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 Dec 31, 2015. These are compiled in accordance with Reserve Bank of India (the 'RBI') regulations on Master Circular – Basel III Capital Regulations vide RBI Circular DBR. No. BP. BC. 1/21.06.201/2015-16 dated July 1, 2015 as amended from time to time.

The Bank being a branch does not have any direct subsidiaries nor does it hold any significant stake in any company. The RBI guidelines on Financial Regulation of Systemically Important NBFCs and Banks' Relationship vide circular ref. DBOD. No. FSD. BC.46 / 24.01.028/ 2006-07 December 12, 2006 read with 'Guidelines for consolidated accounting and other quantitative methods to facilitate consolidated supervision' vide circular ref. DBOD.No.BP.BC.72/ 21.04.018/2001-02 dated February 25, 2003 mandate coverage of the 'Consolidated Bank' (herein also referred to as 'Citi'). This includes, in addition to the Bank as a branch of Citibank N.A , the following wholly/majority owned non-banking finance companies, which are subsidiaries of Citigroup Inc. held through intermediary holding companies:

Citicorp Finance (India) Limited (formerly known as 'CitiFinancial Consumer Finance India Limited) incorporated in India on 1 May 1997, is registered with the Reserve Bank of India ('RBI') as a Non-Banking Financial Company ('NBFC') vide Certificate No. N.14.00002 dated 21 April 2004. It is a non-deposit taking systemically important Non-Banking Financial Company ('NBFC-ND-SI').

As prescribed in the above guidelines, the Bank is not required to prepare consolidated financial statements. However, certain prudential guidelines apply on a Consolidated Bank basis, including that of capital adequacy computation under BASEL III guidelines.

No quantitative disclosures shall apply since there are no subsidiaries of the Bank. Further, the Bank does not have any interests in insurance entities.

In accordance with Basel requirements, the bank also has an internal capital adequacy assessment process (ICAAP) for Citibank India. The ICAAP depicts the various categories of risks to which the bank is exposed, details the ongoing assessment of such risks, how risks are to be mitigated, and quantifies the amount of capital required currently and in the future to cope with these risks. The ICAAP process also includes an assessment of capital adequacy in an extreme stress scenario. The ICAAP is subjected to an independent review as required by RBI guidelines.

1.2 Capital Structure

The capital funds of Citi 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

Modified Date: 26-Apr-2016

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

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<u>Quantitative disclosures</u>:

Rs. in Million

Particulars	**Standalone**	**Consolidated**
Tier 1 Capital	**Sept 30, 2015**	**Sept 30, 2015**
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	**-**	-
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	71,182
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	**165,581**	**200,880**
Regulatory Adjustments		
Intangibles	3,109	3,111
Deferred Tax Asset	4,219	6,885
Defined benefit Pension fund asset	518	518
Other eligible deduction from CET1 (Prudential valuation adjustment)	314	314
Total Regulatory Adjustments	**8,160**	**10,828**
Total Tier I Capital (A)	**157,421**	**190,052**
Tier II Capital		
General Provision and loss reserves	7,199	7,453
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
	12,718	12,972
Regulatory Adjustments		
Regulatory adjustment applied in respect of amount related to pre-Basel III treatment	-	-
Total Regulatory Adjustments	**-**	**-**
Total Tier II Capital (B)	**12,718**	**12,972**
Total of Tier I + Tier II (A) + (B) = (C)	**170,139**	**203,024**

1.3 Capital Adequacy

The Bank has processes in place 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 on an annual basis. The Bank is 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.

As allowed 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. In this regard, the bank is also guided by the practice adopted by Citibank across its branches in various countries on adoption of advanced approaches. At present Citibank has not rolled out implementation of advanced models at a country level.

Capital requirements for credit risk:

Rs. in Million

		Standalone		Consolidated	
Category	**Nature**	**As at Sept 30, 2015**		**As at Sept 30, 2015**	
		Risk weighted assets	**Capital charge**	**Risk weighted assets**	**Capital charge**
Wholesale exposures	Generally includes exposures to Banks, Financial Institutions and Corporates	629,449	56,650	695,687	62,612
Retail exposures	Generally includes exposures to individuals and households, small businesses of a retail nature	320,035	28,803	322,356	29,012
Securitization exposures	Includes credit enhancement which is reduced from Capital funds (refer capital funds details at 1.2 above)	1,194	107	1,194	107

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.13,845 million for standalone and Rs.14,452 million for consolidated.

