



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') for the half year ended June 30, 2014. These are compiled in accordance with Reserve Bank of India (the 'RBI') regulations on 'Guidelines on Composition of Capital Disclosure Requirements' dated May 28, 2013.

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

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
5. Provision retained on assets sold to ARC.



Quantitative disclosures:

	Rs. in Million	
	Standalone	Consolidated
	June 30, 2014	June 30, 2014
Tier 1 Capital		
Common Shares (Paid-up equity Capital)	-	28,933
Statutory Reserves	-	4,437
Other disclosed free reserves	-	246
Balance in profit & Loss account at the end of previous financial year	-	78
Interest free funds from H.O (for foreign bank)	37,438	37,438
Statutory Reserves kept in Indian book for foreign bank	46,433	46,433
Remittable Surplus retained in Indian books	68,819	68,819
Capital Reserves (non-patriable surplus from sale of assets in India)	1,098	1,098
Interest free funds remitted from abroad for acquisition of property and held in separate account	619	619
Any other instrument permitted by RBI	2,118	2,118
Common Equity Tier I	156,527	191,939
Regulatory Adjustments		
Intangibles	3,136	3,169
Deferred Tax Asset	4,520	8,682
Defined benefit Pension fund asset	482	482
Total Regulatory Adjustments	8,138	12,333
Total Tier I Capital (A)	148,389	179,605
Tier II Capital		
General Provision and loss reserves	5,017	5,165
Revaluation Reserves at discount of 55%	1,463	1,463
Any other instrument permitted by RBI for inclusion in Tier 2 capital	4,576	4,576
	11,056	11,204
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)	11,056	11,204
Total of Tier I + Tier II (A) + (B) = (C)	159,445	190,809

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 II 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, 2014		As at June 30, 2014	
		Risk weighted assets	Capital charge	Risk weighted assets	Capital charge
Wholesale exposures	Generally includes exposures to Banks, Financial Institutions and Corporates	546,389	49,175	596,494	53,684
Retail exposures	Generally includes exposures to individuals and households, small businesses of a retail nature	253,039	22,774	258,524	23,267
Securitization exposures	Includes credit enhancement which is reduced from Capital funds (refer capital funds details at 1.2 above)	0	0	0	0

Capital requirements for market risk:

		Rs in Million			
Category	Nature	Standalone		Consolidated	
		As at June 30, 2014		As at June 30, 2014	
		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	59,991	5,399	60,069	5,406
Foreign exchange risk	Includes specific and general risk on currencies (including gold)	19,234	1,731	19,237	1,731
Equity risk	Includes specific and general risk on equity instruments	280	25	5,086	458
Total		79,505	7,155	84,392	7,595

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 9%. The capital requirement for Operational risk is Rs.10,955 million for standalone and 11,486 million for consolidated.

Capital adequacy ratio

Entity	As at June 30, 2014		
	Total capital ratio	Tier I Capital ratio	Tier II Capital ratio
Citibank N.A. (Standalone)	14.50%	13.49%	1.01%
Citibank N.A. (Consolidated)	16.34%	15.38%	0.96%



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	766.41	32.91	2,030.79	32.91
Aviation	53.99	1,347.89	53.99	1,347.89
Banks	160,342.71	100,079.63	164,638.98	100,079.63
Beverage & Tobacco	15,489.68	4,613.54	15,489.68	4,613.54
Cement and Cement Products	2,190.77	738.75	2,190.77	738.75
coal	0.00	20.15	0.00	20.15
Computer Software	24,204.84	27,070.42	24,206.39	27,070.42
CONSTRUCTION	1,768.62	160.34	6,127.73	262.72
Drugs & Pharmaceuticals	24,370.43	9,230.01	24,370.46	9,330.01
Edible Oils & Vanaspati	493.78	648.73	493.78	648.73
Electricity	8,510.48	3,457.31	8,510.48	3,457.31
Electronics	13,849.66	10,878.07	13,849.66	10,878.07
Fertilizers	810.06	1,632.10	810.06	1,632.10
Gas/LNG	0.33	0.00	0.33	0.00
Gems and Jewellery	97.58	264.66	97.58	264.66
Glass and Glass Ware	2,171.28	302.39	2,171.28	302.39
Iron & Steel	3,793.65	7,798.83	3,793.65	7,798.83
Leather And Leather Products	2,916.19	177.60	2,916.19	177.60
Mining & Quarrying	7,221.22	3,832.01	9,721.22	3,982.01
Mutual Fund	13.42	3.68	13.42	3.68
NBFC	8,183.81	1,012.13	8,183.81	1,012.13
NBFC/HFC	19,877.23	1,159.55	19,877.23	1,159.55
Other Food Processing	6,143.80	1,344.28	6,148.30	1,347.03
Other Industries	124,790.66	78,150.26	124,764.54	78,150.26
Other Infrastructure	602.23	298.83	602.23	298.83
Other Textile	4,779.38	805.48	4,942.78	903.78
Others	201,885.41	18,410.64	205,711.79	18,593.69
Others Metal and Metal Products	10,882.91	5,561.24	11,482.91	5,579.99
Others-Chemicals	14,748.87	5,822.88	14,750.46	5,825.08
Others-Engineering	42,524.83	14,083.80	42,524.83	14,083.80
Paper and Paper Products	8,959.48	2,593.63	8,988.67	2,604.83
Petro Chemicals	11,061.96	4,288.29	11,061.96	4,288.29
Petroleum	100.91	4,853.47	100.91	4,853.47
Petroleum, Coal Products and Nuclear Fuels	13,382.11	3,952.61	13,382.11	3,952.61
Power	0.00	0.00	0.05	10.00
Professional and other services	497,643.08	52,308.32	508,961.90	53,195.01
Railways (Other than Indian Railway)	0.00	195.30	0.00	195.30
Retail Advances	50,037.65	368.72	59,072.03	2,113.14
Retail trade	872.50	2,265.18	872.50	2,265.18
Roads and Ports	376.90	0.00	376.90	0.00
Rubber, Plastic & their Products	6,071.54	1,431.14	6,071.54	1,431.14
Shipping	1,773.15	547.05	1,773.15	547.05
Sugar	382.51	1,147.69	382.51	1,147.69
Telecommunications	16,279.22	4,092.99	16,279.22	4,092.99



