



## **BASEL III DISCLOSURES**

### **1.1 General**

The BASEL III disclosures contained herein relate to Citibank N.A., India Branches (herein also referred to as the 'Bank') as of June 30, 2015. These are compiled in accordance with Reserve Bank of India (the 'RBI') regulations on Master Circular – Basel III Capital Regulations vide RBI Circular DBOD.No.BP.BC.6/21.06.201/2014-15 dated July 1, 2014 as amended from time to time.

### **1.2 Capital Structure**

The capital funds of the bank include the following:

#### **Tier 1 Capital:**

1. Interest-free funds from Head Office specifically for the purpose of meeting the capital adequacy norms.
2. Statutory reserves calculated at 25 % of each year's profit.
3. Capital reserve not eligible for repatriation so long as the Bank functions in India.
4. Other free reserves
5. Remittable surplus
6. Deductions: Deferred Tax assets, Defined assets, Defined pension benefit asset, Intangibles and Prudential Valuation adjustment for Illiquid Positions

#### **Tier 2 Capital:**

1. Revaluation reserves arising from revaluation of the premises owned after a discount of 55%
2. General Provisions on Standard Assets
3. Floating provision
4. Investment Reserve



Rs. in Million

**Quantitative disclosures:**

	<b>Standalone</b>	<b>Consolidated</b>
	<b>June 30, 2015</b>	<b>June 30, 2015</b>
<b>Tier 1 Capital</b>		
Common Shares (Paid-up equity Capital)	-	28,933
Statutory Reserves	-	5,053
Other disclosed free reserves	-	367
Balance in profit & Loss account at the end of previous financial year	-	
Current Financial profit, to the extent admissible	-	0
Interest free funds from H.O (for foreign bank)	37,438	37,438
Statutory Reserves kept in Indian book for foreign bank	54,990	54,990
Remittable Surplus retained in Indian books	70,235	70,829
Capital Reserves (non-patriable surplus from sale of assets in India)	1,154	1,154
Interest free funds remitted from abroad for acquisition of property and held in separate account	619	619
Any other instrument permitted by RBI	1,143	1,143
Common Equity Tier I	<b>165,581</b>	<b>200,527</b>
Regulatory Adjustments		
Intangibles	3,049	3,062
Deferred Tax Asset	3,988	6,654
Defined benefit Pension fund asset	518	518
Other eligible deduction from CET1 (Prudential valuation adjustment)	358	358
Total Regulatory Adjustments	<b>7,913</b>	<b>10,592</b>
Total Tier I Capital (A)	<b>157,668</b>	<b>189,935</b>
<b>Tier II Capital</b>		
General Provision and loss reserves	6,851	7,079
Revaluation Reserves at discount of 55%	1,552	1,552
Any other instrument permitted by RBI for inclusion in Tier 2 capital	3,967	3,967
	12,370	12,598
Regulatory Adjustments		
Regulatory adjustment applied in respect of amount related to pre-Basel III treatment	0	0
Total Regulatory Adjustments	0	0
Total Tier II Capital (B)	<b>12,370</b>	<b>12,598</b>
Total of Tier I + Tier II (A) + (B) = (C)	<b>170,038</b>	<b>202,533</b>



### 1.3 Capital Adequacy

The Bank has in place processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that they consider adequate to cover the nature and level of the risks to which they are or might be exposed. The capital plan is put up to the Local Operations Management Committee (LOMC) for review and approval from time to time. The Bank India Branch is primarily engaged in providing wholesale, retail and private banking services.

The Bank has an Internal Capital Adequacy Assessment Process (ICAAP) which establishes a framework for the Bank to perform a comprehensive assessment of the risks they face and to relate capital adequacy to these risks. Furthermore, the capital analysis performed by the Bank is expected to encompass all significant risks, not only those risks captured by the Pillar 1 minimum regulatory capital calculation. A long tenor capital forecast is prepared for the Bank and reviewed by the senior management team.

