30,632	43,711
IV Others	3,533	3,203
TOTAL	919,521	891,614
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	105,110	99,193
II Profit/(Loss) on sale of investments (net)	35,482	(20,539)
III Profit on sale/ write-off of fixed assets (net)	10,443	4,245
IV Profit on exchange transactions	149,813	115,875
V Miscellaneous income	(435)	948
TOTAL	300,413	199,722
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	278,945	252,495
II Interest on Reserve Bank of India/ inter-bank borrowings	44,334	71,357
III Others	50,547	49,966
TOTAL	373,826	373,818
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provisions for employees	106,861	106,243
II Rent, taxes and lighting	13,424	15,693
III Printing and stationery	5,079	4,705
IV Advertisement and publicity	11,111	11,546
V Depreciation on Bank's property	11,014	9,365
VI Auditors' fees and expenses	111	143
VII Law charges	982	1,344
VIII Postage, telegrams, telephones, etc.	35,945	37,223
IX Repairs and maintenance	10,385	8,754
X Insurance	7,774	6,791
XI Other expenditure	82,963	87,669
TOTAL	285,649	289,476
SCHEDULE 17 - PROVISIONS AND CONTINGENCIES		
I Provision for non-performing assets / write offs (net)	42,404	38,824
II Provision for standard assets	-	-
III Provision for current taxation	224,219	200,425
IV Deferred tax benefit (see Schedule 18 - Note V (18))	(2,182)	(13,383)
V Write back of Provision on Investments	(2,290)	(55,821)
VI Others (see Schedule 18 - Note V (7))	9,034	(13,837)
TOTAL	271,185	156,208

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches

for the year ended March 31, 2014

Schedule 18

I. Background

The accompanying financial statements for the year ended March 31, 2014 comprise the accounts of Citibank N.A. – India branches ('the Bank'), a banking company under the Banking Regulation Act, 1949. Citibank N.A. is incorporated with limited liability in the United States of America.

The branches of the Bank as at March 31, 2014 are at:

Ahmedabad, Akola, Aurangabad, Bengaluru (M.G. Road and South End Road), Bhopal, Bhubaneswar, Chandigarh, Chennai (Anna Salai and Alwarpet), Coimbatore, Faridabad, Gurgaon, Indore, Jaipur, Jalandhar, Kochi, Kolkata (Brabourne Road and Chowringee Road), Lucknow, Ludhiana, Mumbai {Lower Parel West, Andheri (East), Fort, Juhu, Khar and Vashi}, Nanded, Nandyal, Nasik, New Delhi (Sansad Marg, Punjabi Baug, Nehru Place, South Extension and Vasant Vihar), Noida, Puducherry, Pune, Hyderabad, Surat, Vadodara and Vapi. During the year, the branch at Andheri (West), Mumbai was relocated within the same city to Lower Parel (West) and the branch at M.G.Road, Bengaluru was moved to a new premise within the same city.

During the year, the Bank has been granted license by Reserve Bank of India (RBI) to open branches in three locations namely Nagpur, Thane and Serilingampally (Hyderabad). As at March 31, 2014, these branches were yet to commence operations.

II. Basis of preparation

The financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time, Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices within the banking industry in India. The disclosures presented herein confirm to the guidelines laid down in the Master Circular - Disclosure in Financial Statements - Notes to Accounts (DBOD.BP.BC No.7 /21.04.018/2013-14 dated July 1, 2013).

III. Use of estimates

The preparation of the financial statements in conformity with GAAP in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

IV. Significant accounting policies

1) Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI Master Circular DBOD No BP.BC. 8/ 21.04.141/2013-14 dated July 1, 2013 and amendments thereto.

Classification

Investments are classified as 'Held to maturity' ('HTM'), 'Available for sale' ('AFS') or 'Held for trading' ('HFT') at the time of its purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. Shifting among the categories is accounted as per extant RBI guidelines. The Bank follows settlement date method for accounting for its investments. For disclosure in the financial statements, the investments are classified under five categories – Government securities, Other approved securities, Debentures and Bonds, Shares and Other investments and disclosed in Schedule 8 - Investments.

Valuation

Investments classified as HTM are carried at acquisition cost. Any premium on acquisition is amortised over the remaining period to maturity on a constant yield to maturity. The Bank did not hold investments classified as HTM securities during the year.

AFS and HFT investments are marked to market based on yields declared by the Fixed Income and Money Market Dealers Association ('FIMMDA') in consultation with Primary Dealers Association of India ('PDAI').

Treasury Bills, Commercial Papers and Certificate of Deposits, being discounted instruments, are valued at carrying cost. Carrying cost includes the discount accreted for the holding period on a constant yield basis.

Investments in Pass Through Certificates have been valued on the basis of the Base Yield Curve and the applicable spreads as per the spread matrix relative to the tenor of the underlying assets which is in accordance with FIMMDA guidelines.

Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at Re 1 as per RBI guidelines.

Net depreciation, if any, within each category of investments is recognized in the Profit and Loss account. The net appreciation if any, under each category is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

IV. Significant accounting policies (*Continued*)

1) Investments (*Continued*)

Repurchase transactions

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions are accounted for as borrowing and lending transactions. Accordingly, a security given as collateral under an agreement to repurchase them continues to be held under the investment account of the Bank and the Bank continues to accrue the coupon / discount on the security during the repo period. Also, the Bank marks to market such securities as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income / expense over the period of the transaction in the Profit and Loss account. Similarly, securities that are taken as collateral under agreement to resale are not included in the investment account of the Bank.

Broken period interest

Broken period interest paid at the time of acquisition of the security, is charged to the Profit and Loss account.

2) Advances

Classification and provisioning of advances of the Bank is carried out in accordance with the RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances DBOD.No.BP.BC.1/21.04.048/2013-14 dated July 1, 2013 and amendments thereto.

Advances, including purchase of loan portfolios, are stated net of specific provisions and interest suspense. The Bank follows a consistent internal policy of classifying its advances as commercial and consumer loans and advances. Premium paid on acquisition of portfolios is included in advances and is amortised over the life of the portfolio. In case of certain loans acquired by way of purchase of loan portfolios, the Bank has entered into an arrangement with the seller to continue servicing such loans.

The Bank adopts norms prescribed by RBI as specified in the circular referenced above for identification of Non Performing Assets ('NPAs'). Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed in RBI guidelines.

The Bank also maintains provision on standard assets to cover potential credit losses not yet identified, which are inherent in any loan portfolio as well as on positive mark to market gains and discloses the same in Schedule 5 - Other liabilities and provisions.

Provisioning for restructured assets is made in accordance with the requirements prescribed by RBI guidelines. Such provisions are reduced from advances.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

IV. Significant accounting policies (*Continued*)

3) Foreign currency transactions

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss account.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognized in the Profit and Loss account.

Foreign exchange trading positions including spot contracts, forward contracts and currency swap contracts are revalued daily at the rates published by newswires and monthly at closing rates notified by FEDAI for specified maturities and at interpolated rates of interim maturities. The contracts where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves of the respective currencies.

The gains and losses on revaluation are recorded in the Profit and Loss account at the present value equivalent using appropriate discount rates. The notional value of these contracts is recorded as contingent liability.

In compliance with AS 11, mark to market on swap contracts entered into for hedging foreign exchange risk implicit in certain foreign currency liabilities which are swapped into India rupees is not recognized. The premium/discount arising at inception of such contracts is amortised as expense/income over the life of the contract. Exchange differences on the spot leg of such contracts are recognized in the statement of profit and loss in the reporting period. Notional values of these contracts are recorded as contingent liability. This accounting treatment has also been applied in case of the contracts entered into with RBI under the special US Dollar – Rupee swap window provided by RBI for swapping eligible incremental FCNR (B) deposits. These swaps have been considered as hedges for the foreign exchange risk implicit in the FCNR (B) deposits eligible for the swap facility.

Foreign currency options are marked to market using market values after considering the premium received or paid. Profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. Premium received and premium paid is recognized in the Profit and Loss account upon expiry or exercise of the options. The notional value of these options is recorded as contingent liability.

Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange. Profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. Margin money deposited with the exchange is included in "Other assets". The notional value of the futures contracts is recorded as contingent liability.

Contingent liabilities on account of foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at the closing rates of exchange notified by FEDAI.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

IV. Significant accounting policies (*Continued*)

4) Rupee derivative transactions

Rupee derivative transactions primarily comprise interest rate swaps. These swaps are marked to market using appropriate interest rates. Profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. The notional value of these swaps is recorded as contingent liability.

Rupee Interest Rate Swaps, which are designated as Hedges where the underlying is not marked to market, are accounted on accrual basis pursuant to the principles of hedge accounting as permitted by RBI circular Ref.No.MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999.

Interest Rate Futures are marked to market using closing price of the relevant futures contract as published by the exchange. Profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. Margin money deposited with the exchange is included in "Other assets". The notional value of the futures contracts is recorded as a contingent liability.

