

## **Citibank N.A. – India Branches**

Financial statements  
together with Auditor's Report  
for the year ended 31 March 2017

## Citibank N.A. – India Branches

### **Financial statements together with Auditor's Report** *for the year ended 31 March 2017*

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## **Independent Auditor's Report**

### **To the Chief Executive Officer of Citibank N.A. – India Branches**

#### **Report on the financial statements**

We have audited the accompanying financial statements of Citibank N.A. – India Branches ('the Bank'), which comprise the Balance Sheet as at 31 March 2017, the Profit and Loss Account, 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**

The Bank's management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the 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 the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by the Reserve Bank of India ('the RBI') from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit of the Bank including its branches in accordance with the Standards on Auditing ('the Standards') specified under section 143(10) of the Act. 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 from material misstatements.

## **Independent Auditor's Report (Continued)**

### **Citibank N.A. – India Branches**

#### **Auditor's responsibility (Continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the relevant requirements of the Companies Act, 2013, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at 31 March 2017 and its profits and its cash flows for the year ended on that date.

#### **Report on other legal and regulatory requirements**

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 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

As required by sub section (3) of section 30 of the Banking Regulation Act, 1949, 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) 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. However, during the course of our audit, we have visited 8 branches.

Further, as required by section 143(3) of the Companies Act, 2013, we report that:

- (i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- (iii) the financial accounting systems of the Bank are centralized, therefore, returns are not necessary to be submitted by the branches;

## Independent Auditor's Report (*Continued*)

### Citibank N.A. – India Branches

#### Report on other legal and regulatory requirements (*Continued*)

- (iv) 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;
- (v) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by the RBI;
- (vi) the requirements of section 164(2) of the Act are not applicable considering the Bank is a branch of Citibank N.A., which is incorporated with limited liability in the United States of America;
- (vii) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- (viii) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (a) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 18 - Note V (28 (i)) to the financial statements;
  - (b) the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 18 - Note V (27) to the financial statements;
  - (c) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank; and
  - (d) the disclosure required on holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification GSR 308(E) dated 30 March 2016 issued by the Ministry of Corporate Affairs, is not applicable to the Bank. Refer Schedule 18 - Note V (44) to the financial statements.

For B S R & Co. LLP  
Chartered Accountants

Firm's Registration No: 101248W/W-100022

Mumbai  
27 June 2017

Manoj Kumar Vijai  
Partner  
Membership No: 046882

## **Annexure A to the independent auditor's report of even date on the financial statements of Citibank N.A. – India Branches**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of Citibank N.A. – India Branches ('the Bank') as at 31 March 2017 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

#### **Management's responsibility for internal financial controls**

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

## **Annexure A to the independent auditor's report of even date on the financial statements of Citibank N.A. – India Branches (*Continued*)**

### **Meaning of internal financial controls over financial reporting**

A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

### **Inherent limitations of internal financial controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Mumbai  
27 June 2017

**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, 2017**

|  | <i>Schedules</i> | <b>31-Mar-17</b><br>(Rs. in lakhs) | <b>31-Mar-16</b><br>(Rs. in lakhs) |
|--|------------------|------------------------------------|------------------------------------|
| <b>CAPITAL &amp; LIABILITIES</b>                       |                  |                                    |                                    |
| Capital  | <b>1</b>         | <b>374,384</b>                     | <b>374,384</b>                     |
| Reserves & Surplus                                     | <b>2</b>         | <b>1,800,263</b>                   | <b>1,678,187</b>                   |
| Deposits   | <b>3</b>         | <b>10,401,897</b>                  | <b>10,021,537</b>                  |
| Borrowings   | <b>4</b>         | <b>593,466</b>                     | <b>2,113,999</b>                   |
| Other liabilities and provisions                       | <b>5</b>         | <b>1,669,062</b>                   | <b>1,223,554</b>                   |
| <b>TOTAL</b>   |                  | <b>14,839,072</b>                  | <b>15,411,681</b>                  |
| <b>ASSETS</b>  |                  |                                    |                                    |
| Cash and balances with Reserve Bank of India           | <b>6</b>         | <b>1,059,534</b>                   | <b>432,284</b>                     |
| Balances with banks and money at call and short notice | <b>7</b>         | <b>962,429</b>                     | <b>549,843</b>                     |
| Investments  | <b>8</b>         | <b>5,782,062</b>                   | <b>7,092,318</b>                   |
| Advances   | <b>9</b>         | <b>5,485,692</b>                   | <b>6,155,050</b>                   |
| Fixed Assets   | <b>10</b>        | <b>155,851</b>                     | <b>182,942</b>                     |
| Other Assets   | <b>11</b>        | <b>1,393,504</b>                   | <b>1,019,224</b>                   |
| <b>TOTAL</b>   |                  | <b>14,839,072</b>                  | <b>15,411,681</b>                  |
| Contingent Liabilities                                 | <b>12</b>        | <b>83,112,016</b>                  | <b>89,022,582</b>                  |
| Bills for Collection                                   |                  | <b>1,449,308</b>                   | <b>1,061,600</b>                   |

Significant accounting policies and notes to accounts **18**

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 Registration Number: 101248W / W-100022

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

Manoj Kumar Vijai  
Partner  
Membership No: 046982

Pramit Jhaveri  
Chief Executive Officer

Niraj Parekh  
Chief Financial Officer

Place : Mumbai  
Date : 27 June 2017



**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, 2017**

|   | <b>Schedules</b> | <b>Year ended<br/>31-Mar-17<br/>(Rs. in lakhs)</b> | <b>Year ended<br/>31-Mar-16<br/>(Rs. in lakhs)</b> |
|---|------------------|--|--|
| <b>I. INCOME</b>  |                  |  |  |
| Interest earned   | 13               | 1,045,085  | 1,069,760  |
| Other income  | 14               | 373,299  | 316,538  |
| <b>TOTAL</b>  |                  | <b>1,418,384</b>                                   | <b>1,386,298</b>                                   |
| <b>II. EXPENDITURE</b>  |                  |  |  |
| Interest expended   | 15               | 360,017  | 424,816  |
| Operating expenses  | 16               | 379,568  | 345,323  |
| Provisions and contingencies  | 17               | 316,238  | 292,862  |
| <b>TOTAL</b>  |                  | <b>1,055,823</b>                                   | <b>1,063,001</b>                                   |
| <b>III. PROFIT</b>  |                  |  |  |
| Net Profit for the year   |                  | 362,561  | 323,297  |
| <b>TOTAL</b>  |                  | <b>362,561</b>                                     | <b>323,297</b>                                     |
| <b>IV. APPROPRIATIONS</b>   |                  |  |  |
| Transfer to Statutory Reserve                                       |                  | 90,640   | 80,824   |
| Transfer to Capital Reserve on sale of immovable property           |                  | 677  | -  |
| Transfer from Investment Reserve                                    |                  | (6,041)  | (742)  |
| Transfer to Special Reserve   |                  | 2,411  | 2,547  |
| Balance carried over to Balance Sheet under Profit and Loss account |                  | 274,874  | 240,668  |
| <b>TOTAL</b>  |                  | <b>362,561</b>                                     | <b>323,297</b>                                     |

Significant accounting policies and 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 Registration Number: 101246W / W-100022

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

**Manoj Kumar Vijai**  
*Partner*  
Membership No: 046882

**Pramit Jhaveri**  
*Chief Executive Officer*

**Niraj Parekh**  
*Chief Financial Officer*

Place : Mumbai  
Date : 27 June 2017

**CITIBANK N.A.**  
(Incorporated with Limited Liability in U.S.A.)

**Cash Flow Statement of the Indian Branches**  
**for the year ended March 31, 2017**

|  | Year ended<br>31-Mar-17<br>(Rs. In lakhs) | Year ended<br>31-Mar-16<br>(Rs. In lakhs) |
|--|---|---|
| <b><u>Cash flow from operating activities</u></b>                  |   |   |
| Profit before tax  | 618,547                                   | 577,655                                   |
| <b><u>Adjustments for:</u></b>                                     |   |   |
| Depreciation charge for the year                                   | 12,364                                    | 11,854                                    |
| (Profit)/Loss on sale of fixed assets (net)                        | (1,262)                                   | 416                                       |
| Provision for depreciation on investments                          | 14,195                                    | 1,743                                     |
| Provisions for non-performing assets/write offs (net)              | 46,135                                    | 37,995                                    |
| Provision for restructured advances                                | 30  | 18  |
| (Write back)/Provision for Country Risk Exposure                   | (231)                                     | 577                                       |
| Provision/(Write back) towards unhedged foreign currency exposure  | 123                                       | (1,829)                                   |
| Decrease/(Increase) in Investments                                 | 1,296,061                                 | (1,383,827)                               |
| Decrease/(Increase) in Advances                                    | 623,193                                   | (103,432)                                 |
| Increase in Deposits   | 380,360                                   | 1,130,338                                 |
| Increase in other assets   | (384,839)                                 | (54,776)                                  |
| Increase/(Decrease) in other liabilities and provisions            | 445,617                                   | (40,153)                                  |
| Direct taxes paid  | (245,428)                                 | (239,863)                                 |
| <b>Net cash flow generated/(used in) from operating activities</b> | <b>2,804,855</b>                          | <b>(63,284)</b>                           |
| <b><u>Cash flow from Investing activities</u></b>                  |   |   |
| Purchase of fixed assets   | (7,265)                                   | (12,378)                                  |
| Proceeds from sale of fixed assets                                 | 2,695                                     | 723                                       |
| <b>Net cash used in Investing activities</b>                       | <b>(4,570)</b>                            | <b>(11,655)</b>                           |
| <b><u>Cash flow from financing activities</u></b>                  |   |   |
| Remittance to Head Office  | (239,926)                                 | (250,658)                                 |
| (Decrease)/Increase in borrowings                                  | (1,520,533)                               | 373,216                                   |
| <b>Net cash generated (used in)/from financing activities</b>      | <b>(1,760,459)</b>                        | <b>122,558</b>                            |
| <b>Net increase in cash and cash equivalents</b>                   | <b>1,039,836</b>                          | <b>47,819</b>                             |
| <b>Cash and cash equivalents as at beginning of the year*</b>      | <b>982,127</b>                            | <b>934,508</b>                            |
| <b>Cash and cash equivalents as at end of the year*</b>            | <b>2,021,963</b>                          | <b>982,127</b>                            |

\* 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 Registration Number: 101248W / W-100022

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

Manoj Kumar Vijai  
Partner  
Membership No: 046882

Pramit Jhaveri  
Chief Executive Officer

Niraj Parekh  
Chief Financial Officer

Place : Mumbai  
Date : 27 June 2017

**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, 2017

|   |                | 31-Mar-17<br>(Rs. In lakhs) | 31-Mar-16<br>(Rs. in lakhs) |
|---|----------------|-----------------------------|-----------------------------|
| <b>SCHEDULE 1 - CAPITAL</b>   |                |                             |                             |
| <b>CAPITAL</b>  |                |                             |                             |
| Amount of deposit kept with RBI under Section 11(2)(b) of the Banking Regulation Act, 1949 (see Schedule 18 - Note V (1)) |                | <u>655,500</u>              | <u>601,500</u>              |
| <b>CAPITAL</b>  |                |                             |                             |
| Initial Capital   |                | 20                          | 20                          |
| Interest free funds from Head Office  |                | 374,364                     | 374,364                     |
| <b>TOTAL</b>  |                | <u><b>374,384</b></u>       | <u><b>374,384</b></u>       |
| <b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>  |                |                             |                             |
| I. Statutory Reserve  |                |                             |                             |
| Opening Balance   | 630,724        |                             | 549,900                     |
| Additions during the year   | <u>90,640</u>  |                             | <u>80,824</u>               |
|   |                | 721,364                     | 630,724                     |
| II. Properties Investment Reserve (see schedule 18 - Note V (4))  |                | 6,194                       | 6,194                       |
| III. Properties Revaluation Reserve   |                |                             |                             |
| Opening Balance   | 33,795         |                             | 34,485                      |
| Additions during the year   | 2,086          |                             | -                           |
| Deductions during the year  | (2,009)        |                             | -                           |
| Depreciation during the year  | <u>(636)</u>   |                             | <u>(680)</u>                |
|   |                | 33,236                      | 33,795                      |
| IV. Investment Reserve  |                |                             |                             |
| Opening Balance   | 38,928         |                             | 39,670                      |
| Additions during the year   |                |                             | -                           |
| Transfer to the Profit and Loss account (see schedule 18 - Note V (6))  | <u>(6,041)</u> |                             | <u>(742)</u>                |
|   |                | 32,887                      | 38,928                      |
| V. Capital Reserve on sale of immovable properties  |                |                             |                             |
| Opening Balance   | 11,544         |                             | 11,544                      |
| Additions during the year (see schedule 18 - Note V (5))  | <u>677</u>     |                             | <u>-</u>                    |
|   |                | 12,221                      | 11,544                      |

**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, 2017

|   |              | 31-Mar-17<br>(Rs. in lakhs) | 31-Mar-16<br>(Rs. in lakhs) |
|---|--------------|-----------------------------|-----------------------------|
| <b>SCHEDULE 2 - RESERVES &amp; SURPLUS (Continued)</b>              |              |                             |                             |
| <b>VI. Special Reserve (see Schedule 18 - Note V (7))</b>           |              |                             |                             |
| Opening Balance   | 13,980       |                             | 11,433                      |
| Additions during the year   | <u>2,411</u> |                             | <u>2,547</u>                |
|   |              | 16,391                      | 13,980                      |
| <b>VII. Remittable Surplus retained for CRAR requirements</b>       |              |                             |                             |
| Opening Balance   | 702,354      |                             | 702,354                     |
| Additions during the year   | <u>-</u>     |                             |                             |
|   |              | 702,354                     | 702,354                     |
| <b>VIII. Balance in the Profit and Loss Account</b>                 |              |                             |                             |
| Opening Balance   | 240,668      |                             | 250,658                     |
| Additions during the year   | 274,874      |                             | 240,668                     |
| Less: Remitted during the year                                      | (239,926)    |                             | (250,658)                   |
| Less: Transfer to Remittable Surplus retained for CRAR requirements | <u>-</u>     |                             | <u>-</u>                    |
|   |              | 275,616                     | 240,668                     |
| <b>TOTAL</b>  |              | <u><u>1,800,263</u></u>     | <u><u>1,878,187</u></u>     |
| <b>SCHEDULE 3 - DEPOSITS</b>  |              |                             |                             |
| <b>A. I Demand Deposits</b>   |              |                             |                             |
| I) From banks   |              | 81,771                      | 53,834                      |
| II) From others   |              | <u>3,533,467</u>            | <u>2,776,694</u>            |
|   |              | <u>3,615,238</u>            | <u>2,830,628</u>            |
| <b>II Savings Bank Deposits</b>                                     |              | <u>2,442,551</u>            | <u>2,152,798</u>            |
| <b>III Term Deposits</b>  |              |                             |                             |
| I) From banks   |              | 15                          | 413                         |
| II) From others   |              | <u>4,344,093</u>            | <u>5,037,700</u>            |
|   |              | <u>4,344,108</u>            | <u>5,038,113</u>            |
| <b>TOTAL ( I, II &amp; III )</b>                                    |              | <u><u>10,401,897</u></u>    | <u><u>10,021,537</u></u>    |
| <b>B. I Deposits of branches in India</b>                           |              | 10,401,897                  | 10,021,537                  |
| <b>II Deposits of branches outside India</b>                        |              | <u>-</u>                    | <u>-</u>                    |
|   |              | <u><u>10,401,897</u></u>    | <u><u>10,021,537</u></u>    |