Citi uses a Risk Based Capital framework to capture and quantify risks across the business. The returns of the products or line of activity are assessed in relation to the risk capital and is tested against the benchmark.

As required under the Basel III guidelines issued by the Reserve Bank of India, the Bank has adopted Standardized Approach (SA) for credit risk, Standardized Duration approach (SDA) for computing capital requirement for market risks and Basic Indicator Approach (BIA) for operational risk.

#### Capital requirements for credit risk:

Rs. in Million

Category	Nature	Standalone		Consolidated	
		As at June 30, 2015		As at June 30, 2015	
		Risk weighted assets	Capital charge	Risk weighted assets	Capital charge
Wholesale exposures	Generally includes exposures to Banks, Financial Institutions and Corporates	680,542	61,249	741,073	66,697
Retail exposures	Generally includes exposures to individuals and households, small businesses of a retail nature	276,621	24,896	276,621	24,896
Securitization exposures	Includes credit enhancement which is reduced from Capital funds (refer capital funds details at 1.2 above)	1,195	108	1,195	108



Capital requirements for market risk:

Rs in Million

Category	Nature	Standalone		Consolidated	
		As at June 30, 2015		As at June 30, 2015	
		Risk weighted assets	Capital charge	Risk weighted assets	Capital charge
Interest rate risk	Includes specific and general risk on interest rate instruments in the trading book	80,547	6,444	80,553	6,444
Foreign exchange risk	Includes specific and general risk on currencies (including gold)	22,628	1,810	22,630	1,810
Equity risk	Includes specific and general risk on equity instruments	314	25	4,855	389
<b>Total</b>		<b>103,489</b>	<b>8,279</b>	<b>108,038</b>	<b>8,643</b>

Capital requirements for operational risk:

Per the Basic Indicator approach for Operational risk the Bank is required to maintain capital at the rate of 15 % of average gross income of previous three years. The risk weighted assets for operational risk are calculated by dividing the operational risk capital charge by 8%. The capital requirement for Operational risk is Rs.13,845 million for standalone and Rs.14,452 million for consolidated.

Capital adequacy ratio

Entity	As at June 30, 2015		
	Total capital ratio	Tier I Capital ratio	Tier II Capital ratio
Citibank N.A. (Standalone)	13.99%	12.97%	1.02%
Citibank N.A. (Consolidated)	15.73%	14.75%	0.98%

**1.4 Credit risk: General Disclosures**

The three principal businesses of Citibank viz Corporate Banking, Commercial Banking and Consumer Banking approve and implement policies and procedures appropriate to their respective risk, business and portfolio. These policies address risk measurement, reporting, monitoring, mitigation and remediation. Seniors in the credit and business chain are involved in all policy recommendations and review the portfolio on a regular basis.

For Corporate Bank, the Global Credit Policy along with the Local Credit Policy lays down the parameters/norms for credit exposure. Based on the industry studies and detailed company analysis and after considering the Target Market Norms & Risk Acceptance Criteria, credit is approved. Business as well as Independent Risk Management unit needs to approve annual reviews. Wherever required, Industry specialist and product specialists review and approve sizeable credits. Credit approval limits are granted based on experience and seniority. The Bank has a policy of internal rating on a global scale to assign Obligor Risk



Ratings (ORRs). ORRs define one-year probability of default and are continuously monitored. The bank also assigns an Obligor Limit Rating (OLR), which provides a medium to long-term view of credit quality. Approval authority is defined as per Credit Facilities Approval Grid, which requires higher level of authority to approve exposures with on the OLR scale ranging from high to low.

The Commercial Markets Business Credit Policies and Procedures define the guidelines and policies under which portfolio is managed supplemented by Credit Programs and MME framework. The sales team prospects customers within approved industry segments. The due diligence is performed by Independent Risk who assesses the borrowing requirements and recommends facilities within the parameters set out by the credit programs / framework. The due diligence process includes, but is not restricted to, obtaining adequate market information and reference checks from buyers, suppliers, bankers and competitors. All proposals are approved by two officers in Independent Risk at least one of whom has credit initials to cover the facilities proposed.