5) Securitisation and assignment transactions

In compliance with the 'Guidelines on Securitisation of Standard Assets' vide circular no. DBOD.No.BP.BC.103/21.04.177/2011-12 dated May 7, 2012 and DBOD.No.BP.BC.60/21.04.048/2005-06 dated February 1, 2006 issued by RBI, gain arising on securitisation is amortized over the life of security issued/to be issued by the Special Purpose Vehicle (SPV). Loss, if any, is recognized immediately in the Profit and Loss account.

In certain cases of securitisation transactions, the Bank continues to service the loans transferred to the assignee or SPV and also provides credit enhancement in the form of cash collaterals and/or by subordination of excess interest spread to Pass Through Certificates ('PTC') holders.

The Bank also undertakes assignment of portfolios. Portfolios assigned are recorded as sales once management is satisfied that control over the underlying assets has been transferred. Gains and losses arising out of assignment deals are recorded upfront after providing for retained service costs and provision for credit losses, where warranted.

6) Cash and Cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks/institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents held in foreign currency).

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

IV. Significant accounting policies (*Continued*)

7) Fixed assets and depreciation

Fixed assets are carried at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Premises are revalued biennially and are stated at the revalued amount. The appreciation/depreciation on premises revalued is credited/charged to 'Properties Revaluation Reserve'. On disposal of revalued premises, the amount standing to the credit of the Properties Revaluation Reserve is transferred to Capital Reserve.

Depreciation is provided on the straight-line method from the date of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account upto the month of sale. In respect of any assets where management's estimate of useful life is lower, either at the time of acquisition, or during a subsequent review, the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided at the following rates:

Asset Description	Depreciation Rate (% p.a.)
Leasehold land and premises	2.00
Installations, furniture and work of art	10.00
Equipment (including Telecom Equipment and Telephone Systems)	15.00
Racks, structured cables, Other computer hardware and related equipments	20.00
Personal computers along with operating systems (Desktop/Laptop/Monitor/Desktop printer)	33.33
Software (Internally developed / Purchased)	20.00/33.33
LAN printers, servers, scanners, fax machines	25.00
Vehicles	25.00

Installations in leased premises are depreciated over a period which includes initial lease term and one renewal.

Software acquisition cost and development cost are amortized over the expected useful life subject to a maximum period of five years.

Per the guidelines issued by RBI on Acquisition/Leasing of Premises (IBS.1728/C.553A-87 dated November 30, 1987), the Bank has retained "Properties Investment Reserve" as at March 31, 2014 of Rs. 6,194 lakhs (Previous year Rs. 6,194 lakhs). The Bank has also retained Furniture & Equipment Reserve as at March 31, 2014 of Rs. 281 lakhs (Previous year Rs. 281 lakhs).

In the absence of any specific guidelines, there have been no further additions to properties investment reserve in respect of new premises acquired by the Bank during the financial year. Such acquisitions have been funded out of local funds.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

IV. Significant accounting policies (*Continued*)

7) Fixed assets and depreciation (*Continued*)

The Bank assesses at the each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

8) Employee benefits

Retirement and other Employee benefits are accounted in accordance with AS 15 – Employee Benefits.

(a) Provident fund

The Bank contributes to a recognised provident fund which is a defined contribution scheme, for all its employees. The contributions are accounted for on an accrual basis and recognized in the Profit and Loss account as expenditure.

(b) Superannuation

The Bank contributes to a superannuation fund in accordance with the terms of employment of a certain category of employees, which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the Profit and Loss account as expenditure.

(c) Gratuity

The Bank provides for its gratuity liability which is a defined benefits scheme. Such provision is based on actuarial valuation of the gratuity liability as at the balance sheet date carried out by an independent actuary using the Projected Unit Credit Method. The contributions to the gratuity fund are managed by a trust and the funds are partly invested with Life Insurance Corporation of India and partly self-managed as per the Investment Pattern prescribed by Ministry of Finance, Government of India.

(d) Pension

The Bank provides for its pension liability for certain categories of eligible employees which is a defined benefits scheme. Such provision is based on actuarial valuation of the pension liability at the balance sheet date carried out by an independent actuary using the Projected Unit Credit Method. The contributions to the pension fund are managed by a trust, which invests funds as per the Investment Pattern prescribed by Ministry of Finance, Government of India and Annuities are purchased from Life Insurance Corporation of India as and when the employee becomes eligible for the benefit.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

IV. Significant accounting policies (*Continued*)

8) Employee benefits (*Continued*)

(e) Leave encashment

The Bank provides for its leave encashment liability for certain category of employees who are eligible to accumulate leave, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary using the Projected Unit Credit Method.

(f) Resettlement Allowance

The Bank provides for Resettlement Allowance Liability based on actuarial valuation performed by an independent actuary using the Projected Unit Credit Method as of the balance sheet date. Resettlement Allowance is six months pay offered to certain category of employees' payable at retirement.

9) Income recognition

Interest income is recognised in the Profit and Loss account on an accrual basis, except in the case of interest on non-performing assets, which is recognised as income on receipt.

Fees and commission income is recognised when due except when it is in the nature of yield enhancement. Yield enhancement fees and commission are deferred, along with related expenses including loan origination expenses and amortized over the life of the underlying asset.

Gain arising on securitisation is amortized over the life of security issued/to be issued by the SPV with upfront recognition of retained service costs and provision for credit losses. Loss, if any, is recognized immediately in the Profit and Loss account.

Gains and losses arising out of outright assignment deals are recorded upfront after providing for retained service costs and provision for credit losses, where warranted.

10) Provision for reward points on credit cards

The Bank has a policy of awarding reward points to credit card customers based on their spends. Provisions for reward points which are pending redemption by customers are made using a model based on behavioral analysis of utilization trends. The model uses historical redemption trends to estimate the probable utilization of outstanding unredeemed reward points. Such provisions are also assessed for adequacy and excess provisions vis-a-vis the model are retained in cases where abnormal movements in redemption rates are observed. The provision required is calculated basis the expected redemption determined using this model. The provisioning treatment confirms to the opinion given by the Expert Advisory Committee of the ICAI. In case of co-branded cards where rewards are offered through the partner firm, provisions are created for the entire amount due to the partner firm as per terms of the tie up arrangement and remaining unpaid as of the reporting date.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

IV. Significant accounting policies (*Continued*)

11) Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed thereunder) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Provision for current income-tax is recognized in accordance with the provisions of Income-tax Act, 1961 and after due consideration of relevant statutory provisions and judicial decisions on disputed issues.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets.

Deferred tax assets are reviewed at the balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

12) Accounting for leases

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on a straight-line basis over the lease period.

Financial leases

Assets taken on finance lease are recognised as fixed assets. An equivalent liability is created at the inception of the lease. Rentals paid are apportioned between finance charge and principal based on the implicit rate of return in the contract. The finance charge is shown as interest expense and the principal amount is reduced from the liability. The assets acquired under the lease are depreciated over the lease term, which is reflective of the useful life of the leased asset.

13) Provisions and contingencies

The Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

IV. Significant accounting policies (*Continued*)

13) Provisions and contingencies (*Continued*)

Provisions are reviewed at the balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

14) Goodwill

Excess of consideration paid over net assets purchased in a business acquisition is recorded as Goodwill. Goodwill, if any, is amortized over its useful life of five years as determined by management. The unamortized portion of the Goodwill is treated as an Intangible asset and reduced for the purposes of capital adequacy computation. As at 31 March 2014, the Bank did not have any goodwill on its books.

15) Unclaimed items

The Bank had a policy of moving ageing unclaimed items other than unclaimed deposits, which were individually below a threshold of Rs 50,000 per item, to the Profit and Loss account. Such transfers to the Profit and Loss account were only effected after meeting additional criteria and due diligence as specified in the internal guidelines of the Bank. Pursuant to the guidelines laid down by RBI in this regard, the Bank is following Circular DBOD.No.DEAF Cell.BC.101/30.01.002/2013-14.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014

1. The Bank is required to lodge additional securities with RBI under section 11(2)(b) of the Banking Regulation Act, 1949 amounting to Rs. 72,320 lakhs for the year ended March 31, 2014 (Previous year Rs. 67,960 lakhs). As at March 31, 2014, the face value of securities lodged with RBI stands at Rs. 432,300 lakhs (Previous year Rs. 375,500 lakhs).
2. Other investments comprise of Certificates of deposits amounting to Rs. 106,441 lakhs (Previous year Rs. 173,719 lakhs), and Pass through Certificates amounting to Rs. 58,706 lakhs (Previous year: 118,246 lakhs).
3. Bills received from constituents for collections on their behalf are controlled through memorandum registers and are recorded in financial ledgers only when collected. These bills for collection outstanding as at the year-end have been disclosed in the Balance Sheet.
4. The Bank has created an incremental Special Reserve of Rs. 1,487 lakhs (Previous year Rs. 42 lakhs) pursuant to clause (viii) under sub-section (1) to section 36 of the Income Tax Act, 1961.
5. During the year, there was a sale of five residential premises owned by the Bank. Gain on sale of Rs 10,545 lakhs has been reported under Other Income. The net gain amount after netting for tax was Rs 5,984 lakhs of which Rs 1,496 lakhs has been appropriated to statutory reserves and the balance Rs 4,488 lakhs appropriated to Capital Reserve.
6. Advances of the Bank include an exposure to an obligor in India which was covered by a Standby letter of credit (SBLC) issued by an offshore branch of Citibank N.A. The exposure is classified as a Non Performing Loan and the Bank had invoked the SBLC and received full consideration for the same from the offshore branch. Proceeds of the SBLC have not yet been appropriated towards the exposure pending completion of legal proceedings for recovery of the outstanding from the obligor in order to protect the legal position of the Bank. The proceeds of the SBLC have been reported under Other Liabilities pending appropriation. The exposure has been considered as a secured loan for determining provisioning requirements as per RBI norms for Non Performing Loans.