**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, 2017

|  | 31-Mar-17<br>(Rs. in lakhs) | 31-Mar-18<br>(Rs. in lakhs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE 4 - BORROWINGS</b>   |                             |                             |
| I. Borrowings in India   |                             |                             |
| i) Reserve Bank of India   | -                           | 1,070,000                   |
| ii) Other banks  | 3                           | 13,850                      |
| iii) Other Institutions and agencies                                     | 2,168                       | 175,060                     |
|  | <u>2,171</u>                | <u>1,259,010</u>            |
| II. Borrowings outside India   | 591,295                     | 854,889                     |
| <b>TOTAL (I &amp; II)</b>  | <u><b>593,466</b></u>       | <u><b>2,113,899</b></u>     |
| Secured borrowings included in I & II above                              | 2,168                       | 1,245,060                   |
| <b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>                     |                             |                             |
| I. Bills payable   | 69,439                      | 72,442                      |
| II. Inter-office adjustments (net)                                       | 68                          | 127                         |
| III. Interest accrued  | 19,182                      | 34,511                      |
| IV. Provisions against standard assets (see Schedule 18 - Note V (13.7)) | 57,703                      | 57,579                      |
| V. Others (including provisions)   | 1,522,670                   | 1,058,895                   |
| <b>TOTAL</b>   | <u><b>1,669,062</b></u>     | <u><b>1,223,554</b></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, 2017

|  |                | 31-Mar-17<br>(Rs. in lakhs) | 31-Mar-18<br>(Rs. in lakhs) |
|--|----------------|-----------------------------|-----------------------------|
| <b>SCHEDULE 6 - CASH AND BALANCES<br/>WITH RESERVE BANK OF INDIA</b>           |                |                             |                             |
| I. Cash in hand (including foreign currency notes)                             |                | 10,839                      | 15,014                      |
| II. Balances with Reserve Bank of India  |                |                             |                             |
| i) In Current account  | 448,695        |                             | 417,270                     |
| ii) In Other Deposit accounts  | <u>600,000</u> |                             | <u>-</u>                    |
|  |                | 1,048,695                   | 417,270                     |
| <b>TOTAL ( I &amp; II )</b>  |                | <b><u>1,059,534</u></b>     | <b><u>432,284</u></b>       |
| <b>SCHEDULE 7 - BALANCES WITH BANKS<br/>AND MONEY AT CALL AND SHORT NOTICE</b> |                |                             |                             |
| I. In India  |                |                             |                             |
| i) Balances with banks   |                |                             |                             |
| a) In Current accounts   | 14,651         |                             | 10,493                      |
| b) In Other Deposit accounts   | <u>225</u>     |                             | <u>-</u>                    |
|  |                | 14,876                      | 10,493                      |
| ii) Money at call and short notice   |                |                             |                             |
| a) With banks  | -              |                             | -                           |
| b) With other Institutions   | <u>842,518</u> |                             | <u>-</u>                    |
|  |                | 842,518                     | -                           |
| <b>TOTAL ( I &amp; II )</b>  |                | <b><u>857,394</u></b>       | <b><u>10,493</u></b>        |
| II. Outside India  |                |                             |                             |
| i) In Current account  | 102,056        |                             | 29,771                      |
| ii) In Other Deposit accounts  | <u>2,979</u>   |                             | <u>509,579</u>              |
| iii) Money at call and short notice  | <u>-</u>       |                             | <u>-</u>                    |
|  |                | 105,035                     | 539,350                     |
| <b>GRAND TOTAL ( I &amp; II )</b>  |                | <b><u>962,429</u></b>       | <b><u>549,843</u></b>       |

**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, 2017

|  | 31-Mar-17<br>(Rs. in lakhs) | 31-Mar-16<br>(Rs. in lakhs) |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE 8 - INVESTMENTS</b>  |                             |                             |
| <b>I. Investments in India in</b>  |                             |                             |
| i) Government securities   | 5,132,524                   | 8,395,328                   |
| ii) Other approved securities  | -                           | -                           |
| iii) Debentures and Bonds  | -                           | -                           |
| iv) Shares   | 1,242                       | 1,242                       |
| v) Others (see Schedule 18 Note V (2))   | 81                          | 99,765                      |
| <b>TOTAL</b>   | <b>5,133,847</b>            | <b>6,496,335</b>            |
| <b>II. Investments outside India in</b>  |                             |                             |
| (i) Government securities (including local authorities)<br>(see Schedule 18 Note V (13.13. (A))) | 648,215                     | 595,983                     |
| (ii) Subsidiaries and/or joint ventures abroad   | -                           | -                           |
| (iii) Other investments  | -                           | -                           |
| <b>TOTAL</b>   | <b>648,215</b>              | <b>595,983</b>              |
| <b>GRAND TOTAL (I &amp; II)</b>  | <b>5,782,062</b>            | <b>7,092,318</b>            |
| <b>SCHEDULE 9 - ADVANCES</b>   |                             |                             |
| <b>A. i) Bills purchased and discounted</b>  | <b>526,688</b>              | <b>488,465</b>              |
| <b>ii) Cash credits, overdrafts and loans repayable on demand</b>                                | <b>1,085,302</b>            | <b>930,056</b>              |
| <b>iii) Term loans</b>   | <b>3,873,702</b>            | <b>4,736,529</b>            |
| <b>TOTAL</b>   | <b>5,485,692</b>            | <b>6,155,050</b>            |
| <b>B. i) Secured by tangible assets (including advances against book debts)</b>                  | <b>1,989,961</b>            | <b>2,253,163</b>            |
| <b>ii) Covered by Bank / Government guarantees</b>   | <b>89,179</b>               | <b>5,817</b>                |
| <b>iii) Unsecured</b>  | <b>3,406,552</b>            | <b>3,896,070</b>            |
| <b>TOTAL</b>   | <b>5,485,692</b>            | <b>6,155,050</b>            |
| <b>C. I. Advances in India</b>   |                             |                             |
| i) Priority sector   | 2,017,373                   | 2,107,515                   |
| ii) Public sector  | 854                         | 1,942                       |
| iii) Banks   | -                           | -                           |
| iv) Others   | 3,467,465                   | 4,045,593                   |
| <b>TOTAL</b>   | <b>5,485,692</b>            | <b>6,155,050</b>            |
| <b>C. II. Advances outside India</b>   | -                           | -                           |
| <b>GRAND TOTAL (C. I &amp; C. II)</b>  | <b>5,485,692</b>            | <b>6,155,050</b>            |
| <b>SCHEDULE 10 - FIXED ASSETS</b>  |                             |                             |
| <b>I. Leasehold land</b>   |                             |                             |
| At cost as on 1 April  | 7,408                       | 7,408                       |
| Additions during the year  | -                           | -                           |
| Deductions during the year   | -                           | -                           |
| Depreciation to date   | (2,696)                     | (2,548)                     |
| <b>TOTAL</b>   | <b>4,710</b>                | <b>4,858</b>                |

**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, 2017

|   | 31-Mar-17<br>(Rs. In lakhs) | 31-Mar-16<br>(Rs. In lakhs) |
|---|-----------------------------|-----------------------------|
| <b>SCHEDULE 10 - FIXED ASSETS (Continued)</b>                                     |                             |                             |
| II. Premises  |                             |                             |
| At cost as on 1 April   | 95,018                      | 95,018                      |
| Additions during the year   | -                           | -                           |
| Deductions during the year  | (784)                       | -                           |
|   | <u>95,234</u>               | <u>95,018</u>               |
| Depreciation to date  | (8,802)                     | (7,107)                     |
|   | <u>86,432</u>               | <u>88,911</u>               |
| Add: Premises revaluation   | 33,237                      | 33,796                      |
|   | <u>119,669</u>              | <u>122,707</u>              |
| <b>TOTAL</b>  |                             |                             |
| III. A Other Fixed assets (including intangibles) (see Schedule 18 - Note V (10)) |                             |                             |
| At cost as on 1 April   | 87,588                      | 75,559                      |
| Additions during the year   | 5,554                       | 14,217                      |
| Deductions during the year  | (3,590)                     | (2,188)                     |
|   | <u>89,552</u>               | <u>87,588</u>               |
| Depreciation to date  | (60,719)                    | (54,828)                    |
|   | <u>28,833</u>               | <u>32,762</u>               |
| B Other Fixed assets (taken on lease)   |                             |                             |
| At cost as on 1 April   | 6,557                       | 7,258                       |
| Additions during the year   | 1,339                       | 1,679                       |
| Deductions during the year  | (1,911)                     | (2,380)                     |
|   | <u>5,985</u>                | <u>6,557</u>                |
| Depreciation to date  | (3,718)                     | (3,942)                     |
|   | <u>2,267</u>                | <u>2,615</u>                |
| <b>TOTAL</b>  | <u>31,100</u>               | <u>35,377</u>               |
| IV. Capital Work-In-progress  | 372                         | -                           |
| <b>GRAND TOTAL (I, II, III, IV)</b>   | <u>155,851</u>              | <u>162,942</u>              |

**SCHEDULE 11 - OTHER ASSETS**

|  |                  |                  |
|--|------------------|------------------|
| I. Inter-office adjustment (net)   | -                | -                |
| II. Interest accrued   | 148,815          | 154,833          |
| III. Tax paid in advance/tax deducted at source (net of provision for tax)<br>(see Schedule 18 - Note V (9)) | 38,726           | 61,163           |
| IV. Non-banking assets acquired in satisfaction of claims  | -                | -                |
| V. Deferred tax assets (net) (see Schedule 18 - Note V (22))   | 27,009           | 30,366           |
| VI. Others (see Schedule 18 - Note V (11))   | 1,178,954        | 772,862          |
| <b>TOTAL</b>   | <u>1,393,504</u> | <u>1,019,224</u> |

**SCHEDULE 12 - CONTINGENT LIABILITIES**

|  |                   |                   |
|--|-------------------|-------------------|
| I. Claims against the bank not acknowledged as debts               | 39,716            | 1,006             |
| II. Liability on account of outstanding forward exchange contracts | 45,510,994        | 43,034,715        |
| III. Liability on account of outstanding Rupee Interest Rate Swaps | 33,561,003        | 41,541,605        |
| IV. Guarantees given on behalf of constituents                     |                   |                   |
| a) In India  | 1,724,054         | 1,410,681         |
| b) Outside India   | 333,980           | 385,894           |
| V. Acceptances, endorsements and other obligations                 | 1,765,860         | 1,807,132         |
| VI. Others   | 176,608           | 861,529           |
| <b>TOTAL</b>   | <u>83,112,016</u> | <u>89,022,562</u> |



**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, 2017**

|  | Year ended<br>31-Mar-17<br>(Rs. in lakhs) | Year ended<br>31-Mar-16<br>(Rs. in lakhs) |
|--|---|---|
| <b>SCHEDULE 13 - INTEREST EARNED</b>   |   |   |
| I Interest/discount on advances/bills  | 598,847                                   | 602,355                                   |
| II Income on investments   | 409,996                                   | 458,568                                   |
| III Interest on balances with Reserve Bank of India and other inter-bank funds | 25,350                                    | 6,180                                     |
| IV Others  | 10,892                                    | 4,057                                     |
| <b>TOTAL</b>   | <b>1,045,085</b>                          | <b>1,069,760</b>                          |

**SCHEDULE 14 - OTHER INCOME**

|   |                |                |
|---|----------------|----------------|
| I Commission, exchange and brokerage                        | 136,651        | 101,226        |
| II Profit on sale of investments (net)                      | 42,367         | 40,980         |
| III (Loss)/Profit on sale/(write-off) of fixed assets (net) | 1,262          | (418)          |
| IV Profit on exchange transactions                          | 185,682        | 154,902        |
| V Miscellaneous income                                      | 7,337          | 19,846         |
| <b>TOTAL</b>  | <b>373,299</b> | <b>316,538</b> |

**SCHEDULE 15 - INTEREST EXPENDED**

|   |                |                |
|---|----------------|----------------|
| I Interest on deposits                                      | 330,911        | 372,055        |
| II Interest on Reserve Bank of India/ inter-bank borrowings | 17,861         | 32,179         |
| III Others  | 11,245         | 20,582         |
| <b>TOTAL</b>  | <b>360,017</b> | <b>424,816</b> |

**SCHEDULE 16 - OPERATING EXPENSES**

|  |                |                |
|--|----------------|----------------|
| I Payments to and provisions for employees | 125,590        | 127,524        |
| II Rent, taxes and lighting                | 15,958         | 14,819         |
| III Printing and stationery                | 3,932          | 2,545          |
| IV Advertisement and publicity             | 9,557          | 10,140         |
| V Depreciation on Bank's property          | 12,364         | 11,854         |
| VI Auditors' fees and expenses             | 146            | 156            |
| VII Law charges                            | 1,016          | 1,428          |
| VIII Postage, telegrams, telephones, etc.  | 47,299         | 43,142         |
| IX Repairs and maintenance                 | 6,997          | 12,259         |
| X Insurance                                | 12,160         | 10,952         |
| XI Other expenditure                       | 144,549        | 110,504        |
| <b>TOTAL</b>                               | <b>379,568</b> | <b>345,323</b> |

**SCHEDULE 17 - PROVISIONS AND CONTINGENCIES**

|   |                |                |
|---|----------------|----------------|
| I Provision for non-performing assets / write offs (net)              | 46,135         | 37,995         |
| II Provision for standard assets                                      | 123            | (1,829)        |
| III Provision for current taxation                                    | 252,629        | 240,643        |
| IV Deferred tax charge  | 3,357          | 13,715         |
| V Provision for depreciation/(Write back) of provision on Investments | 14,195         | 1,743          |
| VI Others (see Schedule 18 - Note V (8))                              | (201)          | 595            |
| <b>TOTAL</b>  | <b>316,238</b> | <b>292,862</b> |

# 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, 2017*

### **Schedule 18**

#### **I. Background**

The accompanying financial statements for the year ended March 31, 2017 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, 2017 are at:

Ahmedabad, Akola, Aurangabad, Bengaluru (M.G. Road and South End Road), Bhopal, Chandigarh, Chennai (Anna Salai and Alwarpet), Coimbatore, Faridabad, Gurgaon, Jaipur, Kochi, Kolkata (Brabourne Road and Chowringhee Road), Lucknow, Ludhiana, Mumbai (Lower Parel, Andheri, Fort, Juhu, Khar, Vashi and Thane), Nagpur, Nanded, Nandyal, Nasik, New Delhi (Connaught Circus, Punjabi Bagh, Nehru Place, South Extension and Vasant Vihar), Noida, Pune, Hyderabad (S.P.Road and Serilingampally Mandal), Surat and Vadodara.

#### **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 in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time, Accounting Standards ('AS') notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 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 (DBR.BP.BC No.23 /21.04.018/ 2015-16 dated July 1, 2015).

#### **III. Use of estimates**

The preparation of the financial statements in conformity with GAAP 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

#### **IV. Significant accounting policies**

##### **1) Investments**

Classification and valuation of the Bank's investments is carried out in accordance with RBI Master Circular DBR No BP.BC.6/ 21.04.141/ 2015-16 dated July 1, 2015 and amendments thereto.

# 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, 2017*

### **Schedule 18 (Continued)**

#### **IV. Significant accounting policies (Continued)**

##### **1) Investments (Continued)**

###### *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 are classified as HFT investments. All other investments are classified as AFS investments. For disclosure in the financial statements in Schedule 8 - Investments, the investments in India are classified under five categories – Government securities, Other approved securities, Debentures and Bonds, Shares and Other investments. Investments in securities issued outside India are classified as Investments outside India under three categories – Government securities (including local authorities), Subsidiaries and/or joint ventures abroad and Other investments. Shifting among the categories is accounted as per extant RBI guidelines.

###### *Valuation*

Investments classified as HTM are carried at acquisition cost or at amortised cost where acquired at a premium over the face value. Such premium on acquisition is amortised over the remaining period to maturity on a constant yield to maturity basis.

AFS and HFT investments are recorded at cost. Such securities are revalued on a daily basis as per the yields declared by the Fixed Income and Money Market Dealers Association ('FIMMDA') in consultation with Primary Dealers Association of India ('PDAI'). Securities are valued scrip-wise and depreciation/appreciation is aggregated for each category. 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 not recognized, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury Bills including US 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 to maturity basis.

Investments in Pass Through Certificates are 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 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 per equity share.

The Bank follows settlement date method of accounting for its investments. Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss account. Gains or losses on sale of securities is computed based on the First-In-First-Out (FIFO) method.

# 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, 2017

### Schedule 18 (Continued)

#### IV. Significant accounting policies (Continued)

##### 1) Investments (Continued)

###### *Valuation (Continued)*

Profit/loss on sale of investments in the 'Held to maturity' category is recognized in the Profit and Loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for sale' and 'Held for trading' categories is recognized in the Profit and Loss account.

###### *Repurchase transactions*

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions are accounted for as borrowing and lending transactions. Accordingly, securities sold under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank continues to accrue coupon / discount on securities 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 in the Profit and Loss account over the period of the transaction. Similarly, securities purchased under agreement to resale are not included in the investment account of the Bank. The transactions with RBI under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) are accounted for as borrowing and lending transactions as per circular RBI/2015-2016/403 FMRD.DIRD. 10 /14.03.002/2015-16 dated May 19, 2016.

###### *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 RBI Master Circular - DBR.No.BP.BC. 2/21.04.048/ 2015-16 dated July 1, 2015 and amendments thereto.

Advances, including purchase of loan portfolios, are stated net of bills rediscounted under bills rediscounting scheme, specific provisions, interest suspense for non performing advances and provisions in lieu of diminution in the fair value of restructured assets. In accordance with RBI guidelines, in case of inter-bank participation with risk sharing, the aggregate amount of the participation issued by the Bank is reduced from advances. Premium paid on acquisition of portfolio is included in advances and is amortised over the life of the portfolio.

The Bank adopts norms prescribed by RBI as specified in the circular referenced above for identification of Non Performing Assets ('NPAs'). 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. In relation to non-performing derivative contracts, as per the extant RBI guidelines, the Bank makes provision for the entire amount of overdue and future receivables relating to positive marked to market value of the said derivative contracts.

# 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, 2017*

### **Schedule 18 (Continued)**

#### **IV. Significant accounting policies (Continued)**

##### **2) Advances (Continued)**

The Bank maintains provision on standard assets as per RBI norms to cover potential loan losses not yet identified, which are inherent in any loan portfolio as well as on positive mark to market gains on derivatives portfolio and discloses the same in Schedule 5 - Other liabilities and provisions. The Bank maintains incremental provision on standard advances and on positive mark to market gains on derivatives portfolio pertaining to clients with unhedged foreign currency exposure (UFCE) in accordance with RBI guidelines. Floating provision created by the Bank as per the approved policy is included under Schedule 5 - Other liabilities and provisions. The Bank also maintains provision for country risk exposures as per extant RBI guidelines 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.