Consumer banking has an independent Policy Unit, which recommends lending policy, review portfolio and take credit actions. This is supported by a credit operations unit, which reviews proposals for adherence to laid down policies as well as does all verifications prior to disbursement of credit. Credit appraisal is independent of the business stream to ensure unbiased credit judgment.

### **NORMS FOR DETERMINING WHEN TO CLASSIFY VARIOUS TYPES OF ASSETS AS NON-PERFORMING**

The Bank follows the RBI guidelines for asset classification, which are briefly described herein below.

Term Loans and Consumer loans are treated as a non-performing if the interest and/ or installments of principal remain overdue for a period of more than 90 days.

Cash credits & Overdrafts are treated as non- performing if it remains 'out of order' for a period of more than 90 days.

An account will be treated "out of order" if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In case where the outstanding balance is less than the sanctioned limit/drawing power, but there are no credits continuously for three months as on balance-sheet date or credits are not enough to cover the interest debited during the same period, these accounts will be treated as out of order.

Bills purchased /discounted are treated as non-performing if the bill remains overdue and unpaid for a period of more than 90 days during the financial year.

Any other facility (including dues on forward exchange and derivative contracts) will be treated as non-performing if any amount to be received remains overdue for a period of more than 90 days.



**Quantitative disclosures:**

**i) Total Gross Credit Exposure by Industry and geography:**

Rs. in Million

Particulars	Standalone		Consolidated	
	Funded	Non-funded	Funded	Non-funded
Agriculture & Allied Activities	83	37	230	-
Automotive	-	-	5,415	-
Aviation	42	1,466	42	1,466
Banks	77,037	80,419	77,707	80,419
Beverage & Tobacco	7,025	6,244	9,525	6,244
Cement & Cement Products	926	382	926	382
Computer Software	24,332	27,592	24,332	27,592
Construction (other than Infrastructure)	1,129	70	6,603	347
Cotton Textiles	66	3	66	3
Drugs & Pharmaceuticals	26,848	11,224	27,298	11,224
Edible Oils & Vanaspati	250	709	250	709
Electronics	16,343	17,125	16,343	17,125
Fertilizers	5,288	3,947	5,288	3,996
Gems and Jewellery	738	169	738	199
Glass & Glassware	988	166	988	166
Iron & Steel	11,074	4,525	11,074	4,525
Leasing	-	-	500	-
Leather And Leather Products	1,816	32	1,816	32
Man-Made Textiles	252	-	252	-
Mining & Quarrying (incl. Coal)	1,015	932	3,915	952
Other Food Processing	8,649	2,988	8,649	2,988
Other Industries	128,009	21,707	127,853	21,721
Other Infrastructure	253	140	255	140
Other Metal & Metal Product	9,020	7,945	9,720	7,951
Other Textiles	7,736	1,080	8,188	1,169
Others	65,320	42,731	71,962	43,765
Paper and Paper Products	8,396	871	8,396	871
Petro Chemicals	11,189	6,991	11,189	6,991
Petroleum	23,742	3,553	23,742	3,553
Petroleum, Coal Products & Nuclear Fuels	87	543	87	543
Power	2,973	172	2,973	172
Professional and Other Services	581,163	35,194	591,120	35,387
Railways ( Other than Indian Railway)	-	301	-	301



Retail Advances	248,250	258	262,062	1,817
Retail trade	928	475	928	475
Roads	362	8	362	8
Rubber, Plastic & their Products	5,556	2,182	5,556	2,182
Shipping	1,840	425	1,840	425
Sugar	(107)	-	(107)	-
Telecommunications	23,202	471	24,202	471
Tourism and Hotels and Restaurants	1,607	557	1,607	557
Transport Operators	2,936	408	3,990	408
Vehicles, Vehicles part and Transport Equipment	45,717	10,627	45,717	10,627
Wholesale trade	19,068	7,544	19,068	7,544
Wood & Wood Products	567	406	567	406

ii) Residual contractual maturity breakdown of assets as at June 30, 2015.