In respect of the same exposure an additional provision of Rs. 10,445 lakhs was created in the current financial year basis change in the asset classification.

The same treatment has been applied in case of two other exposures basis terms of the guarantee issued by Overseas Private Investment Corporation (OPIC) where the Bank has been restituted on invoking the guarantee but proceeds have not been appropriated towards the exposures.

7. Provisions and Contingencies - Others (Schedule 17 (VI)) comprises of Rs. 65 lakhs credited to the Profit and Loss account on account of change in diminution in fair value of loans, which were restructured in prior years and upgraded to standard assets subsequently (Previous Year: Rs. 615 lakhs) and Rs 9,100 lakhs debited to the Profit and Loss account on account of floating provision created for year ended March 31, 2014 (Previous Year: Nil).
8. Other Assets [Schedule 11 (III)] includes Rs. 80,785 lakhs (Previous year: Rs 59,715 lakhs) towards disputed Income Tax paid by the Bank/ adjusted by the authorities. Provision for taxation is not considered necessary by the Bank in respect of above disputed demands based on various judicial decisions on such disputed issues.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

9. The Bank has in place a Standby Letter of Credit (SBLC) extended by Citibank Head Office (NY) to the extent of the rupee equivalent of USD 2.31 billion, as an additional support to cover Citibank India's facilities provided to locally incorporated subsidiaries of multinational companies which have a global banking relationship with Citibank. The Bank undertakes a credit appraisal of such exposures based on the available financials of the local subsidiaries. In addition, the Bank also receives inputs on credit assessment from Citibank franchise in respective countries which manages the global relationship for that entity and further relies on credit support from the SBLC extended by Citibank Head Office. In turn the relevant Citibank entity derives comfort from the support of the parent of the local subsidiary. In certain cases, specific SBLCs are obtained from the Citibank branch which manages the global relationship basis periodic review.
10. An incident of fire was reported last year in the new premise acquired by the Bank while in the process of furbishment. The fire originated from electrical equipment on one floor and caused extensive damage to furniture and equipment but no other loss as the premises was not under occupancy. There was also collateral damage to other floors owned by the Bank in the same building which were also under furbishment. In addition, there was damage to common building infrastructure and external facade. The damage to premises was covered under separate insurance policies for internal furbishments and base building damages.

An insurance receivable of Rs. 2,082 lakhs was recorded during the previous year after recording an expense towards losses not admissible for insurance cover and deductible as per terms of the insurance policy. The insurance surveyors have completed the verification of final payments for restoration work made to contractors for both internal fit-outs and base building works covered by separate policies. They are in the process of recommending award of final claim amount to be released by the insurance company. Accordingly, the receivable is being carried forward in the books in the current financial year.

11. The following disclosures are made in accordance with the requirements of accounting standards and RBI guidelines in this regard:

- 11.1. Capital adequacy ratio has been computed in accordance with Capital Adequacy guidelines issued by RBI.

Ratio	As at March 31, 2014 BASEL III	As at March 31, 2013 BASEL II
CRAR - Total Capital ratio	16.49%	15.90%
CRAR – Tier I Capital ratio	15.35%	14.81%
CRAR – Tier II Capital ratio	1.14%	1.09%
Amount of subordinated debt raised as Tier II capital	NIL	NIL

The Common Equity Tier I capital ratio of the Bank as of March 31, 2014 per Basel III norms is 15.35%.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

11.1 Capital adequacy ratio has been computed in accordance with Capital Adequacy guidelines issued by RBI. (Continued)

As per RBI guidelines issued vide circular reference DBOD.No.BP.BC.81/21.06.201/2013-14, Credit Valuation Adjustment (CVA) risk capital charge on OTC derivatives is to be implemented from April 1, 2014. The Bank has however computed CVA risk capital charge as of March 31, 2014 and CRAR of the Bank after including this charge has been additionally disclosed below.

Ratio	As at March 31, 2014
CRAR - Total Capital ratio	14.38%
CRAR – Tier I Capital ratio	13.38%
CRAR – Tier II Capital ratio	1.00%

11.2 Business ratios

Ratio	2013-2014	2012-2013
Percentage of net NPAs to net advances	1.24%	1.47%
Interest income as a percentage to working funds	6.59%	6.96%
Non-interest income as a percentage to working funds	2.15%	1.56%
Operating profit as a percentage to working funds	4.01%	3.34%
Return on assets	2.07%	2.12%
Business (deposits plus advances) per employee (Amount in Rs. lakhs)	2,226	2,124
Profit per employee (Amount in Rs. lakhs)	50.90	50.19

Note:

- Working Funds represent average of total assets as reported to RBI in Form X.
- Inter-bank deposits have been excluded for the computation of business per employee ratio.
- Profit per employee is based on employee count as of March 31, 2014 and March 31, 2013 respectively.

11.3 Maturity Pattern

Maturity pattern as at March 31, 2014

Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Amount in Rs. lakhs	
					Foreign Currency Assets	Foreign Currency Liabilities
Day 1	71,804	1,686,867	125,250	191,196	252,437	217,761
2 to 7 days	185,648	1,376,366	849,290	1,257,377	486,526	36,311
8 to 14 days	180,468	95,639	266,719	-	49,922	21,652
15 to 28 days	480,862	214,433	219,496	-	246,428	11,134
29 days to 3 months	651,421	177,876	535,104	13	226,839	51,062
Over 3 months and upto 6 months	554,651	142,263	248,578	138,779	197,227	82,259
Over 6 months and upto one year	511,859	114,147	584,691	961,387	323,969	1,134,689

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

11.3 Maturity Pattern (Continued)

Maturity pattern as at March 31, 2014

Amount in Rs. lakhs						
Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Over one year and upto 3 years	1,513,687	762,001	4,938,108	91,900	231,956	1,925,027
Over 3 years and upto 5 year	380,997	15,947	57,444	820	37,403	11,074
Over 5 years	1,120,534	541,674	6,622	-	21,573	62,534
Total	5,651,931	5,127,213	7,831,302	2,641,472	2,074,280	3,553,503

Maturity pattern as at March 31, 2013

Amount in Rs. lakhs						
Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	36,664	2,177,434	110,574	152,189	393,725	171,469
2 to 7 days	258,935	-	673,485	1,704,297	588,945	28,066
8 to 14 days	117,119	-	245,510	-	52,941	19,690
15 to 28 days	355,014	309,588	343,863	-	206,189	24,002
29 days to 3 months	659,809	326,442	763,786	81,839	362,584	262,276
Over 3 months and upto 6 months	489,755	115,899	431,576	92,650	315,805	226,294
Over 6 months and upto one year	472,987	194,109	660,756	543,949	267,663	874,031
Over one year and upto 3 years	1,349,129	809,350	3,354,355	610,526	71,002	1,061,058
Over 3 years and upto 5 years	427,181	124,000	67,430	148	100,700	15,354
Over 5 years	1,036,961	350,840	4,603	-	10,650	-
Total	5,203,554	4,407,662	6,655,938	3,185,598	2,370,204	2,682,240

Note:

- The information on maturity pattern has been compiled by management based on the same estimates and assumptions as used for compiling the returns submitted to RBI.
- Assets and liabilities exclude off-balance sheet assets and liabilities.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

11.4 Lending to sensitive sectors

A) Exposure to real estate sector

Category	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
1. Direct exposure		
(i) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower:	1,536,593	1,362,241
Of which individual housing loans eligible for inclusion in priority sector advances	91,653	87,799
(ii) Commercial real estate		
Lending secured by mortgages on income producing real estates	53,539	59,500
(iii) Others*	48,045	162,942
2. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	229,634	305,364
Total	1,867,811	1,890,047

*Others include real estate exposures such as loan on mortgage of commercial property where repayment is not from cash flows generated from leasing/sale of such property.