With effect from February 26, 2014, in accordance with RBI guidelines, in case of non-performing loans sold to SCs/RCs, the Bank reverses the excess provision in the Profit and Loss account in the year in which amounts are received.

##### **3) Foreign currency transactions**

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions.

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.

Exchange differences arising on foreign currency transactions settled during the year are recognised 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 and corresponding asset or liability is shown under "Other assets" or "Other liabilities". The notional value of these contracts is recorded as contingent liability.

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". 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.



# 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, 2017*

### **Schedule 18 (Continued)**

#### **3) Foreign currency transactions (Continued)**

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". Margin money deposited with the exchange is included in "Other assets". The notional value of the futures 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 Profit and Loss account in the reporting period. The premium amortised is presented as "Interest on deposits" under Schedule 15. Notional values of these contracts are recorded as contingent liability. This accounting treatment had 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 were considered as hedges for the foreign exchange risk implicit in the FCNR (B) deposits eligible for the swap facility.

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.

#### **4) Rupee derivative transactions**

Rupee derivative transactions primarily comprise interest rate swaps and interest rate futures. Interest rate swaps are marked to market using appropriate interest rates. 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". The notional value of these swaps and futures contracts 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 per RBI circular Ref.No.MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999.

#### **5) Fixed assets and depreciation**

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

# 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, 2017

### Schedule 18 (Continued)

#### IV. Significant accounting policies (Continued)

##### 5) Fixed assets and depreciation (Continued)

Premises are revalued biennially and are stated at the revalued amount. The increase/decrease in net book value on revaluation of premises is credited/charged to 'Properties Revaluation Reserve'. On disposal of revalued premises, the amount standing to the credit of the Properties Revaluation Reserve is reversed.

Depreciation is provided on the straight-line method from the month 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 preceding 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.

Depreciation has been provided at the following rates:

| Asset Description   | Depreciation Rate<br>(% 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<br>(Desktop/Laptop/Monitor/Desktop printer) | 33.33                         |
| Software (Internally developed / Purchased)   | 10.00/20.00/33.33             |
| 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.

If there is any indication that an asset is impaired, 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 depreciated historical cost.

##### 6) Employee benefits

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

###### (a) Provident fund (Defined Contribution Scheme)

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

# 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, 2017*

### **Schedule 18 *(Continued)***

#### **IV. Significant accounting policies *(Continued)***

##### **6) Employee benefits *(Continued)***

###### ***(b) Superannuation (Defined Contribution Scheme)***

The Bank contributes to a superannuation fund for eligible employees. The contributions are accounted for on an accrual basis and recognized in the Profit and Loss account as expenditure.

###### ***(c) Gratuity (Defined Benefit Scheme)***

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

###### ***(d) Pension***

The Bank provides for its pension liability for eligible employees based on actuarial valuation of the pension liability as at the balance sheet date which is 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 eligible employee retires or resigns.

###### ***(e) Compensated absences***

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

###### ***(f) Resettlement allowance***

The Bank provides for resettlement allowance liability, for eligible employees who are offered six months' pay at retirement in lieu of unused sick leave, based on actuarial valuation performed by an independent actuary using the Projected Unit Credit Method as at the balance sheet date.

###### ***(g) Long term service award cost***

The Bank provides for long term service liability, for eligible employees based on length of service, based on actuarial valuation performed by an independent actuary using the Projected Unit Credit Method as at the balance sheet date.

##### **7) 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.



# 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, 2017*

### **Schedule 18 (Continued)**

#### **IV. Significant accounting policies (Continued)**

##### **7) Income recognition (Continued)**

Fees and commission income is recognised when earned 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 amortised over the life of the underlying asset.

Gain arising on securitisation is amortised over the life of security issued/to be issued by the SPV ('special purpose vehicle') with upfront recognition of retained service costs. Loss is recognized immediately in the Profit and Loss account.

Gains arising out of sale of loans through direct assignment is amortised over the life of underlying loans sold and loss arising is recorded immediately in the Profit and Loss account.

Recoveries from bad debts written-off are recognized in the Profit and Loss account and included under other income.

##### **8) Provision for reward points on credit/debit cards**

The Bank has a program of awarding reward points to credit card and debit cards 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 Institute of Chartered Accountants of India (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 arrangement and remaining unpaid as of the reporting date.

##### **9) 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 judicial decisions and statutory provisions.

# 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, 2017*

### **Schedule 18 (Continued)**

#### **IV. Significant accounting policies (Continued)**

##### **9) Taxation (Continued)**

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 substantively 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.

##### **10) 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.

##### **11) Provisions, contingent liabilities and contingent assets**

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 will 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.

Contingent liability reported in Schedule 12 of Balance Sheet under "Claims against the bank not acknowledged as debts" is net of provision amount held against the claim.

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.

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*(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, 2017*

### **Schedule 18 (Continued)**

#### **IV. Significant accounting policies (Continued)**

##### **12) Priority Sector Lending Certificates (PSLCs)**

The Bank vide RBI circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 dated April 7, 2016 transacts in PSLCs. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' (included in Schedule 16 (XI)) and the fee received from the sale of PSLCs is treated as 'Other Income' (included in Schedule 14 (V)).

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017**

- 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. 90,640 lakhs for the year ended March 31, 2017 (Previous Year: Rs. 80,824 lakhs). As at March 31, 2017, the face value of securities lodged with RBI stands at Rs. 655,500 lakhs (Previous Year: Rs. 601,500 lakhs).
- 2** Other Investments comprise of Pass through Certificates amounting to Rs. 81 lakhs (Previous Year: Rs. 964 lakhs) and Certificate of Deposits amounting to Rs. Nil (Previous Year: 98,801 Lakhs).
- 3** Bills received from constituents for collections on their behalf are tracked through product processor systems 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** 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, 2017 of Rs. 6,194 lakhs (Previous year: Rs. 6,194 lakhs).
- 5** During the year, there was a sale of four residential premises owned by the Bank. Gain of Rs. 1,592 lakhs on sale has been reported under Other Income. The net gain amount after netting for tax was Rs. 903 lakhs of which Rs. 226 lakhs has been appropriated to statutory reserves and the balance Rs. 677 lakhs appropriated to Capital Reserve (Previous year: Nil).
- 6** During the year, the Bank has not appropriated any amount to Investment Reserve. Further, the Bank has drawn down Rs. 6,041 lakhs from this reserve during the year (Previous Year: Rs. 742 lakhs) in accordance with RBI Master Circular DBR No BP.BC.6/ 21.04.141/ 2015-16 dated July 1, 2015 and amendments thereto.
- 7** The Bank has created an incremental Special Reserve of Rs. 2,411 lakhs (Previous Year Rs. 2,547 lakhs) pursuant to clause (viii) under sub-section (1) to section 36 of the Income Tax Act, 1961.
- 8** Provisions and Contingencies - Others (Schedule 17 (VI)) comprises of Rs. 30 lakhs debited to the Profit and Loss account (Previous Year: release Rs. 18 lakhs) on account of fair value diminution on restructured standard assets and Rs. 231 lakhs released on account of Country risk provision (Previous Year: Rs. 577 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

- 9 Other Assets (Schedule 11 (III)) includes Rs. 48,901 lakhs (Previous Year: Rs. 40,019 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.

#### 10 Intangible Assets (Software)

The Bank has capitalised software under Fixed assets (Schedule 10 (III) (A)) amounting to Rs. 352 lakhs during the year (Previous Year: Rs. 3,969 lakhs). The movement is disclosed below:

|                              | Amount in Rs. lakhs |              |
|------------------------------|---------------------|--------------|
|                              | 2016-2017           | 2015-2016    |
| Intangible Assets (Software) |                     |              |
| At cost as on 1 April        | 21,341              | 17,426       |
| Additions during the year    | 352                 | 3,969        |
| Deductions during the year   | -                   | (54)         |
| Depreciation to Date         | (16,093)            | (14,527)     |
| <b>Total</b>                 | <b>5,600</b>        | <b>6,814</b> |

- 11 The Bank has outstanding Deposits with NABARD of Rs. 2,084 lakhs (Previous Year: Rs. 1,782 lakhs), National Housing Bank of Rs. 1,014 lakhs (Previous Year: Rs. 1,014 lakhs) and SIDBI of Rs. 212 lakhs (Previous Year: Rs. 212 lakhs) under priority sector lending schemes which are disclosed under Schedule 11 (VI) Other Assets.
- 12 With reference to the matter pertaining to incidence of fire in the new premise of the Bank which was disclosed in earlier years, an amount of Rs. 911 lakhs has been received during the current year. There is no further claim receivable outstanding as at the year end.

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

The following disclosures are made in accordance with requirements of RBI guidelines and accounting standards:

#### 13.1. Capital Adequacy Ratio

The capital adequacy ratio has been computed in accordance with the Basel III Capital Adequacy guidelines issued vide RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 date July 1, 2015.

| Ratio   | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| Common Equity Tier I capital ratio                    | 16.71%               | 14.85%               |
| CRAR – Total Capital ratio                            | 17.63%               | 15.76%               |
| CRAR – Tier I Capital ratio                           | 16.71%               | 14.85%               |
| CRAR – Tier II Capital ratio                          | 0.92%                | 0.91%                |
| Amount of subordinated debt raised as Tier II capital | Nil                  | Nil                  |

#### 13.2. Business ratios

| Ratio  | 2016-2017 | 2015-2016 |
|--|-----------|-----------|
| Percentage of net NPAs to net advances                               | 0.46%     | 0.49%     |
| Interest income as a percentage to working funds                     | 7.07%     | 7.28%     |
| Non-interest income as a percentage to working funds                 | 2.53%     | 2.15%     |
| Operating profit as a percentage to working funds                    | 4.59%     | 4.19%     |
| Return on assets   | 2.45%     | 2.20%     |
| Business (deposits plus advances) per employee (Amount in Rs. lakhs) | 3,029     | 2,862     |
| Profit per employee (Amount in Rs. lakhs)                            | 69        | 60        |

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, 2017 and March 31, 2016 respectively.

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.3. Liquidity coverage ratio

The Basel Committee on Banking Supervision (BCBS) prescribed the Liquidity Coverage Ratio (LCR) standard to promote short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to meet its liquidity requirements for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by regulators. LCR is defined as a ratio of HQLA to the total net cash outflows in a liquidity stress scenario estimated for the next 30 calendar days. As per RBI guidelines, the LCR requirement is binding on banks from January 1, 2015 with a staggered increase up to 100% by January 1, 2019 as per the timeline below:

|             | January 1, 2015 | January 1, 2016 | January 1, 2017 | January 1, 2018 | January 1, 2019 |
|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Minimum LCR | 60%             | 70%             | 80%             | 90%             | 100%            |

For Foreign Banks operating as branches in India, the framework is applicable on a standalone basis (i.e. for Indian operations only).

Liquidity of the Bank is managed by a centralized Treasury with oversight provided by the Asset Liability Management Committee (ALCO). The Bank follows a comprehensive approach to balance sheet liquidity management with a balanced funding profile maintained across retail and corporate customers, diversification across client segments and prudent levels of funding concentrations. The Bank meets its customer loan funding requirements entirely through customer deposits and does not rely on interbank or market funding.

Liquidity buffer in excess of Statutory Liquidity Ratio (SLR) requirements to meet unforeseen liquidity stress outflows is maintained in Government securities and is the primary driver for the HQLA levels maintained.

The Bank continues to focus on stable operating account liabilities to drive its Balance Sheet growth, with current and savings account (CASA) deposits ratio at 58.24% as of March 31, 2017. The weighted cash outflows are calibrated by the largely operational nature of the Bank's deposit base and the proportion of retail deposits, including deposits from small business customers. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients. Liquidity requirement of the Bank on account of market valuation changes for derivative transactions has also been considered, based on the prescribed look back approach.

The weighted cash inflows are largely driven by scheduled loan maturities and short term placements and are capped at 75% of weighted cash outflows. As per RBI guidelines issues in July 2016, HQLA includes the securities upto 11% of NDTL under the FALLCR & MSF facilities. RBI increased the eligibility under FALLCR facility from 8% to 9% of NDTL in July 2016 and the same has been incorporated in LCR reports. The following table sets forth, the quarterly average of unweighted and weighted values of the LCR of the Bank. The simple average has been computed based on daily values for the quarter ended March 31, 2017 and on month- end values for the quarter ended December 31, 2016, September 30, 2016, and June 30, 2016.



# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.3. Liquidity coverage ratio (Continued)

Based on the above, daily average LCR of the Bank for the quarter ended March 31, 2017 was 191.45% (Previous Year: 338.91% based on average of month-end values for the quarter ended March 31, 2016).

The Bank's LCR, calculated as per RBI guidelines, as the average of the month end values for the quarter ended December 31, 2016, September 30, 2016, and June 30, 2016 and daily values for the quarter ended March 31, 2017 is as below:

Amount in Rs. Lakhs

|  | Q1 2016-17                       |                                | Q2 2016-17                       |                                |
|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|  | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) |
| <b>High Quality Liquid Assets</b>  |                                  |                                |                                  |                                |
| 1 Total High Quality Liquid Assets (HQLA)                                      |                                  | 4,661,150                      |                                  | 4,614,336                      |
| <b>Cash Outflows</b>   |                                  |                                |                                  |                                |
| 2 Retail deposits and deposits from small business customers, of which:        | 4,001,187                        | 371,463                        | 3,842,917                        | 354,980                        |
| (i) Stable deposits  | 573,105                          | 28,655                         | 586,224                          | 29,311                         |
| (ii) Less stable deposits  | 3,428,082                        | 342,808                        | 3,256,693                        | 325,669                        |
| 3 Unsecured wholesale funding, of which:                                       | 5,346,020                        | 1,952,898                      | 6,092,459                        | 2,469,071                      |
| (i) Operational deposits (all counterparties)                                  | 2,689,276                        | 671,480                        | 2,918,851                        | 728,870                        |
| (ii) Non-operational deposits (all counterparties)                             | 2,656,744                        | 1,281,418                      | 3,173,608                        | 1,740,201                      |
| (iii) Unsecured debt   | -                                | -                              | -                                | -                              |
| 4 Secured wholesale funding  |                                  |                                |                                  |                                |
| 5 Additional requirements, of which  | 1,683,251                        | 596,967                        | 1,632,772                        | 524,158                        |
| (i) Outflows related to derivative exposures and other collateral requirements | 490,813                          | 490,813                        | 414,915                          | 414,915                        |
| (ii) Outflows related to loss of funding on debt products                      | -                                | -                              | -                                | -                              |
| (iii) Credit and liquidity facilities  | 1,192,438                        | 106,154                        | 1,217,857                        | 109,243                        |
| 6 Other contractual funding obligations  | 159,768                          | 159,768                        | 156,561                          | 156,561                        |
| 7 Other contingent funding obligations   | 5,133,459                        | 208,844                        | 5,200,810                        | 212,296                        |
| 8 Total Cash Outflows  |                                  | 3,289,940                      |                                  | 3,717,068                      |
| <b>Cash Inflows</b>  |                                  |                                |                                  |                                |
| 9 Secured lending (e.g. reverse repos)   | 216,013                          | -                              | 116,148                          | -                              |
| 10 Inflows from fully performing exposures                                     | 1,030,408                        | 504,053                        | 1,175,581                        | 630,000                        |
| 11 Other cash inflows  | 1,136,884                        | 1,070,079                      | 1,351,738                        | 1,316,471                      |
| 12 Total Cash Inflows  | 2,383,305                        | 1,574,132                      | 2,643,467                        | 1,946,471                      |
| 13 Total HQLA  |                                  | 4,661,150                      |                                  | 4,614,336                      |
| 14 Total Net Cash Outflows   |                                  | 1,715,809                      |                                  | 1,770,597                      |
| 15 Liquidity Coverage Ratio (%)  |                                  | 271.66%                        |                                  | 260.61%                        |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