Rs in Millions

Maturity Bucket	Standalone		Consolidated	
	As at June 30, 2015		As at June 30, 2015	
	Loans and Advances	Investments	Loans and Advances	Investments
Day 1	17,557	175,024	18,288	175,024
2 to 7 days	22,886	124,189	23,717	124,189
8 to 14 days	24,777	-	24,791	-
15 to 28 days	43,881	52,283	45,325	52,283
29 days to 3 months	86,667	35,264	105,241	35,414
Over 3 months to 6 months	68,335	5,252	74,877	5,252
Over 6 months to 12 months	76,402	9,801	87,751	9,801
Over 1 year to 3 years	179,574	92,267	185,888	92,267
Over 3 years to 5 years	39,961	335	40,098	335
Over 5 years	75,884	30,736	75,885	31,784
Total	635,925	525,151	681,860	526,349

iii) Amount of NPAs (Gross)

Rs. in Millions

Particulars	Standalone	Consolidated
	As at June 30, 2015	As at June 30, 2015
Substandard	2,852	2,892
Doubtful 1	1,752	1,752
Doubtful 2	1,166	1,166
Doubtful 3	621	621
Loss	884	884



**iv) Net NPAs:**

Standalone: Rs.2,516 Millions  
Consolidate: Rs. 2,543Millions

**v) NPA ratios:**

	<b>Standalone</b>	<b>Consolidated</b>
Gross NPAs to gross advances	1.14%	1.07%
Net NPAs to net advances	0.40%	0.37%

**vi) Movement of NPAs**

Rs. in Millions

<b>Particulars</b>	<b>As at June 30, 2015-Standalone</b>			<b>As at June 30, 2015-Consolidated</b>		
	<b>Gross NPA</b>	<b>Provision</b>	<b>Net NPA</b>	<b>Gross NPA</b>	<b>Provision</b>	<b>Net NPA</b>
Opening Balance as on April 1	7,806	5,357	2,449	7,806	5,357	2,449
Additions net of recoveries & write offs	-532	-599	67	40	12	27
Closing Balance as on June 30	7,274	4,758	2,516	7314	4770	2543

**vii) Non-performing Investments (NPIs): 300 (Rs. in Millions)**

**viii) Provision for NPIs:**

Standalone: Nil  
Consolidated: 300 (Rs. in Millions)

**ix) Movement of provisions held towards depreciation on investments**

Rs. in Millions

<b>Particulars</b>	<b>Standalone</b>	<b>Consolidated</b>
	<b>As at December 31, 2015</b>	<b>As at December 31, 2015</b>
Opening Balance as on April 1	-	300
Additions /Recoveries during the year	874	874
Closing Balance as on June 30,	874	1174





### 1.5 Credit Risk: disclosures for portfolios subject to the standardized approach

The Bank has approved use of ratings issued by CRISIL Limited, Fitch India and ICRA Limited for local exposures as permitted by Reserve Bank of India. For the foreign exposures the ratings assigned by Standard & Poor's, Moody's and Fitch are used by the Bank.

Where the obligors have obtained rating of the facility from any of the above credit rating agencies, the Bank has applied the risk weights relevant to the ratings so assigned. Where the obligors have not yet obtained such a rating, the exposure has been taken as unrated and appropriate risk weights applied.

The breakdown of the exposure (after mitigation) excluding CVA and CCIL Default fund is as under:

	Rs. in Millions	
	<b>Standalone</b>	<b>Consolidated</b>
<b>Particulars</b>	<b>As at June 30, 2015</b>	<b>As at June 30, 2015</b>
Below 100% risk weight	1,088,661	1,091,330
100% risk weight	376,851	400,145
More than 100% risk weight	208,803	228,748

### 1.6 Leverage Ratio

The bank is required to maintain a minimum leverage ratio of 4.5%. The bank's leverage ratio, calculated as per the RBI guidelines under consolidated framework is 10.42%.