B) Exposure to capital market

Category	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,242	1,242
Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	20,418	21,712
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	2,083	2,602
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	168,796	139,461
Facility secured against residential real estate classified as CME based on the end use of the loan which is investment into capital markets;	2,316	2,417
Other Financial Guarantees*	1,100	16,259
Total	195,955	183,693

*Pursuant to RBI Circular DBOD.Dir.BC.46 /13.03.00/2010-11 on Commitments by the bank to effect payments on behalf of its constituents to stock exchanges; and exposures relating to irrevocable payment commitments are classified as financial guarantees and included under capital market exposure.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

11.5 Movement in Non- performing assets

Particulars	Amount in Rs. lakhs					
	Gross NPA	2013-2014 Provision	Net NPA	Gross NPA	2012-2013 Provision	Net NPA
Opening balance as on April 1	135,873	59,209	76,665	84,642	42,266	42,376
Additions during the year	65,193	35,828	29,365	104,211	40,097	64,115
Recoveries /write offs during the year	(52,646)	(16,747)	(35,899)	(52,980)	(23,154)	(29,826)
Closing balance as on March 31	148,420	78,290	70,131	135,873	59,209	76,665

11.6 Provision on standard assets

The Bank is holding a provision towards standard assets of Rs. 50,174 lakhs (Previous year Rs. 50,174 lakhs). The provision is in excess of the requirements basis the current asset position. The excess has been retained in accordance with the guidelines contained in RBI Circular DBOD.BP.BC. 83 / 21.01.002/2008-09 dated November 15, 2008.

11.7 Floating Provision

In accordance with the requirements laid down in RBI guidelines, the Bank has formulated a policy on floating provisions. As required by the policy, an assessment has been performed on requirements of such provisions based on which floating provision of Rs.9,100 lakhs has been created for the year ended March 31, 2014 (Previous year: NIL) and has been included under "Other Liabilities".

Movement in floating provision is given below:

Category	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
Opening balance	-	-
Provisions made during the year	9,100	-
Draw down made during the year	-	-
Closing balance	9,100	-

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued) for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

11.8 Restructured loans

There are no restructured cases under CDR Mechanism and SME Debt Restructuring. Details in respect of Others are provided below:

Type of Restructuring Asset Classification Details	Amount in Rs. lakhs									
	Standard		Sub-Standard		Others		Loss		Total	
	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous
	year	year	year	year	year	year	year	year	year	year
Restructured Accounts as on April 1										
of the FY (opening figures)										
	8,996	13,428	1,024	691	1,629	6,601	276	1	11,925	20,721
Amount outstanding	3,441	7,012	1,349	1,063	2,380	5,071	438	-	7,608	13,146
Provision thereon	165	141	318	413	1,401	4,820	438	-	2,322	5,374
Fresh restructuring during the year										
No. of borrowers	890	1	871	1,021	34	119	37	22	1,832	1,163
Amount outstanding	76	1,645	1,374	1,313	827	1,305	28	329	2,305	4,592
Provision thereon	6	45	411	309	407	418	28	329	852	1,101
Upgradations to restructured										
standard category during the FY										
No. of borrowers	300	778	(148)	(355)	(129)	(423)	(23)	-	-	-
Amount outstanding	178	422	(239)	(443)	(87)	(383)	(12)	-	(160)	(404)
Provision thereon	15	31	(76)	(199)	(87)	(378)	(12)	-	(160)	(546)
Restructured standard advances										
which cease to attract higher	-	-	-	-	-	-	-	-	-	-
provisioning and / or additional risk	-	-	-	-	-	-	-	-	-	-
weight at the end of the FY and	-	-	-	-	-	-	-	-	-	-
hence need not be shown as	-	-	-	-	-	-	-	-	-	-
restructured standard advances at the	-	-	-	-	-	-	-	-	-	-
beginning of the next FY	-	-	-	-	-	-	-	-	-	-
Downgradations of restructured										
accounts during the FY										
No. of borrowers	(103)	(645)	(20)	(95)	68	486	55	254	-	-
Amount outstanding	(21)	(578)	(54)	(82)	58	(179)	(12)	109	(29)	(730)
Provision thereon	(1)	(12)	(10)	(56)	40	(179)	(12)	109	17	(138)
Write-offs of restructured accounts										
during the FY	(301)	(735)	(350)	(138)	(850)	(2,728)	(78)	-	(1,579)	(3,601)
Amount outstanding	(106)	(352)	(311)	(192)	(353)	(1,722)	(35)	-	(805)	(2,266)
Provision thereon	(9)	(7)	(82)	(87)	(353)	(1,722)	(35)	-	(479)	(1,816)
Restructured accounts Recovered										
during the FY	(2,215)	(3,831)	(502)	(100)	(465)	(2,426)	(99)	(1)	(3,281)	(6,358)
Amount outstanding	(2,245)	(4,708)	(280)	(310)	(1,697)	(1,712)	(363)	(0)	(4,585)	(6,730)
Provision thereon	(75)	(33)	(72)	(62)	(820)	(1,558)	(363)	(0)	(1,330)	(1,653)
Restructured Accounts as on March										
31 of the FY	7,567	8,996	875	1,024	287	1,629	168	276	8,897	11,925
(closing figures)	1,323	3,441	1,839	1,349	1,128	2,380	44	438	4,334	7,608
	101	165	489	318	588	1,401	44	438	1,222	2,322

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

11.9 Details of sale of financial assets to any securitisation/reconstruction company for assets reconstruction.

Particulars	Amount in Rs. lakhs	
	2013-2014	2012-2013
(i) Number of accounts	156	445
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	1,201	3,674
(iii) Aggregate consideration	2,166	1,881
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/(loss) over net book value	965	(1,793)

11.10 Details of non-performing financial assets sold to banks:

There were no non performing financial assets purchased from or sold to banks during the year (Previous year: NIL).

11.11 Investment

A. Value of investments

Particulars	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
(1) Gross value of investments		
(a) In India	5,134,292	4,417,031
(b) Outside India	-	-
(2) Provisions for depreciation		
(a) In India	(7,079)	(9,369)
(b) Outside India	-	-
(3) Net value of investments		
(b) In India	5,127,213	4,407,662
(b) Outside India	-	-

Investments include government securities representing face value of Rs. 3,437,400 lakhs (Previous year: Rs. 3,804,309 lakhs) deposited for settlement guarantee fund and Collateralised Borrowings and Lending Obligation (CBLO) with Clearing Corporation of India (CCIL); and for intra-day liquidity under Real Time Gross Settlement system (RTGS), for repo transactions and Liquidity Adjustment Facility (LAF) and to meet the requirements of section 11 (2) (b) of the Banking Regulation Act, 1949 with RBI.

B. Movement of provisions held towards depreciation of investments

Particulars	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
Opening balance as on April 1	9,369	65,191
Add: Provision made during the year	-	-
Less: Write back of provisions during the year	(2,290)	(55,822)
Closing balance as on March 31	7,079	9,369

During the year, the Bank has appropriated Rs. 975 lakhs (Previous Year: Rs. 23,755 lakhs) to Investment Reserve. Further, the Bank has neither appropriated nor withdrawn any amount from this reserve during the year. (Previous Year: NIL)

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

11.12 Non-SLR investment portfolio

A) Issuer composition of non-SLR investments as on March 31, 2014

Issuer	Amount	Extent of private placement **	Amount in Rs. lakhs		
			Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	-	-	-	-	-
Financial institutions	-	-	-	-	-
Banks*	106,441	106,441	-	-	106,441
Private corporates	1,242	1,242	-	1,242	1,242
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	58,993	58,993	-	-	58,993
Provisions held towards depreciation	(287)	-	-	-	-
Total	<u>166,389</u>	<u>166,676</u>	<u>-</u>	<u>1,242</u>	<u>166,676</u>

Issuer composition of non-SLR investments as on March 31, 2013

Issuer	Amount	Extent of private placement**	Amount in Rs. lakhs		
			Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	-	-	-	-	-
Financial institutions	-	-	-	-	-
Banks*	173,719	173,719	-	-	173,719
Private corporate	1,242	1,242	-	1,242	1,242
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	121,880	121,880	-	-	121,880
Provisions held towards depreciation	(3,634)	-	-	-	-
Total	<u>293,207</u>	<u>296,841</u>	<u>-</u>	<u>1,242</u>	<u>296,841</u>

* Includes investment in public sector banks.

** All certificates of deposits are considered as private placements.

B) Non-performing non-SLR investments

There were no non performing non-SLR investments during the year ended and as at March 31, 2014 (Previous year: NIL).