Capital requirements for market risk:

Rs in Million

		Standalone		Consolidated	
Category	**Nature**	**As at Sept 30, 2015**		**As at Sept 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	105,262	8,421	105,369	8,430
Foreign exchange risk	Includes specific and general risk on currencies (including gold)	23,240	1,859	23,240	1,859
Equity risk	Includes specific and general risk on equity instruments	314	25	6,090	487
Total		**128,816**	**10,305**	**134,699**	**10,776**

Capital adequacy ratio

Entity	**As at Sept 30, 2015**		
	Total capital ratio	**Tier I Capital ratio**	**Tier II Capital ratio**
Citibank N.A. (Standalone)	13.80%	12.76%	1.03%
Citibank N.A. (Consolidated)	15.44%	14.46%	0.99%

1.4 Credit risk: General Disclosures

The three principal businesses of the Bank 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.

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 authority is delegated to credit officers in Business and Independent Risk units based on their experience, proven ability and the nature of their duties and responsibilities. The Bank has a policy of internal rating on a global scale and assigns Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRR). 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 higher exposures and depending on the OLR scale ranging from high to low.

The Commercial Banking Business Credit Policies define the guidelines and policies under which portfolio is managed supplemented by Credit Programs. The Business team prospects customers within approved industry segments. The due diligence is performed by Business Unit (Coverage Bankers and Credit Lending unit) which 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, management evaluation, business and financial statements analysis. All proposals are approved by atleast two credit approvers (one atleast from Credit Lending Unit or Independent Risk) at least one of whom has credit initials to cover the facilities proposed. Independent Risk provides oversight to implementation of the Credit Policies and Programs and Procedures.

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 disbursal of credit. Underwriting authority is delegated to Credit Officers only who are independent from business and report into the Credit Initiation Unit. 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.

For retail loans, including credit cards, the system buckets the overdue installments into Bucket 1 to Bucket 6 (each bucket is a 30 day period) based on day count from the overdue date determined as per the bank's policy. The NPA classification activities are performed by the system at the end of each month. All borrowers with balances in Bucket 4 and above are considered as non-performing assets. Card overdue and Ready Credit - Retail in Bucket 7 are written off and other unsecured retail loans are written off in Bucket 5.

1.4.1 Credit Risk Quantitative disclosure

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

Rs. in Million

Particulars	Standalone		Consolidated	
	As of September 2015		As of September 2015	
	Fund Based	Non-Funded	Fund Based	Non-Funded
Agriculture & Allied Activities	439	46	557	46
Aviation	10	1,551	10	1,551
Banks	61,314	97,435	61,966	97,435
Beverage & Tobacco	10,673	5,750	13,173	5,750
Cement & Cement Products	882	338	882	338

Particulars	Standalone As of September 2015		Consolidated As of September 2015	
	Fund Based	Non-Funded	Fund Based	Non-Funded
Computer Software	32,640	28,841	32,640	28,841
Cotton Textiles	105	3	105	3
Drugs & Pharmaceuticals	30,498	13,336	30,948	13,336
Edible Oils & Vanaspati	31	729	31	729
Electronics	15,374	18,134	15,374	18,134
Fertilizers	4,162	3,589	4,162	3,639
Gems and Jewellery	613	11	613	41
Glass & Glassware	750	303	750	303
Iron & Steel	10,640	4,788	10,640	4,788
Man-Made Textiles	50	-	50	-
Mining & Quarrying (incl. Coal)	799	992	3,699	992
Other Food Processing	8,296	3,162	8,296	3,162
Other Industries	115,663	18,699	115,655	18,699
Other Infrastructure	175	153	177	153
Other Metal & Metal Product	11,197	6,673	11,897	6,679
Other Textiles	7,924	1,232	8,189	1,359
Others	16,441	-	28,715	2,111
Others Chemicals & Chemical Products	12,587	5,163	12,587	5,163
Others Engineering	35,169	15,153	35,169	15,163
Paper and Paper Products	11,444	739	11,444	739
Petro Chemicals	13,604	7,135	13,604	7,135
Petroleum	26,862	2,764	26,862	2,764
Petroleum, Coal Products & Nuclear Fuels	36	567	36	567
Power	3,049	159	3,049	159
Professional and Other Services	730,737	84,527	740,539	84,717
Railways (Other than Indian Railway)	-	334	-	334
Retail Advances	254,532	22,893	268,553	24,838
Retail trade	1,278	470	1,278	470
Roads	290	7	290	7
Rubber, Plastic & their Products	4,696	1,577	4,696	1,577
Shipping	2,134	426	2,134	426
Sugar	-	-	-	-
Telecommunications	26,236	1,790	29,236	1,790
Tourism and Hotels and Restaurants	1,268	555	1,623	628
Transport Operators	3,523	399	4,519	399
Vehicles, Vehicles part and Transport Equipment	48,869	11,704	54,001	11,704
Wholesale trade	22,900	6,791	22,900	6,791
Wood & Wood Products	651	632	651	632
Construction	1,076	96	6,528	343
Leasing	-	-	500	-
Overseas	-	-	-	-
Total	**1,531,464**	**369,697**	**1,590,574**	**374,487**