#### 13.3. Liquidity coverage ratio (Continued)

|                                   |  | Amount in Rs. Lakhs              |                                |                                  |                                |
|-----------------------------------|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                   |  | Q3 2016-17                       |                                | Q4 2016-17                       |                                |
|                                   |  | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) |
| <b>High Quality Liquid Assets</b> |  |                                  |                                |                                  |                                |
| 1                                 | Total High Quality Liquid Assets (HQLA)                                    |                                  | 4,394,618                      |                                  | 5,131,120                      |
| <b>Cash Outflows</b>              |  |                                  |                                |                                  |                                |
| 2                                 | Retail deposits and deposits from small business customers, of which:      | 3,911,561                        | 361,123                        | 3,797,323                        | 351,281                        |
| (i)                               | Stable deposits  | 600,658                          | 30,033                         | 569,035                          | 28,452                         |
| (ii)                              | Less stable deposits   | 3,310,903                        | 331,090                        | 3,228,288                        | 322,829                        |
| 3                                 | Unsecured wholesale funding, of which:                                     | 6,066,364                        | 2,288,701                      | 6,052,247                        | 2,246,238                      |
| (i)                               | Operational deposits (all counterparties)                                  | 3,086,523                        | 770,778                        | 3,090,740                        | 771,830                        |
| (ii)                              | Non-operational deposits (all counterparties)                              | 2,979,841                        | 1,517,923                      | 2,961,507                        | 1,474,408                      |
| (iii)                             | Unsecured debt   | -                                | -                              | -                                | -                              |
| 4                                 | Secured wholesale funding  |                                  |                                |                                  |                                |
| 5                                 | Additional requirements, of which  | 1,674,010                        | 526,529                        | 1,710,810                        | 631,838                        |
| (i)                               | Outflows related to derivative exposures and other collateral requirements | 356,969                          | 356,969                        | 364,769                          | 364,769                        |
| (ii)                              | Outflows related to loss of funding on debt products                       | -                                | -                              | -                                | -                              |
| (iii)                             | Credit and liquidity facilities  | 1,317,041                        | 169,560                        | 1,346,041                        | 267,069                        |
| 6                                 | Other contractual funding obligations                                      | 181,694                          | 181,694                        | 441,355                          | 441,355                        |
| 7                                 | Other contingent funding obligations                                       | 5,264,342                        | 215,134                        | 5,218,917                        | 215,631                        |
| 8                                 | Total Cash Outflows  |                                  | 3,573,181                      |                                  | 3,886,343                      |
| <b>Cash Inflows</b>               |  |                                  |                                |                                  |                                |
| 9                                 | Secured lending (e.g. reverse repos)                                       | 796,081                          | -                              | 764,835                          | -                              |
| 10                                | Inflows from fully performing exposures                                    | 1,110,072                        | 575,879                        | 1,011,379                        | 533,968                        |
| 11                                | Other cash inflows   | 1,037,708                        | 1,002,156                      | 697,366                          | 672,197                        |
| 12                                | Total Cash Inflows   | 2,943,861                        | 1,578,035                      | 2,473,581                        | 1,206,165                      |
| 13                                | Total HQLA   |                                  | 4,394,618                      |                                  | 5,131,120                      |
| 14                                | Total Net Cash Outflows  |                                  | 1,995,145                      |                                  | 2,680,179                      |
| 15                                | Liquidity Coverage Ratio (%)   |                                  | 220.27%                        |                                  | 191.45%                        |



# Citibank N.A.

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## Schedules forming part of the financial statements of the Indian Branches (Continued)

for the year ended March 31, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.3. Liquidity coverage ratio (Continued)

The Bank's LCR, calculated as per RBI guidelines, as the average of the month end values for the quarters in financial year ended March 31, 2016 is as below:

|       |  | Amount in Rs. Lakhs              |                                |                                  |                                |
|-------|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|       |  | Q1 2015-16                       |                                | Q2 2015-16                       |                                |
|       |  | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) |
|       | High Quality Liquid Assets   |                                  |                                |                                  |                                |
| 1     | Total High Quality Liquid Assets (HQLA)                                    |                                  | 3,714,392                      |                                  | 3,840,746                      |
|       | Cash Outflows  |                                  |                                |                                  |                                |
| 2     | Retail deposits and deposits from small business customers, of which:      | 3,665,194                        | 346,733                        | 3,791,727                        | 351,282                        |
| (i)   | Stable deposits  | 395,721                          | 19,786                         | 557,803                          | 27,890                         |
| (ii)  | Less stable deposits   | 3,269,473                        | 326,947                        | 3,233,924                        | 323,392                        |
| 3     | Unsecured wholesale funding, of which:                                     | 4,568,341                        | 1,508,748                      | 4,790,057                        | 1,571,577                      |
| (i)   | Operational deposits (all counterparties)                                  | 2,308,859                        | 576,397                        | 2,390,162                        | 596,714                        |
| (ii)  | Non-operational deposits (all counterparties)                              | 2,259,482                        | 932,351                        | 2,399,895                        | 974,863                        |
| (iii) | Unsecured debt   | -                                | -                              | -                                | -                              |
| 4     | Secured wholesale funding  |                                  | -                              |                                  | -                              |
| 5     | Additional requirements, of which  | 1,670,954                        | 600,750                        | 1,417,436                        | 337,779                        |
| (i)   | Outflows related to derivative exposures and other collateral requirements | 496,056                          | 496,056                        | 233,534                          | 233,534                        |
| (ii)  | Outflows related to loss of funding on debt products                       | -                                | -                              | -                                | -                              |
| (iii) | Credit and liquidity facilities  | 1,174,898                        | 104,694                        | 1,183,902                        | 104,245                        |
| 6     | Other contractual funding obligations                                      | 200,652                          | 200,652                        | 206,084                          | 206,084                        |
| 7     | Other contingent funding obligations                                       | 4,906,933                        | 245,347                        | 4,865,507                        | 243,275                        |
| 8     | Total Cash Outflows  |                                  | 2,902,230                      |                                  | 2,709,997                      |
|       | Cash Inflows   |                                  |                                |                                  |                                |
| 9     | Secured lending (e.g. reverse repos)                                       | 15,332                           | -                              | 7,516                            | -                              |
| 10    | Inflows from fully performing exposures                                    | 1,026,626                        | 519,262                        | 1,240,811                        | 658,651                        |
| 11    | Other cash inflows   | 1,172,316                        | 1,111,826                      | 691,295                          | 631,032                        |
| 12    | Total Cash Inflows   | 2,214,274                        | 1,631,088                      | 1,939,622                        | 1,289,683                      |
| 13    | Total HQLA   |                                  | 3,714,392                      |                                  | 3,840,746                      |
| 14    | Total Net Cash Outflows  |                                  | 1,271,142                      |                                  | 1,420,314                      |
| 15    | Liquidity Coverage Ratio (%)   |                                  | 292.21%                        |                                  | 270.41%                        |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.3. Liquidity coverage ratio (Continued)

Amount in Rs. Lakhs

|  | Q3 2015-16                       |                                | Q4 2015-16                       |                                |
|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|  | Total Unweighted Value (average) | Total Weighted Value (average) | Total Unweighted Value (average) | Total Weighted Value (average) |
| <b>High Quality Liquid Assets</b>  |                                  |                                |                                  |                                |
| 1 Total High Quality Liquid Assets (HQLA)                                      |                                  | 4,411,027                      |                                  | 4,272,552                      |
| <b>Cash Outflows</b>   |                                  |                                |                                  |                                |
| 2 Retail deposits and deposits from small business customers, of which:        | 3,872,675                        | 358,893                        | 4,016,317                        | 372,804                        |
| (i) Stable deposits  | 567,496                          | 28,375                         | 576,543                          | 28,827                         |
| (ii) Less stable deposits  | 3,305,179                        | 330,518                        | 3,439,774                        | 343,977                        |
| 3 Unsecured wholesale funding, of which:                                       | 5,575,932                        | 1,979,612                      | 5,106,666                        | 1,658,222                      |
| (i) Operational deposits (all counterparties)                                  | 2,670,194                        | 666,721                        | 2,571,927                        | 642,169                        |
| (ii) Non-operational deposits (all counterparties)                             | 2,905,738                        | 1,312,891                      | 2,534,739                        | 1,016,053                      |
| (iii) Unsecured debt   | -                                | -                              | -                                | -                              |
| 4 Secured wholesale funding  |                                  | -                              |                                  | -                              |
| 5 Additional requirements, of which  | 1,432,712                        | 290,995                        | 1,589,115                        | 530,400                        |
| (i) Outflows related to derivative exposures and other collateral requirements | 172,470                          | 172,470                        | 417,612                          | 417,612                        |
| (ii) Outflows related to loss of funding on debt products                      | -                                | -                              | -                                | -                              |
| (iii) Credit and liquidity facilities  | 1,260,242                        | 118,525                        | 1,171,503                        | 112,788                        |
| 6 Other contractual funding obligations  | 226,495                          | 226,495                        | 174,766                          | 174,766                        |
| 7 Other contingent funding obligations   | 4,943,784                        | 247,189                        | 5,190,732                        | 226,966                        |
| 8 Total Cash Outflows  |                                  | 3,103,184                      |                                  | 2,963,158                      |
| <b>Cash Inflows</b>  |                                  |                                |                                  |                                |
| 9 Secured lending (e.g. reverse repos)   | 97,150                           | -                              | 82,953                           | -                              |
| 10 Inflows from fully performing exposures                                     | 1,189,069                        | 628,614                        | 1,096,256                        | 550,659                        |
| 11 Other cash inflows  | 788,745                          | 731,739                        | 1,224,470                        | 1,151,827                      |
| 12 Total Cash Inflows  | 2,074,964                        | 1,360,353                      | 2,403,679                        | 1,702,486                      |
| 13 Total HQLA  |                                  | 4,411,027                      |                                  | 4,272,552                      |
| 14 Total Net Cash Outflows   |                                  | 1,742,831                      |                                  | 1,260,672                      |
| 15 Liquidity Coverage Ratio (%)  |                                  | 253.10%                        |                                  | 338.91%                        |

# Citibank N.A.

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## Schedules forming part of the financial statements of the Indian Branches (Continued)

for the year ended March 31, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.4. Asset Liability Management

Maturity pattern as at March 31, 2017

| Maturity Bucket                 | Loans and Advances* | Investments      | Deposits          | Borrowings     | Amount in Rs. lakhs     |                              |
|---------------------------------|---------------------|------------------|-------------------|----------------|-------------------------|------------------------------|
|                                 |                     |                  |                   |                | Foreign Currency Assets | Foreign Currency Liabilities |
| Day 1                           | 257,792             | 2,897,212        | 967,127           | 82,886         | 121,824                 | 174,172                      |
| 2 to 7 days                     | (365,460)           | -                | 1,372,325         | 58,178         | 65,550                  | 145,090                      |
| 8 to 14 days                    | 100,632             | -                | 629,624           | 48,779         | 53,795                  | 78,936                       |
| 15 to 30 days                   | 509,519             | 1,241,920        | 139,383           | 287,187        | 970,212                 | 308,805                      |
| 31 days and upto 2 months       | 299,461             | 212,451          | 267,267           | 56,398         | 102,064                 | 65,030                       |
| Over 2 months and upto 3 months | 283,342             | 25,969           | 156,800           | 28,153         | 79,132                  | 49,774                       |
| Over 3 months and upto 6 months | 478,585             | 15,825           | 334,537           | 28,257         | 203,788                 | 286,349                      |
| Over 6 months and upto one year | 732,238             | 36,733           | 251,167           | 555            | 190,775                 | 35,111                       |
| Over one year and upto 3 years  | 2,048,721           | 1,184,596        | 6,278,545         | 1,092          | 168,996                 | 531,510                      |
| Over 3 years and upto 5 years   | 622,959             | 632              | 4,670             | 1,357          | 164,336                 | 2,891                        |
| Over 5 years                    | 517,903             | 166,724          | 452               | 624            | 18,528                  | 12,264                       |
| <b>Total</b>                    | <b>5,485,692</b>    | <b>5,782,062</b> | <b>10,401,897</b> | <b>593,466</b> | <b>2,139,000</b>        | <b>16,89,932</b>             |

Maturity pattern as at March 31, 2016

| Maturity Bucket                 | Loans and Advances* | Investments | Deposits  | Borrowings | Amount in Rs. lakhs     |                              |
|---------------------------------|---------------------|-------------|-----------|------------|-------------------------|------------------------------|
|                                 |                     |             |           |            | Foreign Currency Assets | Foreign Currency Liabilities |
| Day 1                           | 108,703             | 4,256,487   | 685,057   | 696,757    | 487,930                 | 195,410                      |
| 2 to 7 days                     | 227,351             | 0           | 1,032,747 | 714,495    | 86,372                  | 158,370                      |
| 8 to 14 days                    | 75,485              | 0           | 509,581   | 82,796     | 96,847                  | 115,318                      |
| 15 to 30 days                   | 607,564             | 937,503     | 212,392   | 398,827    | 902,817                 | 438,062                      |
| 31 days and upto 2 months       | 174,106             | 297,420     | 463,446   | 83,288     | 200,685                 | 315,232                      |
| Over 2 months and upto 3 months | 474,839             | 198,780     | 184,249   | 60,598     | 231,414                 | 222,437                      |
| Over 3 months and upto 6 months | 595,183             | 51,677      | 166,029   | 75,210     | 293,265                 | 179,339                      |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.4. Asset Liability Management (Continued)

##### Maturity pattern as at March 31, 2016 (Continued)

| Amount in Rs. lakhs             |                     |                  |                   |                  |                         |                              |
|---------------------------------|---------------------|------------------|-------------------|------------------|-------------------------|------------------------------|
| Maturity Bucket                 | Loans and Advances* | Investments      | Deposits          | Borrowings       | Foreign Currency Assets | Foreign Currency Liabilities |
| Over 6 months and upto one year | 951,423             | 89,752           | 1,464,385         | 550              | 342,611                 | 1,291,602                    |
| Over one year and upto 3 years  | 1,932,769           | 765,872          | 5,298,396         | 1,315            | 231,639                 | 542,851                      |
| Over 3 years and upto 5 years   | 480,746             | 2,662            | 3,432             | 102              | 82,686                  | 1,001                        |
| Over 5 years                    | 526,881             | 492,165          | 1,822             | 60               | 20,787                  | 13,524                       |
| <b>Total</b>                    | <b>6,155,050</b>    | <b>7,092,318</b> | <b>10,021,537</b> | <b>2,113,999</b> | <b>2,977,053</b>        | <b>3,473,146</b>             |

##### Note:

- The information on maturity pattern has been compiled based on the same estimates and assumptions as used for compiling liquidity related returns submitted to RBI.
- Assets and liabilities exclude off-balance sheet assets and liabilities.
- \* Loans and Advances include cash outflows on account of settlement of Inter-Bank Participation Certificate (IBPC) issued and Bills Rediscounted under Bills Rediscounting scheme by the Bank.

##### 13.5. Lending to sensitive sectors

##### A) Exposure to real estate sector

| Amount in Rs. lakhs   |                      |                      |
|---|----------------------|----------------------|
| Category  | As at March 31, 2017 | As at March 31, 2016 |
| 1. Direct exposure  |                      |                      |
| (i) Residential mortgages   |                      |                      |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower: | 1,139,278            | 1,471,037            |
| Of which individual housing loans eligible for inclusion in priority sector advances                    | 42,743               | 54,472               |
| (ii) Commercial real estate   |                      |                      |
| Lending secured by mortgages on income producing real estates   | 29,748               | 30,966               |
| (iii) Others*   | 32,900               | 56,869               |

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## Schedules forming part of the financial statements of the Indian Branches (Continued)

for the year ended March 31, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.5. Lending to sensitive sectors (Continued)

###### A) Exposure to real estate sector (Continued)

| Category   | Amount in Rs. lakhs     |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>2. Indirect exposure</b>  |                         |                         |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)  | 274,017                 | 278,375                 |
| <b>Total</b>   | <b>1,475,943</b>        | <b>1,837,247</b>        |
| *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<br>March 31, 2017 | As at<br>March 31, 2016 |
| 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 | 22,433                  | 21,365                  |
| 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   | 11,276                  | 26                      |
| Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers   | 193,218                 | 101,743                 |
| Facility secured against residential real estate classified as CME based on the end use of the loan which is investment into capital markets   | 2,016                   | 2,116                   |
| Other financial guarantees   | 13,780                  | 2,950                   |
| <b>Total</b>   | <b>243,966</b>          | <b>129,442</b>          |

## 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, 2017

#### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.6. Movement in Non- performing assets

| Particulars                             | 2016-2017 |           |          | 2015-2016 |           |          |
|---|-----------|-----------|----------|-----------|-----------|----------|
|   | Gross NPA | Provision | Net NPA  | Gross NPA | Provision | Net NPA  |
| Opening balance as on April 1           | 86,051    | 55,831    | 30,220   | 78,057    | 53,569    | 24,488   |
| Additions during the year               | 79,466    | 34,608    | 44,858   | 75,207    | 32,060    | 43,147   |
| Recoveries / write offs during the year | (80,766)  | (30,890)  | (49,876) | (67,213)  | (29,798)  | (37,415) |
| Closing balance as on March 31          | 84,751    | 59,549    | 25,202   | 86,051    | 55,831    | 30,220   |

##### 13.7. Provision on standard assets

| Category  | Amount in Rs. lakhs  |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2017 | As at March 31, 2016 |
| General standard asset provision                          | 50,174               | 50,174               |
| Provision held towards unhedged foreign currency exposure | 7,529                | 7,405                |
| Total   | 57,703               | 57,579               |

The general standard assets provision is in excess of the requirements basis the current assets 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.