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

11.13 Repo and reverse repo transactions (excluding transactions under LAF)

Amount in Rs lakhs								
	2013-2014			As on March 31, 2014	2012-2013			As on March 31, 2013
	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year*		Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year*	
Securities sold under repos								
i. Government securities	198	994,285	266,717	-	100	1,130,201	321,549	-
ii. Corporate debt securities	-	-	-	-	-	-	-	-
Securities purchased under reverse repos								
i. Government securities	500	161,000	33,783	-	529	120,000	38,321	-
ii. Corporate debt securities	-	-	-	-	-	-	-	-

* Minimum/Daily Average outstanding during the year excludes days on which no Repo/Reverse Repo transactions were carried out.

11.14 Derivatives

Details of outstanding notional principal, nature and terms of swaps:

Amount in Rs. lakhs			
Type	Item	Notional principal as at	
		March 31, 2014	March 31, 2013
Trading	<i>Interest rate swaps</i>		
	MIBOR Overnight Index Swaps	34,176,488	28,736,027
	MIFOR	3,548,630	4,201,560
	GOI Securities Yield / INBMK	674,167	816,465
	LIBOR	8,699,230	9,294,111
	Basis swaps	186,002	1,90,125
	<i>Cross Currency Swap</i>	1,246,878	1,514,090
Hedging	<i>MIBOR Overnight Index Swaps</i>	20,000	25,000

MIBOR – Mumbai Interbank Offer Rate

MIFOR – Mumbai Interbank Forward Offer Rate

LIBOR – London Interbank Offer Rate

INBMK – Indian Benchmark Rate

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

	<i>Amount in Rs. lakhs</i>	
	March 31, 2014	March 31, 2013
Losses which would be incurred if the counter-parties failed to fulfill their obligations in respect of:		
Interest rate swaps	247,140	128,522
Cross Currency swaps	44,938	40,461

	<i>Amount in Rs. lakhs</i>	
	March 31, 2014	March 31, 2013
Fair value of:		
Interest rate swaps	1,483	(6,087)
Cross Currency swaps	(92,074)	(47,038)

- 89.34% (Previous Year 85.83%) of Interest rate swaps, 22.39% (Previous year 27.31%) of Cross Currency Interest Rate Swaps have been contracted with banks. As at March 31, 2014 there were no outstanding Forward Rate Agreements (Previous Year NIL).
- Agreements are entered into with banks, corporates and overseas branches of Citibank N.A. under approved credit lines. The Bank does not seek specific collateral for entering into swaps.

11.15 Disclosure pertaining to Exchange Traded Interest Rate Derivatives is given below

		<i>Amount in Rs. lakhs</i>	
S.No.	Particulars	March 31, 2014	March 31, 2013
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) - 91 Day T-bill futures	-	-
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March (instrument-wise)	-	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-	-
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	-	-

11.16 Disclosure on risk exposure on derivatives

Qualitative disclosure

The Bank offers derivative products to customers by applying prudential criteria of suitability and appropriateness vis-à-vis customers based on applicable regulations as prescribed by RBI and existence of underlying exposures. The product offering is managed by the Treasury Front Office which comprises of sales and trading teams. Settlement and reporting of credit risks of all deals is undertaken by the Back office. An independent Middle office is responsible for monitoring and reporting risk numbers daily to management. Further, Market Risk Management unit, assigned with the responsibility for setting up market risk limits and monitoring utilizations operates independent of business. These separate units with different reporting lines ensure that market and credit risks are independently measured, monitored, and reported to ensure objectivity and transparency in risk-taking activities.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

11.16 Disclosure on risk exposure on derivatives (*Continued*)

The Bank makes market in all permitted Over The Counter (OTC) derivative transactions for its customers and in the Interbank Market. The Bank also uses some of these derivatives for hedging its assets and liabilities. The Bank is also a trading member on the exchange for exchange traded foreign currency and interest rate futures.

The Bank is integrated into the overall group-wide risk and control framework, balancing senior management oversight with well-defined independent risk management functions. It is the responsibility of the senior management of the Bank to implement group's policies and practices, to oversee risk management, and to respond to the needs and issues in the Bank. The Bank's current policy is to control material market risks through a framework of limits and triggers which are approved by Local Operations Management Committee and to manage any residual exposure through a series of sensitivity analyses, scenario tests and robust controls over calculating, monitoring and reporting results.

The Risk management unit plays a key role in sanctioning of the limits, and laying down the risk assessment and monitoring methods. The policies of the Bank include setting limits upon the currency position, products specific gaps, maximum tenor, overall outstanding and also setting-up of counterparty wise pre-settlement risk limits.

Limits are monitored on a daily basis by the Treasury and Risk management unit. Exposure reports are submitted to the Treasurer as well as the Head-Risk management unit, and any limit excesses are brought to the notice of the management immediately for further action.

In any derivative transaction undertaken with the counterparty, the Bank is exposed to the risk of the replacing the contract at a loss if the counterparty were to default. Such derivatives credit exposure is measured and monitored using the Current Exposure Method by adding the positive mark-to-market and an estimate of the potential future exposure due to change in the market value of the contract. The Bank has processes to monitor such exposure on each of the counterparties. Appropriate credit mitigants are used, where required as trigger events, to call for collaterals or terminate a transaction and contain the risk.

The quantitative disclosure required pursuant to RBI guidelines is given below. These disclosures also include exposure for open foreign currency futures and interest rate future contracts under the currency derivatives and interest rate derivatives category, respectively. Similarly, the notional principal amount of such open foreign currency futures contracts is included under liability on account of outstanding forward exchange contracts in Schedule 12 – Contingent Liabilities.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

11.16 Disclosure on risk exposure on derivatives (Continued)

		Amount in Rs. lakhs			
Sr. No.	Particulars	March 31, 2014		March 31, 2013	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
1.	Derivatives (Notional principal amount)				
	a) For hedging	1,167,674	20,000	159,204	25,000
	b) For trading	53,617,647	47,284,517	52,340,788	43,238,289
2.	Marked to market positions				
	a) Asset (+)	1,203,882	247,140	609,446	128,522
	b) Liability (-)	-1,318,264	-245,657	-622,842	-134,608
3.	Credit exposure	2,576,867	561,134	1,808,967	469,087
4.	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	3,300.20	181.71	2.67	180.48
	b) on trading derivatives	6,190.31	13,532.82	5,937.48	4,836.26
5.	Maximum of 100*PV01 observed during the year				
	a) on hedging	5,142.55	181.71	86.15	1,683.43
	b) on trading	6,190.31	15,845.97	6,208.55	5,380.50
6.	Minimum of 100*PV01 observed during the year				
	a) on hedging	7.49	0	1.34	172.00
	b) on trading	3,747.30	2,022.02	5,134.31	4,064.81

The Bank has computed maximum and minimum of PV01 for the year based on balances at the end of every month.

The net open foreign currency position as on March 31, 2014 is Rs. (38,867) lakhs (Previous year: Rs. 48,250 lakhs)

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

11.17 Risk category wise country exposure

No provision has been made by the Bank for country risk exposure since the Bank's country wise net funded exposure does not exceed 1% of the total assets as on March 31, 2014 (Previous Year: NIL). Details of exposure as per risk category classification is as under:

Risk Category	As at March 31, 2014		As at March 31, 2013	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	392,282	-	31,161	-
Low	228,684	-	19,822	-
Moderate	29,870	-	14,570	-
High	-	-	2,683	-
Very High	-	-	787	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	650,836	-	69,023	-

11.18 Details of Single borrower limit, Group borrower limit exceeded by the Bank:

Single Borrower Limit:

- The Local Operations Management Committee of the Bank has approved the increase in Single Borrower limits to 20% for Reliance Industries Limited, DSP Black Rock Mutual Fund, Larsen & Toubro Limited, Wipro Limited, Franklin Templeton Mutual Fund, L&T Mutual Fund and Birla Sun Life Mutual Fund in accordance with RBI guidelines.
- In case of Franklin Templeton Mutual Fund, there was an intra-day breach of limit.
- There was a passive breach for Reliance Industries and Wipro Limited due to INR currency depreciation leading to an increase in the INR equivalent of an exposure denominated in USD which was regularized the next day with INR currency appreciation.

12. The following disclosures are made in accordance with the RBI circular DBOD.No. B.P.BC.103/21.04.177/2011-12 dated May 7, 2012 and DBOD.NO.BP.BC.60 / 21.04.048/2005-06 dated February 1, 2006.