***Note:** As a branch of a foreign bank, the operations of the Bank do not extend outside of India. Hence the Bank is considered to operate only in the domestic segment.

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

Rs. in Million

Maturity Bucket	Standalone As at Sept 30, 2015		Consolidated As at Sept 30, 2015	
	Loans and Advances	**Investments**	**Loans and Advances**	**Investments**
Day 1	23,256	454,626	24,027	454,625
2 to 7 days	35,056	-	36,367	-
8 to 14 days	45,225	-	45,323	-
15 to 28 days	35,438	41,416	40,727	41,416
29 days to 3 months	81,204	23,970	101,164	24,389
Over 3 months to 6 months	87,731	5,710	92,921	5,710
Over 6 months to 12 months	68,333	6,796	82,609	6,796
Over 1 year to 3 years	184,804	74,806	191,216	74,806
Over 3 years to 5 years	40,024	249	40,147	249
Over 5 years	78,190	68,644	78,191	69,692
Total	**679,261**	**676,217**	**732,692**	**677,683**

iii) Amount of NPAs (Gross)

Rs. in Million

Particulars	Standalone As at Sept 30, 2015	Consolidated As at Sept 30, 2015
Substandard	2,939	2,971
Doubtful 1	1,433	1,433
Doubtful 2	1,541	1,541
Doubtful 3	587	587
Loss	919	919

iv) Net NPAs:

Standalone: Rs.2,577 Million
Consolidate: Rs.2,598 Million

v) NPA ratios:

Particulars	Standalone As at Sept 30, 2015	Consolidated As at Sept 30, 2015
Gross NPAs to gross advances	1.08%	1.01%
Net NPAs to net advances	0.38%	0.35%

vi) Movement of Gross NPAs

Rs. in Million

Particulars	Standalone As at Sept 30,2015	Consolidated As at Sept 30,2015
Opening Balance	7,806	7.806
Additions net off recoveries & write offs	-387	-355
Closing Balance as on Dec 31	**7,419**	**7,451**

vii) Movement of Specific Provision

Rs. in Million

Particulars	Standalone	Consolidated
	As at Sept 30,2015	As at Sept 30,2015
Opening Balance	5,357	5,357
Provisions made during the year	948	966
Write-Off	(261)	(266)
Any other adjustment, including transfer between provisions	-	-
Write back off excess Provisions	(1,202)	(1,205)
Closing Balance	**4,842**	**4,853**

viii) Movement of General Provision on Standard Assets

Rs. in Million

Particulars	Standalone	Consolidated
	As at Sept 30,2015	As at Sept 30,2015
Opening Balance	5,941	6,221
Provisions made during the year	349	412
Write-Off	-	(13)
Any other adjustment, including transfer between provisions	-	(60)
Write back off excess Provisions	-	-
Closing Balance	**6,290**	**6,560**

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

x) Provision for NPIs:

Standalone: NIL
Consolidated: Rs. 300 Million

xi) Movement of provisions held towards depreciation on investments

Rs. in Million

Particulars	Standalone	Consolidated
	As at Sept 30, 2015	As at Sept 30, 2015
Opening Balance as on April 1	0	508
Additions /Recoveries during the year	0	2
Closing Balance as on Sept 30	0	510

x) Industry wise classification of NPA, specific and General Provisions

Standalone Rs. in Million

Industry	As of Sep 2015			For the half year ended Sep 30, 2015	
	Gross NPA	Provisions for NPA	Provision for Standard Assets	Write off	Provisions for NPA
A. Mining and Quarrying	-	-	5	-	-
B. Food Processing	-	-	63	-	(5)
C. Beverages (excluding Tea & Coffee) and Tobacco	-	-	103	-	-
D. Textiles	-	-	46	-	-

Industry	As of Sep 2015			For the half year ended Sep 30, 2015	
	Gross NPA	Provisions for NPA	Provision for Standard Assets	Write off	Provisions for NPA
E. Leather and Leather products	106	106	9	-	-
F. Wood and Wood Products	-	-	4	-	-
G. Paper and Paper Products	-	-	99	-	-
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	108	-	-
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	412	412	463	-	-
J. Rubber, Plastic and their Products	137	137	35	-	-
K. Glass & Glassware	-	-	6	-	-
L. Cement and Cement Products	-	-	10	-	-
M. Basic Metal and Metal Products	-	-	138	-	-
N. All Engineering	528	531	455	-	(3)
O. Vehicles, Vehicle Parts and Transport Equipments	5	5	405	-	(1)
P. Gems and Jewellery	-	-	2	-	-
Q. Construction	-	-	12	-	-
R. Infrastructure	144	144	182	-	83
S. Other Retail	4,269	2,121	3,325	1,616	21
T. Other Industry	1,820	1,387	820	112	(611)
Total	**7,419**	**4,842**	**6,289**	**1,728**	**(515)**

x) Industry wise classification of NPA, specific and General Provisions

Consolidated **Rs. in Million**

Industry	As of Sep 2015			For the half year ended Sep 30, 2015	
	Gross NPA	Provision for NPA	Provision for Standard Assets	Write off	Provisions for NPA
A. Mining and Quarrying	-	-	14	-	-
B. Food Processing	-	-	63	-	(5)
C. Beverages (excluding Tea & Coffee) and Tobacco	-	-	111	-	-
D. Textiles	-	-	47	-	-
E. Leather and Leather products	106	106	9	-	-
F. Wood and Wood Products	-	-	4	-	-
G. Paper and Paper Products	-	-	99	-	-
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	108	-	-
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	412	412	463	-	-
J. Rubber, Plastic and their Products	137	137	35	-	-
K. Glass & Glassware	-	-	6	-	-

Industry	As of Sep 2015			For the half year ended Sep 30, 2015	
	Gross NPA	Provision for NPA	Provision for Standard Assets	Write off	Provisions for NPA
L. Cement and Cement Products	-	-	10	-	-
M. Basic Metal and Metal Products	-	-	173	-	-
N. All Engineering	528	531	455	-	(3)
O. Vehicles, Vehicle Parts and Transport Equipments	5	5	405	-	(1)
P. Gems and Jewellery	-	-	2	-	-
Q. Construction	24	9	33	8	9
R. Infrastructure	144	144	182	-	83
S. Other Retail	4,269	2,121	3,369	1,616	21
T. Other Industry	1,820	1,387	842	112	(611)
U. Transport Operator	8	3	15	4	3
V. Automotive	-	-	15	-	-
W. Drugs and Pharmaceuticals	-	-	1	-	-
X. Leasing	-	-	2	-	-
Y. Professional and other services	-	-	88	-	-
Z. Telecommunication	-	-	9	-	-
AA. Tourism, Hotels and Restaurants	-	-	1	-	-
Total	**7,451**	**4,853**	**6560**	**1,736**	**(504)**

1.4.2 Credit Risk: disclosures for portfolios subject to the standardized approach

The Bank has approved use of ratings issued by renowned external rating agencies- 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, Fitch and Moody's are used by the Bank, these being the parents of the local entities in question.