##### 13.8. Provision on standard assets (UFCE)

The assessment of unhedged foreign currency exposure is an ongoing process at the Bank. The Bank undertakes an assessment of the risks arising out of the foreign currency exposure of their corporate clients and takes suitable steps to insulate it from such risks. These steps include (i) rigorous assessment of foreign exchange (FX) risks for a client during annual review of its credit facilities including under stress testing/downside scenarios and, if found material, downgrading the Obligor Risk Rating of the client; (ii) strict adherence to internal governance standards set (viz. Suitability and Appropriateness assessment, Derivative Sales Practices) pertaining to marketing of facilities with pre-settlement risks; (iii) daily monitoring of mark-to-market (MTM) exposures on its derivative trades with clients; (iv) periodic stress testing of MTM exposures to identify potential scenarios and clients where pre-settlement risk exposures increase significantly which will also impact the credit risk. The Bank also periodically sends letters to its corporate clients and also to the clients' other bankers seeking information on unhedged FX exposure of the clients with other banks.

# Citibank N.A.

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## Schedules forming part of the financial statements of the Indian Branches (Continued)

for the year ended March 31, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.8. Provision on standard assets (UFCE) (Continued)

Wherever risks arising out of FX exposure are assessed as increased and become material, the Bank may exercise a number of options including seeking of collateral from the client, credit support from stronger parent or another bank's SBLC.

Foreign currency (FCY) loans extended to corporate obligors where those obligors have not entered into corresponding hedges with the Bank are reviewed on a monthly basis to identify potentially-at-risk clients who do not enjoy natural hedge in their business or which are not supported by MNC parents. The Bank currently draws comfort from the fact that a very small portion of its FCY loans are to clients in this category.

In accordance with guidelines issued by RBI vide circular DBOD.No.BP.BC.85/21.06.200/2013-14 dated January 15, 2014, the incremental provisions and capital held by the Bank towards this risk as at March 31, 2017 is as follows:

*Amount in Rs. lakhs*

| Particulars                     | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------|-------------------------|-------------------------|
| Provision held                  | 7,529                   | 7,405                   |
| Additional Risk weighted assets | 231,984                 | 245,393                 |
| Additional Capital              | 27,258                  | 25,766                  |

##### 13.9. Floating Provision

In accordance with the requirements laid down by RBI guidelines, the Bank has formulated a policy on floating provisions. The Bank had re-assessed the framework in prior years and discontinued building any incremental floating provisions. There have not been any substantial changes in factors that were considered for the earlier assessment and as such there have been no incremental provisions required for the year ended March 31, 2017 (Previous Year: Nil). Floating provision outstanding as at March 31, 2017 has been included under Schedule 5 – Other liabilities and provisions.

Movement in floating provision is given below:

*Amount in Rs. lakhs*

| Category                        | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------|-------------------------|-------------------------|
| Opening balance                 | 9,100                   | 9,100                   |
| Provisions made during the year | -                       | -                       |
| Draw down made during the year  | -                       | -                       |
| Closing balance                 | 9,100                   | 9,100                   |



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## Schedules forming part of the financial statements of the Indian Branches (Continued) for the year ended March 31, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.10. Restructured loans

There are no restructured cases under CDR Mechanism and SME Debt Restructuring. Details of cases other than those under CDR Mechanism and SME Debt Restructuring are provided below:

| Type of Restructuring<br>Asset Classification<br>Details   | Amount in Rs. lakhs |                  |                 |                  |                 |                  |                 |                  |                 |                  |
|--|---------------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
|  | Standard            |                  | Sub-Standard    |                  | Others          |                  | Loss            |                  | Total           |                  |
|  | Current<br>year     | Previous<br>year | Current<br>year | Previous<br>year | Current<br>year | Previous<br>year | Current<br>year | Previous<br>year | Current<br>year | Previous<br>year |
| Restructured Accounts as on<br>April 1 of the FY (opening<br>figures)  | 7,019               | 6,821            | 1,338           | 1,336            | 112             | 169              | 85              | 112              | 8,554           | 8,438            |
| Amount outstanding   | 1,289               | 979              | 8,527           | 2,289            | 272             | 289              | 70              | 73               | 10,158          | 3,630            |
| Provision thereon  | 133                 | 98               | 6,559           | 655              | 272             | 259              | 70              | 73               | 7,034           | 1,085            |
| Fresh restructuring during the<br>year   | -                   | -                | 3,187           | 2,542            | 54              | 52               | 41              | 21               | 3,282           | 2,615            |
| Amount outstanding   | -                   | -                | 6,064           | 10,169           | 180             | 99               | 108             | 40               | 6,352           | 10,308           |
| Provision thereon  | -                   | -                | 1,781           | 7,154            | 320             | 99               | 108             | 40               | 2,209           | 7,293            |
| Upgradations to restructured<br>standard category during the<br>FY   | 657                 | 477              | (599)           | (403)            | (48)            | (52)             | (10)            | (22)             | -               | -                |
| Amount outstanding   | 891                 | 610              | (832)           | (530)            | (56)            | (59)             | (2)             | (21)             | -               | -                |
| Provision thereon  | 235                 | 208              | (176)           | (153)            | (56)            | (34)             | (2)             | (21)             | -               | -                |
| Restructured standard<br>advances which cease to<br>attract higher provisioning<br>and / or additional risk weight<br>at the end of the FY and hence<br>need not be shown as<br>restructured standard<br>advances at the beginning of<br>the next FY | -                   | -                | -               | -                | -               | -                | -               | -                | -               | -                |
| Amount outstanding   | -                   | -                | -               | -                | -               | -                | -               | -                | -               | -                |
| Provision thereon  | -                   | -                | -               | -                | -               | -                | -               | -                | -               | -                |



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## Schedules forming part of the financial statements of the Indian Branches (Continued) for the year ended March 31, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.10. Restructured loans (Continued)

Amount in Rs. lakhs

| Type of Restructuring<br>Asset Classification<br>Details               | Standard        |                  | Sub-Standard    |                  | Others          |                  | Loss            |                  | Total           |                  |
|--|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
|  | Current<br>year | Previous<br>year | Current<br>year | Previous<br>year | Current<br>year | Previous<br>year | Current<br>year | Previous<br>year | Current<br>year | Previous<br>year |
| Downgradations of<br>restructured accounts<br>during the FY            |                 |                  |                 |                  |                 |                  |                 |                  |                 |                  |
| No. of borrowers   | (178)           | (11)             | 24              | (45)             | 149             | 48               | 5               | 8                | -               | -                |
| Amount outstanding   | (115)           | (1)              | (5,882)         | (94)             | 5,994           | 77               | 3               | 18               | -               | -                |
| Provision thereon  | (115)           | (1)              | (5,742)         | (94)             | 5,854           | 77               | 3               | 18               | -               | -                |
| Write-offs of restructured<br>accounts during the FY                   |                 |                  |                 |                  |                 |                  |                 |                  |                 |                  |
| No. of borrowers   | -               | (51)             | (1,698)         | (1,580)          | (59)            | (77)             | (17)            | (20)             | (1,774)         | (1,728)          |
| Amount outstanding   | -               | (51)             | (2,518)         | (2,006)          | (102)           | (105)            | (33)            | (23)             | (2,653)         | (2,185)          |
| Provision thereon  | -               | (5)              | (755)           | (602)            | (102)           | (105)            | (33)            | (23)             | (891)           | (735)            |
| Restructured accounts<br>Recovered during the FY                       |                 |                  |                 |                  |                 |                  |                 |                  |                 |                  |
| No. of borrowers   | (374)           | (217)            | (313)           | (512)            | (74)            | (28)             | (11)            | (14)             | (772)           | (771)            |
| Amount outstanding   | (589)           | (248)            | (1,062)         | (1,301)          | (57)            | (31)             | (4)             | (17)             | (1,712)         | (1,597)          |
| Provision thereon  | (81)            | (167)            | (416)           | (401)            | (57)            | (27)             | (4)             | (17)             | (558)           | (612)            |
| Restructured Accounts as<br>on March 31 of the FY<br>(closing figures) | 7,124           | 7,019            | 1,939           | 1,338            | 134             | 112              | 93              | 85               | 9,290           | 8,554            |
|  | 1,476           | 1,289            | 4,298           | 8,527            | 6,229           | 272              | 141             | 70               | 12,145          | 10,158           |
|  | 171             | 133              | 1,251           | 6,559            | 6,229           | 272              | 141             | 70               | 7,793           | 7,034            |

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## Schedules forming part of the financial statements of the Indian Branches (Continued)

for the year ended March 31, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.11. A) Details of financial assets sold to securitization/reconstruction company for assets reconstruction

There were no financial assets sold to securitization/reconstruction company for assets reconstruction during the year (Previous Year: Nil).

##### B) Details of non performing financial assets sold to banks

There were no non performing financial assets sold to banks during the year (Previous Year: Nil).

##### 13.12. Details of non-performing financial assets purchased from banks:

There were no non performing financial assets purchased from banks during the year (Previous Year: Nil).

##### 13.13. Investment

###### A. Value of investments

| Particulars                     | Amount in Rs. lakhs     |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (1) Gross value of investments  |                         |                         |
| (a) In India                    | 5,149,785               | 6,498,078               |
| (b) Outside India*              | 648,215                 | 595,983                 |
| (2) Provisions for depreciation |                         |                         |
| (a) In India                    | 15,938                  | 1,743                   |
| (b) Outside India*              | -                       | -                       |
| (3) Net value of investments    |                         |                         |
| (a) In India                    | 5,133,847               | 6,496,335               |
| (b) Outside India*              | 648,215                 | 595,983                 |

\*Investments in US Treasury bills have been reported as Investments outside India.

Investments include government securities representing face value of Rs. 2,098,050 lakhs (Previous Year: Rs. 3,736,967 lakhs ) deposited for settlement guarantee fund, default funds 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.

The Bank has no sale and transfer to/from HTM category 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.13. Investment (Continued)

##### B. Movement of provisions held towards depreciation of investments

| Particulars                                    | Amount in Rs. lakhs     |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Opening balance as on April 1                  | 1,743                   | -                       |
| Add: Provision made during the year            | 14,195                  | 1,743                   |
| Less: Write back of provisions during the year | -                       | -                       |
| Closing balance as on March 31                 | 15,938                  | 1,743                   |

##### 13.14. Non-SLR investment portfolio

##### A) Issuer composition of non-SLR investments as on March 31, 2017

| Issuer                               | Amount  | Extent of<br>private<br>placement | Extent of<br>'below<br>investment<br>grade'<br>securities | Amount in Rs. lakhs                  |                                       |
|--------------------------------------|---------|-----------------------------------|---|--------------------------------------|---------------------------------------|
|                                      |         |                                   |   | Extent of<br>'unrated'<br>securities | Extent of<br>'unlisted'<br>securities |
| Public sector undertakings           | -       | -                                 | -   | -                                    | -                                     |
| Financial institutions               | -       | -                                 | -   | -                                    | -                                     |
| Banks                                | -       | -                                 | -   | -                                    | -                                     |
| Private corporates                   | 1,242   | 1,242                             | -   | 1,242                                | 1,242                                 |
| Subsidiaries/Joint Ventures          | -       | -                                 | -   | -                                    | -                                     |
| Others                               | 648,296 | 81                                | -   | -                                    | 81                                    |
| Provisions held towards depreciation | (0)     | -                                 | -   | -                                    | -                                     |
| Total                                | 649,538 | 1,323                             | -   | 1,242                                | 1,323                                 |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.14. Non-SLR investment portfolio (Continued)

##### A) Issuer composition of non-SLR investments as on March 31, 2017 (Continued)

Issuer composition of non-SLR investments as on March 31, 2016

*Amount in Rs. lakhs*

| Issuer                               | Amount         | Extent of private placement<br>** | Extent of 'below investment grade' securities | Extent of 'unrated' securities | Extent of 'unlisted' securities |
|--------------------------------------|----------------|-----------------------------------|---|--------------------------------|---------------------------------|
| Public sector undertakings           | -              | -                                 | -   | -                              | -                               |
| Financial institutions <sup>#</sup>  | 18,536         | 18,536                            | -   | -                              | 18,536                          |
| Banks*                               | 80,265         | 39,220                            | -   | -                              | 80,265                          |
| Private corporates                   | 1,242          | 1,242                             | -   | 1,242                          | 1,242                           |
| Subsidiaries/Joint Ventures          | -              | -                                 | -   | -                              | -                               |
| Others                               | 596,954        | 971                               | -   | -                              | 971                             |
| Provisions held towards depreciation | (7)            | -                                 | -   | -                              | -                               |
| <b>Total</b>                         | <b>696,990</b> | <b>59,969</b>                     | <b>-</b>                                      | <b>1,242</b>                   | <b>101,014</b>                  |

\*\* All certificates of deposits invested through primary market are considered as private placements.

# Includes investment in certificate of deposit of public financial institutions.

\* Includes investment in certificate of deposit of public sector banks.

##### B) Non-performing non-SLR investments

There were no non performing non-SLR investments as at March 31, 2017 (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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.15. Repo and reverse repo transactions (including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) pursuant to RBI Circular dated RBI/2015-2016/403 FMRD.DIRD. 10 /14.03.002/2015-16 dated May 19, 2016) (face value)

Amount in Rs. lakhs

|  | 2016-2017                            |                                     |  |                      | 2015-2016                            |                                     |  |                      |
|--|--------------------------------------|-------------------------------------|--|----------------------|--------------------------------------|-------------------------------------|--|----------------------|
|  | Minimum outstanding during the year* | Maximum outstanding during the year | Daily average outstanding during the year* | As on March 31, 2017 | Minimum outstanding during the year* | Maximum outstanding during the year | Daily average outstanding during the year* | As on March 31, 2016 |
| Securities sold under repos              |                                      |                                     |  |                      |                                      |                                     |  |                      |
| i. Government securities                 | 103                                  | 1,269,531                           | 313,919                                    | -                    | 23,296                               | 1,388,454                           | 505,509                                    | 1,269,531            |
| ii. Corporate debt securities            | -                                    | -                                   | -  | -                    | -                                    | -                                   | -  | -                    |
| Securities purchased under reverse repos |                                      |                                     |  |                      |                                      |                                     |  |                      |
| i. Government securities                 | 12,500                               | 1,997,829                           | 512,686                                    | 1,416,081            | 5,000                                | 841,583                             | 137,550                                    | -                    |
| ii. Corporate debt securities            | -                                    | -                                   | -  | -                    | -                                    | -                                   | -  | -                    |

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

##### 13.16. Derivatives

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

Amount in Rs. lakhs

|         |                               | Notional principal as at |                |
|---------|-------------------------------|--------------------------|----------------|
|         |                               | March 31, 2017           | March 31, 2016 |
| Trading | Interest rates swaps          |                          |                |
|         | MIBOR / Overnight Index Swaps |                          |                |
|         | Pay Fixed Received Floating   | 12,472,406               | 17,330,230     |
|         | Pay Floating Received Fixed   | 12,235,409               | 16,935,530     |

# Citibank N.A.

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## Schedules forming part of the financial statements of the Indian Branches (Continued)

for the year ended March 31, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.16. Derivatives (Continued)

Details of outstanding notional principal, nature and terms of swaps (Continued):

Amount in Rs. lakhs

|             |                               | Notional principal as at |                |
|-------------|-------------------------------|--------------------------|----------------|
|             |                               | March 31, 2017           | March 31, 2016 |
| Trading     | MIFOR                         |                          |                |
| (Continued) | Pay Fixed Receive Floating    | 1,392,930                | 1,548,930      |
|             | Pay Floating Receive Fixed    | 1,589,900                | 1,845,200      |
|             | GOI Securities Yield/INBMK    |                          |                |
|             | Pay Fixed Receive Floating    | 140,000                  | 272,500        |
|             | Pay Floating Receive Fixed    | 135,000                  | 185,000        |
|             | LIBOR                         |                          |                |
|             | Pay Fixed Receive Floating    | 2,837,304                | 1,952,295      |
|             | Pay Floating Receive Fixed    | 2,232,112                | 1,060,774      |
|             | Basis swaps                   |                          |                |
|             | Pay Floating Receive Floating | 524,901                  | 411,145        |
|             | Cross Currency Swaps          |                          |                |
|             | Pay Fixed Receive Fixed       | 229,602                  | 241,344        |
|             | Pay Fixed Receive Floating    | 52,696                   | 60,514         |
|             | Pay Floating Receive Fixed    | 581,102                  | 590,595        |
|             | Pay Floating Receive Floating | 119,985                  | 272,597        |

MIBOR – Mumbai Interbank Offer Rate

MIFOR – Mumbai Interbank Forward Offer Rate

LIBOR – London Interbank Offer Rate

INBMK – Indian Benchmark Rate

Amount in Rs. lakhs

| Losses which would be incurred if the counter-parties failed to fulfill their obligations in respect of: | March 31 2017 | March 31 2016 |
|--|---------------|---------------|
| Interest rate swaps  | 112,494       | 111,638       |
| Cross Currency swaps   | 39,887        | 44,363        |

# **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, 2017*

### **Schedule 18 (Continued)**

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)**

##### **13.16. Derivatives (Continued)**

| <i>Amount in Rs. lakhs</i> |                |                |
|----------------------------|----------------|----------------|
| Fair value of:             | March 31, 2017 | March 31, 2016 |
| Interest rate swaps        | (26,290)       | (14,172)       |
| Cross Currency swaps       | 993            | (46,265)       |

- 93.18% (Previous Year: 90.93%) of Interest rate swaps and 14.10% (Previous Year: 20.83%) of Cross Currency Interest Rate Swaps have been contracted with banks. As at March 31, 2017, 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. However, certain derivative transactions would be subject to margin reset and consequent collateral exchange would be as governed by Credit Support Annex (CSA). The Bank has entered into CSAs which would require maintenance of collateral due to valuation changes on transactions under CSA framework.