Particulars	Amount in Rs. lakhs	
	2013-2014	2012-2013
1. Total number of loans securitised*	-	-
2. Book value of loans securitised*	-	-
3. Sale consideration*	-	-
4. Gain / (loss) on securitisation recognized in the Profit & Loss account*	-	-
5. Form and quantum (outstanding value) of credit enhancement		
a. Cash Collateral	1,543	1,589
b. I/O Strip	-	20
c. Guarantee	-	-

* pertaining to deals done during the year

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

13. Employee benefits

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity and pension benefits is given below:

	<i>Amount in Rs. lakhs</i>	
Particulars for FY 2013-14	Gratuity	Pension
Change in present value of defined benefits obligations		
Opening balance of Present value of obligations	11,713	9,950
Current service cost	1,484	1,118
Interest cost	876	785
Plan amendments	-	-
Actuarial (gains)/ losses on obligation	(603)	(1565)
Benefits paid	(1,786)	(515)
Closing balance of present value of obligations	11,684	9,773
Change in plan assets		
Opening balance of fair value of plan assets	9,929	13,066
Expected return on plan assets	851	1,140
Contributions	1,960	1,212
Benefits paid	(1,786)	(515)
Actuarial (losses) /gains on plan assets	(159)	(310)
Closing balance of fair value of plan assets	10,795	14,593
Net asset (liability) recognised		
Present value of defined benefits obligations	11,684	9,773
Fair value of plan assets	10,795	14,593
Funded status (deficit) / surplus	(889)	4,820
Net asset (liability) recognised in the Balance Sheet	(889)	4,820
Components of employer expense		
Current services cost	1,484	1,118
Interest cost	876	785
Expected return on plan assets	(851)	(1,140)
Net actuarial (gains) and losses	(444)	(1,255)
Expenses recognised in the Profit and Loss account	1,065	(492)
Assumptions		
Discount rate	9.25%	9.25%
Expected return on plan assets	8.50%	8.50%
Salary escalation rate	8.00%	8.00%

Citibank.N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

13. Employee benefits (*Continued*)

Particulars for FY 2012-13	Gratuity	Pension
Change in present value of defined benefits obligations		
Opening balance of Present value of obligations	9,666	9,975
Current service cost	1,491	1,210
Interest cost	771	832
Plan amendments	-	612
Actuarial (gains)/ losses on obligation	1,596	(1,629)
Benefits paid	(1,811)	(1,050)
Closing balance of present value of obligations	11,713	9,950
Change in plan assets		
Opening balance of fair value of plan assets	8,980	11,897
Expected return on plan assets	773	1,023
Contributions	2,059	1,321
Benefits paid	(1,811)	(1,050)
Actuarial (losses) /gains on plan assets	(72)	(125)
Closing balance of fair value of plan assets	9,929	13,066
Net asset (liability) recognised		
Present value of defined benefits obligations	11,713	9,951
Fair value of plan assets	9,929	13,067
Funded status (deficit) / surplus	(1,784)	3,116
Net asset (liability) recognised in Balance Sheet	(1,784)	3,116
Components of employer expense		
Current services cost	1,491	1,210
Interest cost	771	832
Expected return on plan assets	(774)	(1,023)
Net actuarial (gains) and losses	-	612
Past services cost	1,668	(1,504)
Expenses recognised in the Profit and Loss account	3,156	127
Assumptions		
Discount rate	8.10%	8.10%
Expected return on plan assets	8.50%	8.50%
Salary escalation rate	8.00%	8.00%

Actuarial gains or losses are recognised as income or expense in the year they arise.

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

13. Employee benefits (Continued)

Experience Adjustments

	<i>Amount in Rs. lakhs</i>				
Gratuity	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Experience History					
Defined benefit obligation	(11,684)	(11,713)	(9,667)	(10,326)	(8,949)
Fair value of plan assets	10,795	9,929	8,980	7,497	7,742
Surplus/(Deficit)	(889)	(1,784)	(687)	(2,829)	(1,207)
Experience gain / (loss) adjustments on plan liabilities	(726)	(18)	949	151	(4,683)
Experience gain / (loss) adjustments on plan assets	(159)	(72)	230	1,003	356
Actuarial gain / (loss) due to change of assumptions	1,330	(1,577)	635	(339)	468

	<i>Amount in Rs. lakhs</i>				
Pension	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Experience History					
Defined benefit obligation at the end of the period	(9,773)	(9,951)	(9,976)	(7,873)	(7,256)
Plan assets at the end of the period	14,593	13,067	11,898	10,884	11,915
Surplus/(Deficit)	4,820	3,116	1,922	3,011	4,659
Experience gain / (loss) adjustments on plan liabilities	486	2,067	(1,448)	975	(999)
Experience gain / (loss) adjustments on plan assets	(310)	(125)	(369)	(2,073)	212
Actuarial gain / (loss) due to change of assumptions	1,078	(438)	520	(222)	320

14. The compensation structure of Citibank India, including that of the Chief Executive Officer, confirms with the Financial Stability Board (FSB) principles and standards. A confirmation to that effect has been filed with RBI.

During the year, the Bank noted that due to certain differences in the computation of remuneration, certain excess payments were inadvertently effected to the CEO for the years 2010-11, 2011-12, 2012-13 and 2013-14 vis-à-vis amounts approved by the Department of Banking Operations and Development, RBI. The Bank has since brought this to the attention of RBI and is committed to its resolution as per their directions. The financial statements have been appropriately adjusted. This matter has also been discussed with the Citi Regional Office, and has their concurrence.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

15. Segment Information

Business segment

In line with RBI guidelines on Segment Reporting, the Bank has identified the following segments as primary reportable segments: Treasury, Corporate banking, Retail banking and Other banking business.

Under the 'Treasury' segment, the Bank undertakes trading operations on proprietary account, investments in corporate debt, government securities, funding and gapping products and derivatives trading. Revenues of this segment consist of interest earned on funding and gapping activities, investment income and gains on government securities and debentures/bonds, income from derivative transactions and underwriting commission from primary dealership business. The principal expenses of this segment consist of interest expense on funds borrowed from external sources and other internal segments, personnel costs, other direct overheads and allocated expenses.

Under the 'Corporate banking' segment, the Bank provides loans and caters to foreign exchange requirements of corporate and financial institutions. Revenues of this segment consist of interest and fees earned on loans made to corporate customers and income from foreign exchange transactions with such customers. This also includes income from offering trade and transaction services to customers. The principal expenses of the segment consist of interest expense on funds used for customer lending, personnel costs, other direct overheads and allocated expenses.

Under the 'Retail banking' segment, the Bank serves retail customers through a branch network and other approved delivery channels. Exposures are classified under Retail banking taking into account the orientation, product, granularity and individual exposure criterion. This segment raises deposits and provides loans and advisory services to such customers. Revenues of the Retail banking segment are derived from interest earned on retail loans, fees for banking and advisory services and interest earned from other segments for surplus funds placed with those segments. Expenses of this segment primarily comprise interest expense on deposits, infrastructure for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

'Other Banking' segment includes all other banking operations, which are not included under Corporate banking, Retail banking and Treasury segment. Revenue from this segment consists of insurance referral fees and income from distribution of mutual fund products. The principal expenses of this segment consist of personnel costs, other direct overheads and allocated expenses.

Segment Revenues include inter-segment transfer of earnings or charge from other segments on account of funds transferred at negotiated rates, which generally reflect the market rates.

Unallocated segment income, expense, assets and liabilities include items which are not allocable to other segments. These include gain/ loss on sale of fixed assets, depreciation on fixed assets, fixed assets, tax expense, advance taxes, deferred tax etc.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

Geographic segments

As a branch of a foreign bank, the operations of the Bank do not extend outside of India and do not have material earnings emanating from outside India. Hence, the Bank is considered to operate only in the domestic segment. The Bank engages with overseas branches on specific transactions on an arm's length basis and these are appropriately reported.

Particulars	2013-2014					2012-2013				
	Treasury	Corporate Banking	Retail Banking	Other Banking	Total	Treasury	Corporate Banking	Retail Banking	Other Banking	Total
Revenue	286,279	430,851	480,373	22,358	1,219,861	265,743	390,921	408,025	22,966	1,087,655
Unallocated revenue					73					3,681
Total Revenue	286,279	430,851	480,373	22,358	1,219,934	265,743	390,921	408,025	22,966	1,091,336
Result	160,281	208,997	133,497	8,731	511,579	169,507	199,109	75,941	10,794	459,033
					(268)					(157)
Unallocated expenses										
Profit before taxes					511,311					458,876
Income taxes					(222,037)					(187,042)
Net profit					289,274					271,834

Other information	As at 31 March 2014					As at 31 March 2013				
	Segment assets	Unallocated assets	Total assets	Segment liabilities	Unallocated liabilities	Total liabilities	Segment assets	Unallocated assets	Total assets	Segment liabilities
Segment assets	8,244,923	3,523,081	2,314,270	6,108	14,088,382	6,975,003	3,309,344	2,090,986	6,122	12,381,455
Unallocated assets					409,680					456,644
Total assets					14,498,062					12,838,099
Segment liabilities	4,254,833	3,568,642	4,818,978	3,251	12,645,704	3,985,773	3,223,322	3,884,545	2,039	11,095,679
Unallocated liabilities					1,852,358					1,742,420
Total liabilities					14,498,062					12,838,099

16. Related Party Disclosure

The following is the information on transactions with related parties:

Entities grouped under Subsidiaries of Parent represent direct and indirect subsidiaries of Citibank N.A. and entities grouped under Fellow Subsidiaries of Parent represent direct and indirect subsidiaries of Citigroup Inc.

a) Parent

Citibank N.A. and its branches

b) Holding Company of Parent

Citigroup Inc.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

16. Related Party Disclosure (*Continued*)

c) Subsidiaries of Parent

Banco Citibank De El Salvador SA
Bank Handlowy W Warszawie S.A.
Citibank A.G. Frankfurt
Citibank Budapest Limited
Citibank China Limited
Citibank Czech Republic
Citibank Espana S.A.
Citibank Europe Plc
Citibank Hungary
Citibank Japan Limited
Citibank Korea Inc.
Citibank Malaysia
Citibank Overseas Investment Corporation
Citibank Romania
Citibank Turkey
Citibank Uganda Limited
Citigroup Software Technology and Services (China) Limited
Citigroup Transaction Services (Malaysia) Sdn Bhd
Citicorp Investment Bank (Singapore) Limited
Citicorp Capital Markets Limited¹
Citicorp Clearing Services India Limited¹
Citicorp Finance (India) Limited^{1*}
Citicorp Services India Limited¹

d) CitiFinancial Consumer Finance India Limited^{1} Fellow Subsidiaries of Parent*

Citicorp Banking Corporation, Bahrain
Citicorp International Finance Corporation
Citicorp North America, Inc.
Citicorp Securities Asia Pacific Limited
Citigroup Global Markets Inc, Asia
Citigroup Global Markets Inc, Australia
Citigroup Global Markets Inc, Korea
Citigroup Global Markets Inc, New York
Citigroup Global Markets Inc, Singapore

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

16. Related Party Disclosure (Continued)

d) Fellow Subsidiaries of Parent

Citigroup Global Markets Mauritius Private Limited
 Citigroup Services Japan Limited
 Citigroup Strategic Holding Mauritius Limited
 Citigroup Technology Inc
 Citishare Corporation US
 Citigroup Global Markets India Private Limited¹
 Orbitech Limited¹

e) Key Management Personnel

Mr. Pramit Jhaveri – CEO

¹ Indicates companies incorporated in India

* Citicorp Finance (India) Limited [CFIL] was merged with CitiFinancial Consumer Finance India Limited [CCFIL] with effect from April 1, 2013. Post the merger, CitiFinancial Consumer Finance India Limited [CCFIL] has been renamed as Citicorp Finance (India) Limited [CFIL].

The transactions with related parties during the year and the balances are summarized as under:

Transactions during the year:

Nature of transactions	Amount in Rs. lakhs					
	Parents and branches		Subsidiaries		Fellow Subsidiaries	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Fees paid	40,272	41,496	6,924	3,589	3,174	2,741
Interest paid on borrowing	7,090	12,266	401	563	-	-
Interest paid on deposit	-	-	5,121	5,356	6,826	9,585
Fees received	5,100	7,802	3,942	2,577	370	473
Interest earned	1,009	1,004	5,956	9,661	-	-
Consideration received/(paid) on maturity of derivative contracts	(4,847)	58,504	7,352	18,097	(2,373)	5,396
Sale of investment*	-	-	-	1,644	-	-
Loans disbursed	-	-	919,550	392,300	-	-
Deposits placed	137,119,902	88,918,544	-	-	-	-
Time deposits received	-	-	1,659,367	1,423,148	1,854,480	1,950,560
Borrowings	6,232,845	16,307,514	909	1,117	-	-
Portfolio purchased	-	-	75,008	107,423	-	-
Purchase of fixed assets	125	77	4	13	-	-

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

16. Related Party Disclosure (Continued)

Nature of transactions	Parents and branches		Subsidiaries		Fellow Subsidiaries	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Purchase of fixed income securities			1,347,623	391,938		
Sales of fixed income securities			1,121,554	985,734		
Sale of fixed assets	-	-	45	33	-	-
Capital work in progress	214	-	-	-	-	-

*Represents sale of equity shares of NSDL E-Governance Infrastructure Limited to Citicorp Finance (India) Limited. The gain on sale amounting to Rs. 1,533 lakhs had been recorded in the Profit and Loss statement of the previous year.

Outstanding balances as at year end and maximum balance during the year:

Particulars	Parents & Branches		Subsidiaries		Fellow Subsidiaries	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Accounts payable/Other payables	21,197	28,813	4,658	1,228	3,897	2,359
	<i>104,082</i>	<i>105,901</i>	<i>4,621</i>	3,695	<i>1,046</i>	2,524
Accounts receivable/Other receivables	4,320	1,852	375	11,351	3,656	2,756
	<i>7,153</i>	<i>8,747</i>	<i>466,220</i>	<i>484,118</i>	<i>7,560</i>	<i>16,250</i>
Borrowings/Deposits	1,048,283	1,231,032	26,936	41,628	66,078	104,618
	<i>3,380,015</i>	<i>4,316,387</i>	<i>210,387</i>	<i>223,760</i>	<i>186,591</i>	<i>316,735</i>
Balance in current account/(Cash credit)/(Overdraft)	191,618	150,598	6,433	134,983	11,300	2,589
	<i>1,588,193</i>	<i>9,575,550</i>	<i>460,277</i>	<i>408,731</i>	<i>95,319</i>	<i>271,602</i>
Loans/Placements	870,009	919,439	3,200	41,000	-	-
	<i>1,610,671</i>	<i>3,737,003</i>	<i>121,618</i>	<i>123,879</i>	-	-
Positive MTM ¹	8,588	5,747	6,837	4,912	7	224
	<i>147,800</i>	<i>76,670</i>	<i>8,480</i>	9,885	<i>3,138</i>	<i>1,948</i>
Negative MTM ¹	43,770	38,960	379	651	20	38
	<i>216,392</i>	<i>148,418</i>	<i>17,288</i>	<i>29,843</i>	<i>1,146</i>	<i>4,726</i>
Non Funded Commitments ¹	157,057	184,944	139,078	25,552	34,559	3,496
	<i>208,674</i>	<i>246,026</i>	<i>146,217</i>	<i>27,320</i>	<i>34,559</i>	<i>8,045</i>

Figures in *Italics* indicate maximum balance outstanding during the year.

¹Maximum balances indicate maximum of the balances as at quarter ends.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

16. Related Party Disclosure (*Continued*)

Provisions in respect of outstanding amounts: NIL (Previous year: NIL).

Amounts written off or written back in respect of debts due from related parties: NIL (Previous year: NIL).

There is only one related party entity in the category of 'Key Management Personnel' and keeping in view the secrecy clauses and in terms of para 4.5 of the above RBI guidelines, no disclosure under AS-18 is made other than reporting the relationship with the related party.

17. Letter of Comfort

The Bank has not issued any Letter of comfort of the nature as mentioned in the RBI circular ref. DBOD No. BP. BC.65 / 21.04.009/ 2007-08 dated March 4, 2008.

18. Deferred taxes

The major components giving rise to the deferred tax assets and liabilities are as under:

Description	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
<i>Deferred tax assets</i>		
Provision on advances	59,510	47,319
Others	2,850	3,301
<i>Deferred tax liabilities</i>		
Depreciation	(4,974)	(2,179)
Others	(12,190)	(5,427)
Deferred tax assets (net)	45,196	43,014

19. Finance leases

Assets taken on financial lease comprise of vehicles and are disclosed in the Fixed Assets schedule. The total of minimum lease payments to be made in respect of assets acquired under financial lease and the present value of such minimum lease payments as at the balance sheet date are as follows:

Gross investment as at the date of balance sheet	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
Not later than one year	1,569	1,991
Later than one year but not later than five years	1,472	2,252
Later than 5 years	-	-
Total	3,041	4,243
Present value of minimum lease payment as at the date of balance sheet		
Not later than one year	1,294	1,602
Later than one year but not later than five years	1,288	1,992
Later than 5 years	-	-
Total	2,582	3,594

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

20. Operating leases

Commercial and residential premises are taken on operating lease, which are non-cancellable in nature. Information provided herein pertains to commercial and residential premises taken on operating leases:

Particulars	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
The amount of minimum lease payments recognized in the Profit and Loss account in respect of operating lease	1,634	3,239
The total of future minimum lease payments recognized under non-cancellable operating leases:		
Not later than one year	669	1,478
Later than one year but not later than five years	414	724
Later than 5 years	-	-
Total	1,083	2,202

- The Bank has not sub-leased any of the above assets.
- There are no provisions relating to contingent rent.
- The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements.
- There are no undue restrictions or onerous clauses in the agreements.