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 considered 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 Sept 30, 2015	As at Sept 30, 2015
Below 100% risk weight	1,327,198	1,330,822
100% risk weight	213,315	241,698
More than 100% risk weight	360,048	381,627

1.4.3 Credit risk mitigation

The Bank has a three-stage approach to credit risk mitigation i.e. pre-disbursement due diligence, credit approval and post disbursement monitoring. The policies are individually varied for the corporate, retail and Small and Medium Enterprises (SMEs) segments. Risk mitigation and defeasance techniques are utilized as appropriate in the various lines of business. While security and support are used by the corporate bank as risk mitigants, various risk mitigation tools such as rewrite and settlement programs are used in the consumer bank based on well-defined policies and processes. Ongoing calculation and monitoring ensures that the management is comfortable with the residual risk, which is adequately supported by the capital employed.

Credit review in Retail segment is based on an analysis of portfolio behaviour as opposed to any judgmental review at an obligor level. Pre-disbursement due diligence involves appraisal and legal verification of collateral documents. The legal documentation is vetted and pre-approved. The Retail risk unit on a monthly basis tracks and monitors Portfolio performance and behavior against the approved benchmarks. There is a formal review process involving senior country risk and business managers with any early warning signs actioned upon on priority. In line with the RBI policy, the retail bank credit risk also formulates targeted Risk Mitigation Programs (RMP) where programs are developed to manage event-related contingencies (i.e. unemployment, reductions in income, sickness, death, unforeseen mishap such as landslide, flood and etc.). These programs are generally developed to cater for long term (more than 12 months and up to 5 years) and short term predicaments (3 months and up to 12 months).

Separately also, the performance and losses of these programs are tracked to ensure the programs offered are for the purpose of rehabilitating borrowers who are in financial distress whether temporary or for a longer frame of time. This is to mitigate the risk arising from such circumstances by providing easier repayment terms through restructuring of loans or rescheduling of the terms and conditions.

For SME segment, as per RBI guidelines, the Bank has adopted the comprehensive approach that allows fuller offset of collateral against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. Under this approach, eligible financial collateral is reduced from the credit exposure to counterparty when calculating their capital requirements subject to haircuts as prescribed under the guidelines. Credit collateral information is maintained by the Credit Administration. This data is available at facility level and is being used for reporting purposes.

The eligible collaterals used by the Bank as risk mitigants are in the form of cash margin deposits, term deposits and eligible guarantees for arriving at the benefit for capital adequacy purposes. Corporate/parent guarantee etc.do act as a risk mitigants but not taken benefit of when computing the prudential ratios. Given the nature of collateral, the Bank does not have any concentration risk within the mitigants accepted by the Bank.

Exposure covered by eligible financial collateral after application of hair cut:

Rs. in Million

Category	Nature	Standalone	Consolidated
Wholesale exposures	Generally includes exposures to Banks, Financial Institutions and Corporates	240	10,914
Retail exposures	Generally includes exposures to individuals and households, small businesses of a retail nature	NIL	NIL
Securitisation exposures	Includes credit enhancement which is reduced from Capital funds (refer capital funds details at 1.2 above)	NIL	NIL

Exposure covered by guarantees:

Rs. in Million

Category	Nature	Standalone	Consolidated
Wholesale exposures	Generally includes exposures to Banks, Financial Institutions and Corporates	Nil	Nil
Retail exposures	Generally includes exposures to individuals and households, small businesses of a retail nature	Nil	Nil
Securitisation exposures	Includes credit enhancement which is reduced from Capital funds (refer capital funds details at 1.2 above)	Nil	Nil

1.4.4 <u>Securitisation</u>

Securitisation risk includes the risk that the capital resources held by the firm in respect of assets which it has securitised or participated in any third party securitisation transactions are inadequate having regard to the economic substance of the transaction, including the degree of risk transfer achieved. Typically, in securitisation transactions bank acts as an originator, servicing agent, investor in pass through certificates and provider of credit enhancement or as guarantor.