Tourism and Hotels and Restaurants	1,542.51	175.41	1,542.51	275.41
Transport Operator	3,620.63	986.86	6,372.42	986.86
Vehicles, Vehicles part and Transport Equipment's	36,864.86	10,435.20	36,999.86	10,490.20
Wholesale trade	28,422.88	7,835.21	28,422.88	7,835.21
Wood and Wood Products	1,083.81	686.82	1,083.81	686.82
Automotive	0.00	0.00	5,632.50	0.00
Leasing	0.00	0.00	500.00	12.50

ii) Residual contractual maturity breakdown of assets as at June 30, 2014.

Maturity Bucket	Standalone		Consolidated	
	As at June 30, 2014		As at June 30, 2014	
	Loans and Advances	Investments	Loans and Advances	Investments
Day 1	9,980	166,036	10,039	166,036
2 to 7 days	26,210	87,961	26,945	87,961
8 to 14 days	25,561	0	25,585	0
15 to 28 days	59,208	45,197	60,154	45,197
29 days to 3 months	84,911	33,848	91,457	34,308
Over 3 months to 6 months	48,401	4,729	52,585	4,729
Over 6 months to 12 months	76,608	9,178	92,724	9,178
Over 1 year to 3 years	184,168	70,976	194,263	70,976
Over 3 years to 5 years	33,290	1,034	33,618	1,034
Over 5 years	72,811	53,714	72,813	56,483
Total	621,148	472,673	660,183	475,902

iii) Amount of NPAs (Gross)

Particulars	Standalone	Consolidated
	As at June 30, 2014	As at June 30, 2014
Substandard	3,116	3,124
Doubtful 1	1,610	1,610
Doubtful 2	8,396	8,396
Doubtful 3	630	630
Loss	990	990

iv) Net NPAs:

Standalone : Rs.6,843 Millions

Consolidate: Rs. 6,846 Millions

v) NPA ratios:

	Standalone	Consolidated
Gross NPAs to gross advances	2.34%	2.21%
Net NPAs to net advances	1.10%	1.04%



vi) Movement of NPAs

Rs. in Million

Particulars	As at June 30, 2014			As at June 30, 2013		
	Gross NPA	Provision	Net NPA	Gross NPA	Provision	Net NPA
Opening Balance as on April 1	14,842	7,829	7,013	14,856	7,836	7,020
Additions net off recoveries & write offs	-100	69	-170	-100	69	-170
Closing Balance as on June 30	14,742	7,898	6,843	14,748	7,900	6,847

vii) Non-performing Investments (NPIs): NIL.

viii) Provision for NPIs:

Standalone: NIL

Consolidated: 300 Millions

ix) Movement of provisions held towards depreciation on investments

Rs. in Million

Particulars	Standalone	Consolidated
	As at June 30, 2014	As at June 30, 2013
Opening Balance as on April 1	707	1,247
Additions /Recoveries during the year	-602	-362
Closing Balance as on June 30	105	405

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) is as under:

Rs. in Million

Particulars	Standalone	Consolidated
	As at June 30, 2014	As at June 30, 2013
Below 100% risk weight	219,818	221,172
100% risk weight	318,809	343,797
More than 100% risk weight	260,801	290,049