21. Provisions and contingencies

Particulars	Amount in Rs. lakhs					
	2013-2014			2012-2013		
	Reward Points	Securitisation	Frauds	Reward Points	Securitisation	Frauds
Opening provisions	3,336	13	127	5,094	127	116
Provisions made during the year	27,390	-	126	15,323	-	12
Utilisation/write back of provisions during the year	26,909	-	11	17,081	114	1
Closing provisions	3,817	13	242	3,336	13	127

22. Description of nature of contingent liabilities is set out below:

- i) Claims against the Bank not acknowledged as debt

This includes loss contingencies that may arise from the risk of exposure resulting from pending or threatened litigation, claims or assessments pertaining to legal cases and tax claims against the Bank known as at the balance sheet date. Such loss contingencies are assessed by the Bank on the probability of a liability arising on the Bank and in cases where a loss is probable and reasonably estimable, a loss provision is accrued. Cases where it is reasonably possible but not probable that a liability may arise on the Bank are disclosed as contingent liabilities. The Bank has documented processes and operating procedures for classification of cases into the above categories basis the nature of claims.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

22. Description of nature of contingent liabilities is set out below: (*Continued*)

ii) Liability on account of derivative contracts

The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded, as contingent liabilities are typically amounts used as a benchmark for the calculation of interest component of the contract.

iii) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations

As a part of its corporate banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations. This also includes guarantees issued to offshore Citi entities for extension of credit to obligors in India or to offshore subsidiaries of obligors (parent) domiciled in India, as permissible under the Foreign Exchange Management Act, 1999. Pursuant to RBI circular RBI/2010-2011/220/DBOD.Dir.BC.46 /13.03.00/2010-2011 dated September 30, 2010, commitments by the Bank to effect payments on behalf of its constituents to stock exchanges are reflected as financial guarantees.

iv) Other contingent items

This includes:

- a. Manager's Cheques;
- b. Capital commitments;
- c. Commitments for settlement date accounting;
- d. Credit cards spends by customers where the Bank has provided authorization to the merchant establishment for the spends but for which the merchant establishment has not presented the charge slips to the Bank for payment; and
- e. Government Securities underwritten.

23. Employee share-based payments

Citigroup Inc, the parent of the Bank has deferred compensation plans applicable to management staff in its employment in all subsidiaries across all jurisdictions. Staff of the Bank who fulfill the relevant eligibility criteria participates in the said plans. Being a branch of Citibank N.A. which is itself an unlisted entity, the distributed stocks are those of the parent which are listed on the New York Stock Exchange. The cost of such parental stock awards is charged to the Bank and is subsequently cash settled with the parent. This charge is reflected in the accounts in line with prudential accounting norms.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

23. Employee share-based payments (Continued)

The cost is based on applicable prices ruling on grant dates as per details provided by the parent and these are further adjusted at the period of vesting.

Accordingly, during the year, the Bank has recognized an amount of Rs. 2,214 lakhs (Previous year Rs. 2,263 lakhs) under the head "Payments to and provisions for employees", as cost of such awards granted to employees.

24. The following disclosures are made under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from October 2, 2006.

Amount in Rs. lakhs		
Particulars	March 31, 2014	March 31, 2013
Number of suppliers registered with competent authorities	29	114
Principal amount remaining unpaid beyond the due date to any supplier as at the year end	72	59
Interest due thereon	-	-
Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year	438	570
Amount of interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under this Act	19	15
Amount of interest accrued and remaining unpaid at the end of the accounting year	19	15
Amount of further interest remaining due and payable even in the succeeding years, till actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Income Tax Act, 1961	-	-

The disclosure is based on the information and records available with the Bank in respect of the Micro, Small and Medium Enterprises who have registered with the competent authorities.

25. There were no penalties levied by RBI during the year ended March 31, 2014 (Previous Year: NIL).

26. As at March 31, 2014, there were outstanding advances for Rs. 10,958 lakhs against security of intangible assets and the amount of such intangibles is Rs. 3,825 lakhs (Previous year: NIL).

27. In accordance with RBI instructions for compilation of financial statements, details of expenses included in 'other expenditure', exceeding 1% of the total income are set out below:

Amount in Rs. lakhs		
Nature of expense	2013-2014	2012-2013
Service bureau expenses	53,099	59,051

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

28. Details of Complaints

a. Customer Complaints

Particulars	2013-2014	2012-2013
(a) No. of complaints pending at the beginning of the year	181	167
(b) No. of complaints received during the year	11,755	7,992
(c) No. of complaints redressed during the year	11,762	7,978
(d) No. of complaints pending at the end of the year	174	181

b. Awards passed by the Banking Ombudsman

Particulars	2013-2014	2012-2013
(a) No. of unimplemented Awards at the beginning of the Year	NIL	NIL
(b) No. of Awards passed by the Banking Ombudsmen during the year	NIL	1*
(c) No. of Awards implemented during the year	NIL	NIL
(d) No. of unimplemented Awards at the end of the year	NIL	NIL

*The award passed by the banking Ombudsman during the previous year has been lapsed at the end of the previous year.

29. Bancassurance business

Amount in Rs. lakhs

Sr. No.	Nature of Income	2013-2014	2012-2013
1	For selling life insurance policies	3,353	3,964
2	For selling non life insurance policies	642	556
3	For selling mutual fund products	18,363	16,773

30. Provision Coverage Ratio

The Provisioning Coverage Ratio of the Bank stands at 81.16% as on March 31, 2014 (Previous year 81.56%). In accordance with RBI circular DBOD.No.BP.BC.1/21.04.048/2013-14 dated July 1, 2013, 'technical write-offs' upto the balance sheet date are included in the Provision Coverage Ratio.

31. Concentration of Deposits, Advances, Exposures and NPAs

A (i) Concentration of Deposits

Amount in Rs. lakhs

Particulars	As at March 31, 2014	As at March 31, 2013
Total Deposit of twenty largest depositors	898,931	878,979
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank*	11.51%	13.24%

* Inter-bank deposits are excluded

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

31. Concentration of Deposits, Advances, Exposures and NPAs (Continued)

(ii) Concentration of Advances

Particulars	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
Total Advances to twenty largest borrowers	8,004,509	6,064,000
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	23.30%	20.48%

(iii) Concentration of Exposures

Particulars	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
Total Exposure to twenty largest borrowers/customers	8,268,426	6,427,139
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	23.66%	20.90%

(iv) Concentration of NPAs

Particulars	Amount in Rs. lakhs	
	As at March 31, 2014	As at March 31, 2013
Total Exposure to top four NPA accounts (Gross)	85,089	82,703

B. Sector-wise NPAs

Sector	Percentage of Net NPAs to Net Advances in that sector	
	2013-2014	2012-2013
Agriculture & allied activities	2.02%	-
Industry (Micro & small, Medium and Large)	1.87%	2.24%
Services	0.66%	0.64%
Personal Loans *	0.89%	0.98%

* Personal Loans include credit card, personal loans, ready credit, advances against financial assets and loans extended against mortgage of property.

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (Continued)

for the year ended March 31, 2014

Schedule 18 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (Continued)

31. Concentration of Deposits, Advances, Exposures and NPAs (Continued)

C. Movement of NPAs

Amount in Rs. lakhs		
Particulars	2013-2014	2012-2013
Gross NPAs as on April 1	135,873	84,642
Additions (Fresh NPAs) during the year	65,193	104,211
Sub-total (A)	201,066	188,853
Less:-		
(i) Upgradations	15,707	24,834
(ii) Recoveries (excluding recoveries made from upgraded accounts)	12,633	5,693
(iii) Technical Write-offs	22,048	20,646
(iv) Write offs (other than those under (iii) above)	2,258	1,807
Sub-total (B)	52,646	52,980
Gross NPAs as on March 31	148,420	135,873

Additions to NPA and write off figures presented above include cases of direct write off of advances.

D. Movement in Technical Write-Off

Amount in Rs. Lakhs		
Particulars	2013-2014	2012-2013
Opening Balance	279,824	335,916
Add: Technical/ Prudential write-offs during the year	22,048	20,646
Less: Recoveries made from previously technical/ prudential written-off accounts during the year*	78,014	76,738
Closing balance	223,858	279,824

* includes technical write off considered as written off during the year

E. Overseas Assets, NPAs and Revenue

Amount in Rs. lakhs		
Particulars	2013-2014	2012-2013
Total Assets	880,967	927,630
Total NPAs	-	-
Total Revenue	2,043	924

F. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	2013-2014	2012-2013
Domestic	NIL	NIL
Overseas	NIL	NIL

Citibank N.A.

(Incorporated with Limited Liability in U.S.A)

Schedules forming part of the financial statements of the Indian branches (*Continued*)

for the year ended March 31, 2014

Schedule 18 (*Continued*)

V. Notes forming part of the financial statements for the year ended March 31, 2014 (*Continued*)

32. Previous year figures have been regrouped and reclassified, wherever necessary, to conform to the current year's presentation.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W

For and on behalf of Citibank N.A. - India Branches

Manoj Kumar Vijai

Partner

Membership No: 046882

Pramit Jhaveri

Chief Executive Officer

Abhijit Sen

Chief Financial Officer

Mumbai

26 June 2014