As an Originator, assets in the form of loan receivables held on the books of the bank are assigned to an independent Special Purpose Vehicle (SPV) which is created as a specific trust by an independent third party acting as the Trustee. The Bank does not have any role in the formation or management of SPVs. The Bank has not sponsored any off-balance sheet vehicles for the purpose of securitisation. The Bank does not provide any direct or indirect support to the SPV. The Bank is not responsible for the solvency or otherwise of the SPV nor is it concerned with any gains or losses that the SPV may make. The Bank obtains True sale opinion and loans so securitised are recorded as sales once the management is satisfied that control over the underlying assets has been transferred. Pursuant to RBI guidelines, the gain arising on securitisation of portfolio, which is the difference between sale consideration and book value of loans, is deferred and recognised in profit and loss account over the life of securities issued by the SPV. Loss, if any, is recognised on upfront basis in the profit and loss account. Expenses relating to securitisation namely rating fees, trusteeship fees and legal expenses are charged to the profit and loss account. Where the Bank is acting as a servicing agent it earns servicing income from the transaction. In certain securitisation structures, the Bank would have retained interest in the form of excess interest strips (also called Interest only strips receivable - IOSR). The Bank provides credit enhancement to support the transaction in the form of guarantee, cash collateral and subordination of IOSR. The Bank has not held any Pass through Certificates (PTCs) for securitisation transactions where it has acted as originator. The credit enhancements provided by the Bank is deducted from capital funds. Apart from the credit enhancements the Bank does not have any continuing obligation/ exposure from the securitisation except IOSR which is not offered as credit enhancement. The Bank does not hold any securitisation exposures in its trading books as an investor or otherwise. Bank is not running any pipeline and warehousing risks with regard to its asset book.

Following the decline in transactions in securitisation market over last several years, the Bank has not carried out any retail loan securitisations. The wholesale loan securitisation has been largely restricted to single or more corporate loans securitisation not involving any ‘packaging’ or ‘repackaging’ of receivables. In these transactions the Bank has not retained any interest in the transactions nor has the Bank provided any credit enhancement. With these transactions bank has been able to provide required finance to the corporate based on their credit strength despite the general de-growth in the asset book of the Bank. Bank has been able to achieve full risk defeasance by doing these securitisations. None of these wholesale loan assets are of a ‘subprime’ nature.

As regards the securitisation transactions carried out in the past years, the outstanding position is not significant and the Bank has already built up adequate provision for losses on them. The Bank does not carry any securitisation exposures as an investor. As regards, exposures as an originator of the transactions, the Bank monitors the performance of the portfolios and credit risk thereon and appropriately treats from a capital adequacy perspective. The Bank has not used any credit risk mitigants with regard to securitisation transactions.

1.5 Market Risk

1.5.1 Market risk in trading book

Market Risk is the risk of loss due to changes in the market values of the Bank's assets and liabilities caused by changing interest rates, currency exchange rates and security prices.

The Bank is integrated into the overall Citigroup 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 Citigroup policies and practices, to oversee risk management, and to respond to the needs and issues in the Bank. The Bank's policy is to control material market risks through a framework of limits & triggers which are approved by LOMC and to manage any residual exposure through a series of sensitivity analyses, scenario tests and robust controls over calculating, monitoring and reporting results

All market risk taking activity in Citibank N.A. India is centralised with Treasury and undertaken by authorised dealers. The Treasury is subject to limits and triggers across all products and risk factor. The Bank's Risk Management Policy approved by LOMC defines the process and procedures of limit approvals, changes, delegation, reporting and escalation in case of limit excesses and trigger breaches. The independent Market Risk Management reports and monitors the trading risk exposures against approved limits and triggers on a daily basis. An excess or a breach is reported and dealt with appropriately for corrective action with reporting to ALCO, Senior Market Risk Management and Corporate Treasury.

The capital charge for interest rate related instruments and equities would apply to current market value of these items in Banks trading book. Since the Bank is required to maintain capital for market risks on an ongoing basis, the trading positions are marked to market on a daily basis. The current market value is determined as per extant RBI guidelines on valuation of investments.

The minimum capital requirement is expressed in terms of two separately calculated charges: Specific risk charge for each security, which is designed to protect against an adverse movement in the price of an individual security owing to factors related to the individual issuer. General market risk charge, which is towards interest, exchange and price risk in the portfolio in different securities or instruments.

Specific charge is computed in line with the rates for capital charge provided under the RBI guidelines on Prudential Norms on Capital Adequacy. The capital requirements for general market risk are designed to capture the risk of loss arising from changes in market interest rates. The Bank follows the modified duration method for measurement of the general market risk charge on investments portfolio. Measurement of market risk charge for interest rates include all interest rate derivatives and off-balance sheet instruments in the trading book, which react to changes in interest rates. The Bank has adopted intermediate approach for measuring the price risk for options. Options are reported as a position equal to the market value of the underlying multiplied by the delta. In addition, capital charge is also provided for the gamma and vega risk.