##### **13.17. Disclosure pertaining to Exchange Traded Interest Rate Derivatives is given below**

| <i>Amount in Rs. lakhs</i> |   |   |   |
|----------------------------|---|---|---|
| S.No.                      | Particulars   | March 31, 2017                            | March 31, 2016                            |
| (i)                        | Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument- Government Security) | FUTIRC<br>Buy - 149,920<br>Sell - 149,293 | FUTIRC<br>Buy - 229,922<br>Sell - 214,412 |
| (ii)                       | Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March (instrument- Government Security) | FUTIRC<br>Buy - 2,417<br>Sell - 335       | -   |
| (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)          | -   | -   |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.18. 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 P&L numbers on a daily basis 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.

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 of the Bank. The Bank's current policy is to control material market risks through a framework of limits and triggers which are approved by the Local Operations Management Committee ('LOMC') 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 management in a timely manner.

In any derivative transaction undertaken with the counterparty, the Bank is exposed to the risk of replacing the contract at a loss if the counterparty were to default. Such credit exposure on derivatives 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.



# Citibank N.A.

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## Schedules forming part of the financial statements of the Indian Branches (Continued)

for the year ended March 31, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

#### 13.18 Disclosure on risk exposure on derivatives (Continued)

##### Quantitative disclosure

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.

| Amount in Rs. lakhs |  |                      |                           |                      |                           |
|---------------------|--|----------------------|---------------------------|----------------------|---------------------------|
| Sr. No.             | Particulars  | March 31, 2017       |                           | March 31, 2016       |                           |
|                     |  | Currency derivatives | Interest rate derivatives | Currency derivatives | Interest rate derivatives |
| 1.                  | Derivatives (Notional principal amount)                            |                      |                           |                      |                           |
| a)                  | For hedging  | 22,568               | -                         | 1,165,709            | -                         |
| b)                  | For trading  | 45,488,426           | 33,561,003                | 41,869,006           | 41,541,605                |
| 2.                  | Marked to market positions   |                      |                           |                      |                           |
| a)                  | Asset (+)  | 845,894              | 112,494                   | 477,555              | 111,638                   |
| b)                  | Liability (-)  | (915,598)            | (138,785)                 | (520,084)            | (125,809)                 |
| 3.                  | Credit exposure  | 1,922,060            | 394,826                   | 1,499,050            | 402,454                   |
| 4.                  | Likely impact of one percentage change in interest rate (100*PV01) |                      |                           |                      |                           |
| a)                  | on hedging derivatives   | 2.25                 | -                         | 270.99               | -                         |
| b)                  | on trading derivatives   | 4,491.77             | 6,882.13                  | 7,878.31             | 10,816.61                 |
| 5.                  | Maximum of 100*PV01 observed during the year                       |                      |                           |                      |                           |
| a)                  | on hedging   | 185.26               | -                         | 1,321.49             | -                         |
| b)                  | on trading   | 8,935.58             | 9,747.82                  | 8,719.17             | 13,441.63                 |
| 6.                  | Minimum of 100*PV01 observed during the year                       |                      |                           |                      |                           |
| a)                  | on hedging   | -                    | -                         | 270.99               | -                         |
| b)                  | on trading   | 4,197.17             | 1,578.25                  | 7,232.23             | 810.61                    |

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, 2017 is Rs. 16,538 lakhs (Previous Year: Rs. (24,303) 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, 2017

#### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.19 Risk category wise country exposure

Details of exposure as per risk category classification is as under:

| Risk Category | As at March 31, 2017 |                | As at March 31, 2016 |                |
|---------------|----------------------|----------------|----------------------|----------------|
|               | Exposure (net)       | Provision held | Exposure (net)       | Provision held |
| Insignificant | 1,347,001            | 345            | 2,035,172            | 577            |
| Low           | 470,464              | -              | 262,895              | -              |
| Moderate      | 35,402               | -              | 60,404               | -              |
| High          | -                    | -              | -                    | -              |
| Very High     | -                    | -              | -                    | -              |
| Restricted    | -                    | -              | -                    | -              |
| Off-credit    | -                    | -              | -                    | -              |
| <b>Total</b>  | <b>1,852,867</b>     | <b>345</b>     | <b>2,358,471</b>     | <b>577</b>     |

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

###### Single Borrower Limit:

- The Local Operations Management Committee (LOMC) of the Bank has approved increase in Single Borrower limits to 20% for Reliance Industries Limited, Larsen & Toubro Limited and Wipro Limited in accordance with RBI guidelines. The LOMC of the Bank has approved increase in Single Borrower limit for Housing Development Finance Corporation Limited from 10% to 15% out of which 5% will be on account of funds lent to the infrastructure sector in accordance with RBI guidelines.
- During the year ended 31 March 2017, the Bank's credit exposure to single borrowers has been within the prudential exposure limits prescribed by RBI.
- During the year ended 31 March 2016, in case of Birla Sun Life Mutual Fund the exposure exceeded the prudential exposure limit (single borrower limits) on intra-day basis on three occasions. However, for all three occasions, the exposure did not exceed the prudential exposure limit (single borrower limit) based on end of day exposure amount of the client.

###### Group Borrower Limit:

During the year ended March 31, 2017 and 31 March 2016, the Bank's credit exposure to group borrowers has been within the prudential exposure limits prescribed by RBI.

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 13.21 Details of factoring exposure:

The factoring exposure of the Bank as on March 31, 2017 is Rs. 351,018 lakhs (Previous Year: Rs. 231,386 lakhs.)

14. The following disclosures are made in accordance with 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 |           |
|--|---------------------|-----------|
|  | 2016-2017           | 2015-2016 |
| 1. Total number of loans securitized   | -                   | -         |
| 2. Book value of loans securitized   | -                   | -         |
| 3. Sale consideration  | -                   | -         |
| 4. Gain / (loss) on securitisation recognized in the Profit and Loss account | -                   | -         |
| 5. Form and quantum (outstanding value) of credit enhancement*               |                     |           |
| a. Cash Collateral   | 1,409               | 1,393     |
| b. I/O Strip   | 3                   | 5         |
| c. Guarantee   | -                   | -         |

\*In certain cases of securitisation transactions done in previous years, the Bank continues to service the loans transferred to the assignee or SPV and has provided credit enhancement in the form of cash collaterals and I/O strip to Pass Through Certificates ('PTC') holders.

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 15. 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:

| Amount in Rs. lakhs                                     |          |         |
|---|----------|---------|
| Particulars for the year ended March 31, 2017           | Gratuity | Pension |
| Change in present value of defined benefits obligations |          |         |
| Opening balance of Present value of obligations         | 18,720   | 16,852  |
| Current service cost                                    | 2,101    | 1,587   |
| Interest cost   | 1,378    | 1,300   |
| Past service costs                                      | 99       | 130     |
| Actuarial (gains) / losses on obligation                | 1,938    | 1,080   |
| Benefits paid   | (2,108)  | (378)   |
| Closing balance of present value of obligations         | 22,128   | 20,571  |
| Change in plan assets                                   |          |         |
| Opening balance of fair value of plan assets            | 13,392   | 18,585  |
| Expected return on plan assets                          | 1,216    | 1,566   |
| Contributions   | 3,942    | -       |
| Actuarial gains/ (losses) on plan assets                | 589      | 1084    |
| Benefits paid   | (2,108)  | (378)   |
| Closing balance of fair value of plan assets            | 17,031   | 20,857  |
| Net asset (liability) recognised                        |          |         |
| Present value of defined benefits obligations           | 22,128   | 20,571  |
| Fair value of plan assets                               | 17,031   | 20,857  |
| Funded status (deficit) / surplus                       | (5,097)  | 286     |
| Net (liability) asset recognised in the Balance Sheet   | (5,097)  | 286     |
| Components of employer expense                          |          |         |
| Current services cost                                   | 2,101    | 1,586   |
| Interest cost   | 1,378    | 1,300   |
| Expected return on plan assets                          | (1,216)  | (1,564) |
| Past service costs                                      | 99       | 130     |
| Net actuarial (gains) / losses                          | 1,349    | (4)     |
| Expenses recognised in the Profit and Loss account      | 3,711    | 1,448   |
| Actual return on plan assets                            | 1,805    | 2,650   |
| Investment details of plan assets                       |          |         |
| Government of India securities                          | 44.03%   | 54.02%  |
| Corporate Bonds   | 32.19%   | 38.10%  |
| Others  | 23.78%   | 7.88%   |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

#### 15. Employee benefits (Continued)

| Amount in Rs. lakhs                           |          |         |
|---|----------|---------|
| Particulars for the year ended March 31, 2017 | Gratuity | Pension |
| Discount rate                                 | 7.00%    | 7.00%   |
| Expected return on plan assets                | 8.50%    | 8.50%   |
| Salary escalation rate                        | 10.00%   | 10.00%  |
| Pension Ceiling Escalation                    | NA       | 4%      |

The expected employer's contribution next year towards gratuity is Rs. 3,020 lakhs. There will be no contribution towards pension fund next year.

| Amount in Rs. lakhs                                     |          |         |
|---|----------|---------|
| Particulars for the year ended March 31, 2016           | Gratuity | Pension |
| Change in present value of defined benefits obligations |          |         |
| Opening balance of Present value of obligations         | 15,294   | 12,321  |
| Current service cost                                    | 1,873    | 1,409   |
| Interest cost   | 1,113    | 941     |
| Past service costs                                      | -        | -       |
| Actuarial (gains) / losses on obligation                | 2,493    | 2,696   |
| Benefits paid   | (2,053)  | (515)   |
| Closing balance of present value of obligations         | 18,720   | 16,852  |
| Change in plan assets                                   |          |         |
| Opening balance of fair value of plan assets            | 12,402   | 17,503  |
| Expected return on plan assets                          | 1,069    | 1,493   |
| Contributions   | 2,403    | 631     |
| Actuarial gains/ (losses) on plan assets                | (429)    | (527)   |
| Benefits paid   | (2,053)  | (515)   |
| Closing balance of fair value of plan assets            | 13,392   | 18,585  |
| Net asset (liability) recognised                        |          |         |
| Present value of defined benefits obligations           | 18,720   | 16,852  |
| Fair value of plan assets                               | 13,392   | 18,585  |
| Funded status (deficit) / surplus                       | (5,328)  | 1,733   |
| Net (liability) asset recognised in the Balance Sheet   | (5,328)  | 1,733   |
| Components of employer expense                          |          |         |
| Current services cost                                   | 1,873    | 1,409   |
| Interest cost   | 1,113    | 941     |
| Expected return on plan assets                          | (1,069)  | (1,493) |
| Net actuarial (guins) / losses                          | 2,922    | 3,223   |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

#### 15. Employee benefits (Continued)

| Amount in Rs. lakhs                                |          |         |
|--|----------|---------|
| Particulars for the year ended March 31, 2016      | Gratuity | Pension |
| Expenses recognised in the Profit and Loss account | 4,839    | 4,080   |
| Actual return on plan assets                       | 640      | 966     |
| Investment details of plan assets                  |          |         |
| Government of India securities                     | 44.64%   | 53.65%  |
| Corporate Bonds                                    | 31.76%   | 39.21%  |
| Others   | 23.60%   | 7.14%   |
| Assumptions  |          |         |
| Discount rate                                      | 7.80%    | 7.80%   |
| Expected return on plan assets                     | 8.50%    | 8.50%   |
| Salary escalation rate                             | 10.00%   | 10.00%  |
| Pension Ceiling Escalation                         | NA       | 4%      |

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.

#### Experience Adjustments

| Amount in Rs. lakhs                                      |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|
| Gratuity   | 31-Mar-17 | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 |
| Experience History                                       |           |           |           |           |           |
| Defined benefit obligation                               | (22,127)  | (18,720)  | (15,294)  | (11,684)  | (11,713)  |
| Fair value of plan assets                                | 17,031    | 13,392    | 12,402    | 10,795    | 9,929     |
| Deficit  | (5,096)   | (5,328)   | (2,892)   | (889)     | (1,784)   |
| Experience gain / (loss) adjustments on plan liabilities | (555)     | (256)     | (1,066)   | (726)     | (18)      |
| Experience gain / (loss) adjustments on plan assets      | 589       | (429)     | 794       | (159)     | (72)      |
| Actuarial gain / (loss) due to change of assumptions     | (1,383)   | (2,236)   | (1,962)   | 1,330     | (1,577)   |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 15. Employee benefits (Continued)

|  | Amount in Rs. lakhs |           |           |           |           |
|--|---------------------|-----------|-----------|-----------|-----------|
| Pension  | 31-Mar-17           | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 |
| Experience History                                       |                     |           |           |           |           |
| Defined benefit obligation at the end of the period      | (20,571)            | (16,854)  | (12,321)  | (9,773)   | (9,951)   |
| Plan assets at the end of the period                     | 20,857              | 18,587    | 17,503    | 14,593    | 13,067    |
| Surplus  | 285                 | 1,733     | 5,182     | 4,820     | 3,116     |
| Experience gain / (loss) adjustments on plan liabilities | 217                 | (2116)    | 344       | 486       | 2,067     |
| Experience gain / (loss) adjustments on plan assets      | 1084                | (527)     | 1,444     | (310)     | (125)     |
| Actuarial gain / (loss) due to change of assumptions     | (1,296)             | (580)     | (1,554)   | 1,078     | (438)     |

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

##### 17. 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 foreign exchange, 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 offers trade and transaction services to customers. This also includes asset based finance. Revenues of this segment consist of interest and fees earned on loans made to corporate customers and 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.

# 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, 2017*

### **Schedule 18 *(Continued)***

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 *(Continued)***

##### **17. Segment Information *(Continued)***

###### *Business segment (Continued)*

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 the above segments. 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, 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 17. Segment Information (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          | 2016-2017      |                   |                |               |                  | 2015-2016      |                   |                |               |                  |
|----------------------|----------------|-------------------|----------------|---------------|------------------|----------------|-------------------|----------------|---------------|------------------|
|                      | Treasury       | Corporate Banking | Retail Banking | Other Banking | Total            | Treasury       | Corporate Banking | Retail Banking | Other Banking | Total            |
| Revenue              | 258,507        | 589,215           | 541,717        | 27,683        | 1,417,122        | 258,848        | 526,500           | 571,434        | 21,416        | 1,378,198        |
| Unallocated revenue  |                |                   |                |               | 1,262            |                |                   |                |               | 8,100            |
| <b>Total Revenue</b> | <b>258,507</b> | <b>589,215</b>    | <b>541,717</b> | <b>27,683</b> | <b>1,418,384</b> | <b>258,848</b> | <b>526,500</b>    | <b>571,434</b> | <b>21,416</b> | <b>1,386,298</b> |
| <b>Result</b>        |                |                   |                |               | <b>631,870</b>   | <b>167,098</b> | <b>275,656</b>    | <b>133,824</b> | <b>5,037</b>  | <b>589,714</b>   |
| Unallocated expenses |                |                   |                |               | (13,323)         |                |                   |                |               | (12,057)         |
| Profit before taxes  |                |                   |                |               | 618,547          |                |                   |                |               | 577,655          |
| Income taxes         |                |                   |                |               | (255,986)        |                |                   |                |               | (254,358)        |
| <b>Net profit</b>    |                |                   |                |               | <b>362,561</b>   |                |                   |                |               | <b>323,297</b>   |

| Other information        | As at 31 March 2017 |                    |                   |                     |                         | As at 31 March 2016 |                |                    |                   |                     |
|--------------------------|---------------------|--------------------|-------------------|---------------------|-------------------------|---------------------|----------------|--------------------|-------------------|---------------------|
|                          | Segment assets      | Unallocated assets | Total assets      | Segment liabilities | Unallocated liabilities | Total liabilities   | Segment assets | Unallocated assets | Total assets      | Segment liabilities |
| Segment assets           | 8,891,849           | 3,503,551          | 2,212,546         | 9,532               | 14,617,478              | 8,789,580           | 3,824,926      | 2,539,042          | 3,641             | 15,157,189          |
| Unallocated assets       |                     |                    | 221,594           |                     |                         |                     |                |                    |                   | 254,472             |
| <b>Total assets</b>      |                     |                    | <b>14,839,072</b> |                     |                         |                     |                |                    | <b>15,411,661</b> |                     |
| Segment liabilities      | 1,655,778           | 6,754,813          | 4,242,298         | 7,732               | 12,660,621              | 2,781,431           | 5,155,700      | 5,409,132          | 2,724             | 13,348,987          |
| Unallocated liabilities  |                     |                    | 2,178,451         |                     |                         |                     |                |                    |                   | 2,062,674           |
| <b>Total liabilities</b> |                     |                    | <b>14,839,072</b> |                     |                         |                     |                |                    | <b>15,411,661</b> |                     |

# 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, 2017*

### **Schedule 18 *(Continued)***

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 *(Continued)***

#### **18. Related Party Disclosure**

The following is the information on transactions and balances 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.

##### *c) Subsidiaries of Parent*

Bank Handlowy W Warszawie S.A.

Citibank A.G. Frankfurt

Citibank China Limited

Citibank Europe Plc

Citibank Japan Limited

Citibank Korea Inc.

Citibank Berhad

ZAO Citibank (Moscow)

Citibank Overseas Investment Corporation

Citibank Turkey

Citibank Nigeria Limited

Citigroup Transaction Services (Malaysia) Sdn Bhd

Citicorp Investment Bank (Singapore) Limited

## 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, 2017*

#### **Schedule 18 *(Continued)***

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 *(Continued)***

#### **18. Related Party Disclosure *(Continued)***

##### *c) Subsidiaries of Parent *(Continued)**

Citicorp Finance (India) Limited<sup>1</sup>

Citicorp Services India Private Limited<sup>1</sup>

Banco de Honduras S.A.

Citibank Colombia S.A.

Citibank del Peru S.A.

Citibank Zambia Limited

Citigroup Congo S.A.

Citigroup Pty Limited

Citibank (Trinidad & Tobago) Limited

Banco Citibank S.A.

Banco CMB (Costa Rica) S.A.

Citibank Singapore Limited

Citibank Cote d'Ivoire S.A.

Citibank Senegal S.A.

Citibank Cameroon

Citicorp Merchant Bank Limited

Citicorp International Limited

Citicorp Capital Philippines Limited

Citibank Tanzania Limited

Citibank Uganda Limited

Citibank Gabon S.A.

##### *d) Fellow Subsidiaries of Parent*

Citicorp Banking Corporation, Bahrain

Citicorp International Finance Corporation

Citigroup Global Markets Asia limited

Citigroup Global Markets Australia Pty Limited

Citigroup Global Markets Inc, New York

## 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, 2017*

#### **Schedule 18 *(Continued)***

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 *(Continued)***

#### **18. Related Party Disclosure *(Continued)***

##### *d) Fellow Subsidiaries of Parent (Continued)*

Citigroup Global Markets Singapore Pte. Ltd.

Citigroup Global Markets Mauritius Private Limited

Citigroup Global Markets Japan

Citigroup Services Japan Limited

Citigroup Strategic Holding Mauritius Limited

Citigroup Holdings Mauritius Ltd

Citigroup Technology Inc

Citicorp North America, Inc.

Citishare Corporation US

Citigroup Global Markets India Private Limited<sup>1</sup>

Orbitech Limited<sup>1</sup>

Citicorp Credit Services Inc. USA

Citicorp Securities Asia Pacific Limited

Citicorp Banking Corporation, Bahamas

Citigroup Global Markets Hong Kong Limited

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

#### 18. Related Party Disclosure (Continued)

##### e) Key Management Personnel

Mr. Pramit Jhaveri – CEO

<sup>1</sup> Indicates companies incorporated in India

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 |           |
|                                     | 2016-2017            | 2015-2016  | 2016-2017    | 2015-2016 | 2016-2017           | 2015-2016 |
| Fees paid                           | 63,322               | 47,633     | 18,247       | 17,081    | 6,787               | 4,780     |
| Interest paid on borrowing          | 8,596                | 6,310      | 320          | 1,438     | -                   | -         |
| Interest paid on deposit            | -                    | -          | 5,092        | 3,001     | 8,109               | 13,246    |
| Fees received                       | 17,515               | 3,091      | 10,893       | 5,287     | 11,204              | 425       |
| Interest earned                     | 2,344                | 1,489      | 2,375        | 1,919     | 3                   | -         |
| Spread on Forex Transactions        | 1                    | -          | 1,410        | 2,057     | 979                 | 929       |
| Loans disbursed                     | -                    | -          | 6,520,600    | 4,516,200 | -                   | -         |
| Deposits placed                     | 98,950,887           | 91,586,328 | -            | -         | -                   | -         |
| Time deposits received              | -                    | -          | 1,846,806    | 994,008   | 3,502,405           | 2,383,342 |
| Borrowings                          | 13,158,235           | 7,650,978  | 2,168        | 1,060     | -                   | -         |
| Loan Portfolio purchased            | -                    | -          | 19,957       | 20,391    | -                   | -         |
| Loan Assignment                     | -                    | -          | 186,060      | 43,807    | -                   | -         |
| Purchase of fixed assets            | -                    | -          | 1,260        | 1,521     | -                   | -         |
| Purchase of fixed income securities | -                    | -          | 2,223,384    | 1,289,758 | 1,249,664           | 597,012   |
| Sales of fixed income securities    | -                    | -          | 2,146,022    | 1,240,797 | 133,110             | -         |
| Sale of fixed assets                | -                    | -          | 233          | 296       | -                   | -         |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

#### 18. Related Party Disclosure (Continued)

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

| Particulars   | Amount in Rs. lakhs |                    |                  |                  |                     |                  |
|---|---------------------|--------------------|------------------|------------------|---------------------|------------------|
|   | Parents & Branches  |                    | Subsidiaries     |                  | Fellow Subsidiaries |                  |
|   | 2016-2017           | 2015-2016          | 2016-2017        | 2015-2016        | 2016-2017           | 2015-2016        |
| Accounts payable/Other payables                           | 13,339              | 19,258             | 5,204            | 6,823            | 1,408               | 4,434            |
|   | <i>23,687</i>       | <i>25,230</i>      | <i>8,638</i>     | <i>13,726</i>    | <i>4,009</i>        | <i>12,101</i>    |
| Accounts receivable/Other receivables                     | 3,383               | 4,732              | 4,545            | 6,414            | 11,651              | 11,248           |
|   | <i>10,047</i>       | <i>8,086</i>       | <i>10,356</i>    | <i>11,183</i>    | <i>15,609</i>       | <i>28,213</i>    |
| Borrowings/Deposits                                       | 523,915             | 771,187            | 135,958          | 94,000           | 108,439             | 136,803          |
|   | <i>1,783,715</i>    | <i>2,476,069</i>   | <i>278,980</i>   | <i>154,234</i>   | <i>358,420</i>      | <i>401,755</i>   |
| Balance in current account/Cash credit/ (Demand deposits) | 20,950              | (63,663)           | (31,270)         | (77,944)         | (11,573)            | (7,543)          |
|   | <i>(1,409,318)</i>  | <i>(1,114,133)</i> | <i>(362,663)</i> | <i>(309,482)</i> | <i>(200,422)</i>    | <i>(282,681)</i> |
| Loans/Placements  | 2,979               | 509,579            | -                | -                | -                   | -                |
|   | <i>1,425,991</i>    | <i>1,139,564</i>   | <i>122,000</i>   | <i>111,080</i>   | -                   | -                |
| Positive MTM <sup>1</sup>                                 | 59,185              | 54,764             | 5,278            | 2,407            | 574                 | 60               |
|   | <i>94,870</i>       | <i>54,764</i>      | <i>5,371</i>     | <i>2,407</i>     | <i>1,313</i>        | <i>1,666</i>     |
| Negative MTM <sup>1</sup>                                 | 55,665              | 84,054             | 9                | 175              | 5                   | 19               |
|   | <i>98,515</i>       | <i>84,054</i>      | <i>423</i>       | <i>457</i>       | <i>230</i>          | <i>21</i>        |
| Non Funded Commitments <sup>1</sup>                       | 301,151             | 349,516            | 21,241           | 53,816           | 19,225              | 12,722           |
|   | <i>301,644</i>      | <i>370,042</i>     | <i>54,523</i>    | <i>54,097</i>    | <i>22,623</i>       | <i>12,722</i>    |

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

Maximum balances disclosed above for each item is aggregation of peak balances for each counterparty during the year.

<sup>1</sup>Maximum balances indicate maximum of the balances as at quarter ends.

Provisions in respect of outstanding amounts: Nil (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, 2017*

### **Schedule 18 (Continued)**

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)**

##### **18. Related Party Disclosure (Continued)**

**Outstanding balances as at year end and maximum balance during the year: (Continued)**

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

There is only one related party in the category of 'Key Management Personnel'. In terms of paragraph 4.5 of RBI circular DRP.BP.BC No.23/21.04.018/2015-16 dated July 1, 2015, no disclosure under AS-18 is made other than reporting the relationship with the related party.

##### **Material related party transactions:**

The following were the material transactions between the Bank and its related parties for the year ended 31 March 2017. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

##### **Fees Paid**

Payment of fees to Citibank N.A. Singapore Branch Rs. 41,832 lakhs (Previous Year: Rs. 40,110 lakhs).

##### **Interest Paid on Borrowings**

Payment of Interest on Borrowings from Citibank N.A. London Branch Rs. 1,164 lakhs (Previous Year: Rs. 1,026 lakhs), and Citibank N.A. New York Rs. 7,161 lakhs (Previous Year: Rs. 5,187 lakhs).

##### **Interest Paid on Deposits**

Payment of Interest on Deposits placed by Citicorp Services India Private Ltd Rs. 4,750 lakhs (Previous Year: Rs. 3,115 lakhs) and Citigroup Global Markets India Private Limited Rs. 7,772 lakhs (Previous Year: Rs. 12,804 lakhs).

##### **Fees Received**

Receipt of Fees from Citibank N.A. Jersey Rs. 4,638 lakhs (Previous Year: NIL), Citicorp Finance (India) Limited Rs. 5,192 lakhs (Previous Year: Rs. 2,275 lakhs), Citibank N.A. New York Rs. 7,597 lakhs (Previous Year: Rs. 767 lakhs) and Citigroup Global Markets India Private Limited Rs. 7,943 lakhs (Previous Year: Rs. 305 lakhs).

##### **Interest Earned**

Receipt of Interest on Placements with Citibank N.A. New York Rs. 1,360 lakhs (Previous Year: Rs. 1,102 lakhs), Citibank N.A. London Branch Rs. 840 Lakhs (Previous Year: Rs. 283 Lakhs) and interest on loans to Citicorp Finance (India) Limited Rs. 2,365 lakhs (Previous Year: Rs. 1,894 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, 2017*

#### **Schedule 18 *(Continued)***

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 *(Continued)***

##### **18. Related Party Disclosure *(Continued)***

###### **Material related party transactions *(Continued)*:**

###### **Spread on Forex Transactions**

Spread Profit earned on forex contracts made with Citicorp Services Private India Ltd Rs. 1,313 lakhs (Previous Year: Rs. 2,026 lakhs), Citigroup Global Markets Mauritius Private Limited Rs. 638 lakhs (Previous Year: Rs. 862 lakhs) and Orbitech Limited Rs. 258 Lakhs (Previous Year: Rs. 32 Lakhs).

###### **Deposits Placed**

Deposits Placed with Citibank N.A. London Branch Rs. 44,991,595 lakhs (Previous Year: Rs. 23,453,308 lakhs) and Citibank N.A. New York Rs. 53,293,607 lakhs (Previous Year: Rs. 68,118,541 lakhs).

###### **Time Deposits Received**

Time Deposits Received from Citicorp Finance (India) Limited Rs. 998,907 lakhs (Previous Year: Rs. 541,465 lakhs), Citicorp Services India Private Limited Rs. 847,899 lakhs (Previous Year: Rs. 452,543 lakhs) and Citigroup Global Markets India Private Limited Rs. 3,427,738 lakhs (Previous Year: Rs. 2,157,250 lakhs).

###### **Borrowings**

Borrowed from Citibank N.A. Singapore Branch Rs. 5,418,005 lakhs (Previous Year: Rs. 6,824,995 lakhs) and Citibank N.A. London Branch Rs. 7,738,358 Lakhs (Previous Year: Rs. 295,563 Lakhs).

###### **Purchase of Fixed Income Securities**

Fixed Income Securities Purchased from Citicorp Investment Bank (Singapore) Limited Rs. 2,223,384 lakhs (Previous Year: Rs. 1,289,758 lakhs) and Citigroup Global Markets Inc., Asia Rs. 1,249,664 lakhs (Previous Year: Rs. 597,012 lakhs).

19. Other expenditure (included in Schedule 16 (XI)) includes Rs. 21,508 lakhs towards fees to related Citi entities and Other Income (included in Schedule 14 (I)) includes Rs. 31,844 lakhs fees from related Citi entities leading to a net increase in profit & loss of Rs. 10,336 lakhs. These fees are based on refinements in the transfer pricing model which has been effective April 1, 2016. The refined model is aimed at simplifying and standardizing country and intercompany reporting while properly recognizing and rewarding components of the value chain through net revenue allocation for respective country locations and legal entities.

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 20. Intra Group Exposure

| Particulars  | Amount in Rs. lakhs     |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| a) Total amount of intra-group exposures   | 246,924                 | 302,503                 |
| b) Total amount of top-20 intra-group exposures  | 246,924                 | 302,503                 |
| c) Percentage of intra-group exposures to total exposure of the bank on borrowers / customers  | 0.74%                   | 0.80%                   |
| d) Details of breach of limits on intra-group exposures and regulatory action thereon, if any. | Nil                     | Nil                     |

##### 21. Letter of Comfort

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

##### 22. Deferred taxes

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

| Description                     | Amount in Rs. lakhs     |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <i>Deferred tax assets</i>      |                         |                         |
| Provision on advances           | 54,809                  | 53,248                  |
| Others                          | 3,772                   | 5,118                   |
| <i>Deferred tax liabilities</i> |                         |                         |
| Depreciation                    | (11,187)                | (9,296)                 |
| Others                          | (20,385)                | (18,704)                |
| Deferred tax assets (net)       | 27,009                  | 30,366                  |

# **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, 2017*

### **Schedule 18 (Continued)**

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)**

##### **23. 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:

|   | <i>Amount in Rs. lakhs</i> |                         |
|---|----------------------------|-------------------------|
|   | As at<br>March 31, 2017    | As at<br>March 31, 2016 |
| <b>Gross investment as at the date of the balance sheet</b>                   |                            |                         |
| Not later than one year   | 1,180                      | 1,215                   |
| Later than one year but not later than five years                             | 1,343                      | 1,597                   |
| Later than 5 years  | -                          | -                       |
| <b>Total</b>  | <b>2,523</b>               | <b>2,812</b>            |
| <b>Present value of minimum lease payment as at the date of balance sheet</b> |                            |                         |
| Not later than one year   | 967                        | 966                     |
| Later than one year but not later than five years                             | 1,201                      | 1,417                   |
| Later than 5 years  | -                          | -                       |
| <b>Total</b>  | <b>2,168</b>               | <b>2,383</b>            |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 24. Operating leases

Information provided herein pertains to commercial and residential premises taken on operating leases:

| Particulars  | Amount in Rs. lakhs     |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| The amount of minimum lease payments recognized in the Profit and Loss account in respect of operating lease | 257                     | 959                     |
| The total of future minimum lease payments recognized under non-cancellable operating leases:                |                         |                         |
| Not later than one year  | 280                     | 119                     |
| Later than one year but not later than five years  | 9                       | 41                      |
| Later than 5 years   | -                       | -                       |
| <b>Total</b>   | <b>289</b>              | <b>160</b>              |

- 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.

##### 25. Provisions and contingencies

| Particulars  | Amount in Rs. lakhs |          |               |          |
|--|---------------------|----------|---------------|----------|
|  | 2016-2017           |          | 2015-2016     |          |
|  | Reward Points       | Frauds   | Reward Points | Frauds   |
| Opening provisions                                   | 8,663               | 4        | 5,410         | 94       |
| Provisions made during the year                      | 61,587              | -        | 40,333        | 2        |
| Utilisation/write back of provisions during the year | 57,514              | 1        | 37,080        | 92       |
| <b>Closing provisions</b>                            | <b>12,736</b>       | <b>3</b> | <b>8,663</b>  | <b>4</b> |

# 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, 2017*

### **Schedule 18 (Continued)**

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)**

26. The Bank has reported 177 cases of fraud in the financial year ending March 31, 2017 amounting to Rs. 1,172 lakhs (Previous Year: 115 cases amounting to Rs. 511 lakhs). The Bank has expensed off/ provided for the expected loss arising from these frauds and does not have any unamortised provision.
27. The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.
28. 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. Contingent liability reported in Schedule 12 of Balance Sheet under "Claims against bank not acknowledged as debts" is net of provision amount held against the claims, which are classified as probable or reasonably possible. The Bank has documented the processes and operating procedures for classification of cases into the above categories basis the nature of claims.

##### *ii) Liability on account of forward exchange and 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. The amount reported as contingent liability under Schedule 12 -II comprises of currency derivatives and Schedule 12- III comprises of interest rate derivatives.

# 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, 2017*

### **Schedule 18 (Continued)**

#### **V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)**

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

##### *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 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 government securities bought and remaining to be settled on the date of financial statements;
- 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;
- e. Government Securities underwritten;
- f. Contribution to Depositor's Education Awareness Fund;
- g. Amount of Bills rediscounted under the Bills rediscounting scheme; and
- h. Undrawn portion of committed credit lines.

#### **29. 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 participate in the said plans. Being a branch of Citibank N.A. which itself is an unlisted entity, the distributed stocks are those of the parent which are listed on the New York Stock Exchange. The cost of such 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. The cost is based on applicable share prices ruling on grant dates as per details provided by the parent and these are further adjusted at the period of vesting.

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 29. Employee share-based payments (Continued)

Accordingly, during the year, the Bank has charged an amount of Rs. 1,823 lakhs (Previous Year: Rs. 2,390 lakhs ) under the head "Payments to and provisions for employees", as cost of such awards granted to employees. The Bank has also debited amount of Rs. 1,514 lakhs (Previous Year: Rs. 641 lakhs credit) on account of the difference in applicable share prices on the grant date and the vesting date at the time of cash settlement with the parent.

Further the Bank has submitted information to RBI for the current year, in conformity of the requirement specified under Section C.1.(1)(d) of the RBI Master Circular reference RBI/2015-16/41, No. 11/2015-16 dated July 01, 2015.

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

| Particulars   | Amount in Rs. lakhs |                |
|---|---------------------|----------------|
|   | March 31, 2017      | March 31, 2016 |
| Number of suppliers registered with competent authorities   | 40                  | 33             |
| Principal amount remaining unpaid beyond the due date to any supplier as at the year end  | 2                   | 80             |
| Interest due thereon  | -                   | -              |
| Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year  | 338                 | 393            |
| 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  | 12                  | 18             |
| Amount of interest accrued and remaining unpaid at the end of the accounting year   | 12                  | 18             |
| 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.

##### 31. There were no penalties levied by RBI during the year ended March 31, 2017. (Previous Year: Rs. Nil lakhs).

##### 32. As at March 31, 2017, there were no outstanding advances against security of intangible assets (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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

33. In accordance with RBI instructions for compilation of the 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                                     | 2016-2017 | 2015-2016 |
| Service provider expenses                             | 61,489    | 59,646    |
| Transfer pricing fees (see Schedule 18 - Note V (19)) | 21,508    | -         |

#### 34. Details of Complaints

##### a. Customer Complaints

| Particulars  | 2016-2017 | 2015-2016 |
|--|-----------|-----------|
| (a) No. of complaints pending at the beginning of the year | 71        | 68        |
| (b) No. of complaints received during the year             | 5,421     | 6,562     |
| (c) No. of complaints redressed during the year            | 5,404     | 6,559     |
| (d) No. of complaints pending at the end of the year       | 88        | 71        |

##### b. Awards passed by the Banking Ombudsman

| Particulars   | 2016-2017 | 2015-2016 |
|---|-----------|-----------|
| (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       | Nil       |
| (c) No. of Awards implemented during the year                     | Nil       | Nil       |
| (d) No. of unimplemented Awards at the end of the year            | Nil       | Nil       |

#### 35. Bancassurance business

| Amount in Rs. lakhs |   |           |           |
|---------------------|---|-----------|-----------|
| Sr. No.             | Nature of Income                        | 2016-2017 | 2015-2016 |
| 1                   | For selling life insurance policies     | 3,990     | 2,848     |
| 2                   | For selling non life insurance policies | 2,022     | 760       |
| 3                   | For selling mutual fund products        | 21,671    | 17,809    |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 36. Provision Coverage Ratio

The Provisioning Coverage Ratio of the Bank stands at 86.73% as on March 31, 2017 (Previous Year: 83.04%). In accordance with RBI circular DBR .No. BP . BC . 2 / 21 .04 . 048 /2015-16 dated July 1, 2015, 'technical write-offs' upto the balance sheet date are included in the Provision Coverage Ratio.

##### 37. Transfers to Depositor Education and Awareness Fund (DEAF)

In accordance with RBI guidelines issued vide circular DBOD.No.DEAF Cell.BC.101/30.01.002/2013-14 dated March 21, 2014, the Bank has transferred unclaimed balances on its books to DEAF in the current year in accordance with the said guidelines as per the details provided in the following table:

| Amount in Rs. lakhs                                   |           |           |
|---|-----------|-----------|
| Particulars   | 2016-2017 | 2015-2016 |
| (a) Opening balance of amounts transferred to DEAF    | 13,894    | 7,633     |
| (b) Add : Amounts transferred to DEAF during the year | 6,903     | 6,261     |
| (c) Less : Amounts reimbursed by DEAF towards claims  | 735       | -         |
| (d) Closing balance of amounts transferred to DEAF    | 20,062    | 13,894    |

##### 38. Corporate Social Responsibility (CSR)

The Bank is required to make CSR contributions as per the guidelines specified in the Companies Act, 2013. Further, the Bank being regulated by RBI is required to comply with the regulations specified under the Banking Regulation Act, 1949 and guidelines issued by RBI from time to time. RBI, vide circular DBOD.No.Dir.BC. 50/13.01.01/2005-06 dated December 21, 2005, has limited the aggregate amount of donations by a bank during a financial year to one percent of the published profit of the bank for the previous year. The Bank has accordingly applied this guideline in determining the CSR amount required to be spent for the current year as presented in the table below:

| Amount in Rs. lakhs                               |           |           |
|---|-----------|-----------|
| Particulars                                       | 2016-2017 | 2015-2016 |
| Gross amount required to be spent during the year | 3,233     | 3,423     |
| Amount spent during the year                      | 1,924     | 1,759     |
| (i) Construction/acquisition of any asset         | -         | -         |
| (ii) On purpose other than (i) above              |           |           |
| In cash   | 1,924     | 1,536     |
| Yet to be paid in cash                            | -         | 223       |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

#### 39. Concentration of Deposits, Advances, Exposures and NPAs

##### A (i) Concentration of Deposits

| Particulars  | Amount in Rs. lakhs     |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Total Deposit of twenty largest depositors*  | 1,841,576               | 1,406,074               |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank* | 17.85%                  | 14.11%                  |

\* Inter-bank deposits are excluded

##### (ii) Concentration of Advances\*

| Particulars  | Amount in Rs. lakhs     |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Total Advances to twenty largest borrowers                                       | 6,524,318               | 7,760,330               |
| Percentage of Advances to twenty largest borrowers to Total Advances of the Bank | 20.41%                  | 21.18%                  |

\* Represents credit exposure (funded and non-funded) including derivatives exposure as prescribed in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

##### (iii) Concentration of Exposures\*

| Particulars  | Amount in Rs. lakhs     |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Total Exposure to twenty largest borrowers/customers   | 6,919,903               | 8,234,053               |
| Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers | 20.75%                  | 21.73%                  |

\* Represents credit and investment exposure as prescribed in Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

##### (iv) Concentration of NPAs

| Particulars                                     | Amount in Rs. lakhs     |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Total Exposure to top four NPA accounts (Gross) | 14,561                  | 14,620                  |

## 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, 2017***Schedule 18 (Continued)****V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)****39. Concentration of Deposits, Advances, Exposures and NPAs (Continued)****B. Sector-wise Advances***Amount in Rs. lakhs*

| Sl. No   | Sector  | As at March 31, 2017       |            |  |
|----------|---|----------------------------|------------|--|
|          |   | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector |
| <b>A</b> | <b>Priority Sector</b>  |                            |            |  |
| 1        | Agriculture and allied activities                                       | 525,463                    | 4,978      | 0.95%  |
| 2        | Advances to industries sector eligible as priority sector lending       | 922,289                    | 660        | 0.07%  |
|          | Of which  |                            |            |  |
|          | (a) Wholesale Trade   | 91,236                     | -          | 0.00%  |
|          | (b) Chemicals & Chemical Products                                       | 248,554                    | -          | 0.00%  |
|          | (c) Automobiles   | 91,596                     | -          | 0.00%  |
| 3        | Services  | 483,776                    | 7,857      | 1.62%  |
|          | Of which  |                            |            |  |
|          | (a) Professional Services   | 153,630                    | -          | 0.00%  |
|          | (b) Computer Software   | 153,513                    | -          | 0.00%  |
| 4        | Personal loans*   | 97,620                     | 3,043      | 3.12%  |
|          | Sub-total (A)   | 2,029,148                  | 16,538     | 0.81%  |
| <b>B</b> | <b>Non Priority Sector</b>  |                            |            |  |
| 1        | Agriculture and allied activities                                       | -                          | -          | 0.00%  |
| 2        | Industry  | 1,195,672                  | 22,266     | 1.86%  |
|          | Of which  |                            |            |  |
|          | (a) All Engineering (Electronics & Others)                              | 275,027                    | 8,384      | 3.05%  |
|          | (b) Automobiles   | 165,184                    | 6,145      | 3.72%  |
|          | (c) Chemicals & Chemical Products                                       | 167,192                    | 4,019      | 2.40%  |
|          | (d) Infrastructure  | 202,559                    | 1,263      | 0.62%  |
|          | (e) Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 122,741                    | -          | 0.00%  |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

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

##### B. Sector-wise Advances (Continued)

| Amount in Rs. lakhs |                           |                            |            |  |
|---------------------|---------------------------|----------------------------|------------|--|
| Sl. No              | Sector                    | As at March 31, 2017       |            |  |
|                     |                           | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector |
| B                   | Non - Priority Sector     |                            |            |  |
| 3                   | Services                  | 480,791                    | 4,836      | 1.01%  |
|                     | Of which                  |                            |            |  |
|                     | (a) Professional Services | 253,895                    | 74         | 0.03%  |
|                     | (b) Wholesale Trade       | 117,631                    | 1,968      | 1.68%  |
| 4                   | Personal loans*           | 1,839,726                  | 41,111     | 2.23%  |
|                     | Sub-total (B)             | 3,516,189                  | 68,213     | 1.94%  |
|                     | Total (A+B)               | 5,545,337                  | 84,751     | 1.53%  |

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

| Amount in Rs. lakhs |   |                            |            |  |
|---------------------|---|----------------------------|------------|--|
| Sl. No              | Sector  | Outstanding Total Advances | Gross NPAs | % of Gross NPAs to Total Advances in that sector |
| A                   | Priority Sector   |                            |            |  |
| 1                   | Agriculture and allied activities                                 | 333,560                    | 2,459      | 0.74%  |
| 2                   | Advances to industries sector eligible as priority sector lending | 1,067,324                  | 623        | 0.06%  |
|                     | Of which  |                            |            |  |
|                     | (a) Wholesale Trade   | 77,531                     | -          | 0.00%  |
|                     | (b) Chemicals & Chemical Products                                 | 311,702                    | -          | 0.00%  |
|                     | (c) Automobiles   | 127,668                    | -          | 0.00%  |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

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

##### B. Sector-wise Advances (Continued)

|          |   |                            |               | Amount in Rs. lakhs                              |
|----------|---|----------------------------|---------------|--|
| Sl. No   | Sector  | As at March 31, 2016       |               |  |
|          |   | Outstanding Total Advances | Gross NPAs    | % of Gross NPAs to Total Advances in that sector |
| <b>A</b> | <b>Priority Sector</b>  |                            |               |  |
| 3        | Services  | 579,309                    | 10,236        | 1.77%  |
|          | Of which  |                            |               |  |
|          | Professional Services   | 127,816                    | -             | 0.00%  |
|          | Computer Software   | 244,746                    | -             | 0.00%  |
| 4        | Personal loans*   | 138,490                    | 3,281         | 2.37%  |
|          | Sub-total (A)   | 2,118,683                  | 16,599        | 0.78%  |
| <b>B</b> | <b>Non Priority Sector</b>  |                            |               |  |
| 1        | Agriculture and allied activities                                       | -                          | -             | 0.00%  |
| 2        | Industry  | 1,446,408                  | 22,720        | 1.57%  |
|          | Of which  |                            |               |  |
|          | (a) All Engineering (Electronics & Others)                              | 281,280                    | 8,645         | 3.07%  |
|          | (b) Automobiles   | 180,514                    | 5,987         | 3.32%  |
|          | (c) Chemicals & Chemical Products                                       | 231,582                    | 4,117         | 1.78%  |
|          | (e) Infrastructure  | 249,220                    | 1,418         | 0.57%  |
|          | (d) Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 162,610                    | -             | 0.00%  |
| 3        | Services  | 508,790                    | 5,122         | 1.01%  |
|          | Of which  |                            |               |  |
|          | (a) Professional Services   | 330,239                    | 269           | 0.08%  |
|          | (b) Wholesale Trade   | 90,631                     | 1,925         | 2.12%  |
| 4        | Personal loans*   | 2,137,067                  | 41,610        | 1.95%  |
|          | Sub-total (B)   | 4,092,265                  | 69,452        | 1.70%  |
|          | <b>Total (A+B)</b>  | <b>6,210,948</b>           | <b>86,051</b> | <b>1.39%</b>                                     |

\* Personal loans include credit card, personal loans, ready credit, advances against financial assets, 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

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

##### C. Movement of NPAs

*Amount in Rs. lakhs*

| Particulars  | 2016-2017 | 2015-2016 |
|--|-----------|-----------|
| Gross NPAs as on April 1   | 86,051    | 78,057    |
| Additions (Fresh NPAs) during the year                             | 79,467    | 75,207    |
| Sub-total (A)  | 165,518   | 153,264   |
| Less:-   |           |           |
| (i) Upgradations   | 26,189    | 7,883     |
| (ii) Recoveries (excluding recoveries made from upgraded accounts) | 18,041    | 23,412    |
| (iii) Technical Write-offs   | 35,489    | 34,039    |
| (iv) Write offs (other than those under (iii) above)               | 1,048     | 1,879     |
| Sub-total (B)  | 80,767    | 67,213    |
| Gross NPAs as on March 31  | 84,751    | 86,051    |

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

##### D. Movement in Technical Write-Off

*Amount in Rs. lakhs*

| Particulars   | 2016-2017 | 2015-2016 |
|---|-----------|-----------|
| Opening Balance   | 92,136    | 114,960   |
| Add: Technical/ Prudential write-offs during the year   | 35,489    | 34,039    |
| Less: Recoveries made from previously technical/ prudential written-off accounts during the year* | 22,444    | 56,863    |
| Closing balance   | 105,181   | 92,136    |

\* Also includes recovery from cases of technical write off 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

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

##### E. Overseas Assets, NPAs and Revenue

Amount in Rs. lakhs

| Particulars   | 2016-2017 | 2015-2016 |
|---------------|-----------|-----------|
| Total Assets  | 753,250   | 1,135,333 |
| Total NPAs    | -         | -         |
| Total Revenue | 2,776     | 1,681     |

The above disclosure comprises of: a) Balance with Banks outside India in current account and other deposit accounts and b) Investments outside India.

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

Amount in Rs. lakhs

| Name of the SPV sponsored | 2016-2017 | 2015-2016 |
|---------------------------|-----------|-----------|
| Domestic                  | Nil       | Nil       |
| Overseas                  | Nil       | Nil       |

40. The following disclosures are made in accordance with RBI circular DBOD.No.BP.BC.103/21.04.177/2011-12 dated May 7, 2012 with respect to transfer of assets through direct assignment of cash flows:

Amount in Rs. lakhs

| Particulars  | 2016-2017 | 2015-2016 |
|--|-----------|-----------|
| Total amount of assets transferred through Direct Assignment of Cash Flows   | 203,909   | 51,319    |
| Total amount of On Balance Sheet exposures retained by the bank to comply with MRR as on the date of Balance Sheet | 19,322    | 4,859     |

#### 41. Transactions in Priority Sector Lending Certificates (PSLCs)

PSLCs purchased and sold during the year ended March 31, 2017:

Amount in Rs. lakhs

| Particulars              | Purchased | Sold   |
|--------------------------|-----------|--------|
| PSLC - Agriculture       | 100,000   |        |
| PSLC - SF/MF             | 50,000    | 40,000 |
| PSLC - Micro Enterprises |           | 20,000 |
| PSLC - General           |           | 5,000  |

# 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, 2017

### Schedule 18 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2017 (Continued)

##### 42. Divergence in asset classification and provisioning for NPAs

In terms of the Reserve Bank of India circular no. DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements. As per RBI's annual supervisory process for the year ended March 31, 2016 there are no divergence in the asset classification and provisioning of the Bank.

##### 43. In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), which largely converges with International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs).

For banking companies, the implementation of Ind AS will begin from April 1, 2018 onwards, with comparatives for the year beginning April 1, 2017.

Based on RBI directions, the Bank has formed a Steering Committee to oversee Ind AS implementation which has members from Risk, Operations & Technology, Compliance and Finance. The Committee oversees the progress of Ind AS implementation in the Bank, and provides guidance on critical aspects of the implementation. An update on the implementation status is also submitted to the Local Operating Managing Committee at quarterly intervals.

##### 44. The Bank believes that the MCA notification G.S.R. 308(E) dated March 30, 2017 regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 is not applicable to banking companies. Accordingly, the disclosures prescribed under the said notification are not required to be made by the Bank. 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/W-100022

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

Manoj Kumar Vijai

Partner

Membership No: 046882

Pramit Jhaveri

Chief Executive Officer

Niraj Parekh

Chief Financial Officer

Mumbai

27 June 2017