Capital charge for market risks in foreign exchange is 9 % on the open position limit of the Bank. This capital charge is in addition to the capital charge for credit risk on the on-balance sheet and off-balance sheet items pertaining to foreign exchange.

On the equity position in the investment portfolio capital charge has been maintained at 11.25% for specific risk and 9% for general risk.

The risk appetite is largely determined and controlled due to regulatory limits on foreign exchange and interest rate exposure. The spot foreign exchange exposure is limited through Net Open Position which is approved by RBI and the interest rate exposure on derivatives is controlled through the gross PV01 limit which is restricted to 0.25% of the networth of the Bank as required by RBI. Further, the aggregate interest rate exposures on trading account is limited by limits on PV01 which is much below the stipulated Gross PV01 limits established by RBI.

Risk is measured in terms of:-

(a) Factor sensitivities (DV01 – impact of change of rates by one basis point) for interest rate products, FX Delta for Spot position, Vega and Gamma limits for FX Options. These measures & limits are further sub-divided for each yield curves and currencies.

(b) Value-at-risk Trigger, which measures maximum potential loss at 99% confidence level over 1-day holding period based on the day's outstanding risk positions across the entire mark-to-market exposures.

(c) Loss Triggers: The Trading book and available for sale book profit and loss monitored against month-to-date and inception-to-date (for available for sale) Loss Triggers.

(d) Aggregate Contract Trigger Limits: The notional positions for swaps (INR, FCY and cross-currency) and options are monitored against these limits.

Capital requirements for market risk: **Rs. in Million**

Category	**Nature**	**Standalone As at Sept 30, 2015**		**Consolidated As at Sept 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	105,262	8,421	105,369	8,430
Foreign exchange risk	Includes specific and general risk on currencies (including gold)	23,240	1,859	23,240	1,859
Equity risk	Includes specific and general risk on equity instruments	314	25	6,090	487
Total		**128,816**	**10,305**	**134,699**	**10,776**

1.5.2 Interest rate risk in banking book (IRRBB)

Interest rate risk represents the Bank's exposure to adverse movements in interest rates with regard to its non-trading exposures. Interest rate risk is measured by doing a gap analysis as well as factor sensitivity analysis. Business-specific assumptions underlying these measurements, e.g., tenor bucket used for demand deposits, are documented and models used to measure interest rate risk are independently reviewed. Interest rate gap analysis utilizes the maturity or repricing schedules of balance sheet items to determine the differences between maturing or repricing items within given tenor buckets. Interest rate exposure (IRE) measures the potential pre-tax earnings impact, over a specified reporting period, for the accrual positions, from a defined change in the yield curve. Residual market risk is also monitored using a series of measures, including factor sensitivities (PV01) and stress testing. Factor sensitivities (PV01) are expressed as the change in the value of a position for a defined change in a market risk factor, such as a change in the value of a position for a one basis point change in interest rates. Independent Market Risk Management monitors factors for all relevant market risk.

The Bank undertakes Stress Testing for its banking book to assess the likely absolute loss and its impact on the net worth of the bank. Interest Rate stress parameters are based on sophisticated statistical analysis which provides tenor based stress parameter for different interest rate scenarios. The stress impact is estimated by multiplying factor sensitivity (dv01) for each tenor by the relevant tenor stress parameter which is further aggregated for each interest rate scenario. The stress impact as provided below is based on the worst loss interest scenario thereby capturing the direction of the interest rate risk positioning across the yield curve. The size of the stress parameter differs for each tenor and for each interest scenario reflecting the underlying economic condition.

Impact on earnings/ economic value/ capital for interest rate shocks by currency: **Rs. in Million**

Currency	**As at Sep 30, 2015**	
	Earnings	**Capital**
INR	31,150	41,439
FCY	522	736

1.6 General Disclosure for exposure related to counterparty credit risk

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

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

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

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

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

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.

Quantitative Disclosure

Rs. in Million

Particulars	As at Sep 30, 2015		As at Sep 30, 2014	
	Notional	Current Credit Exposure	Notional	Current Credit Exposure
Cross Currency Interest rate Swap	117,580	14,877	134,501	15,333
Forward Forex Contract	1,785,054	63,904	5,472,783	165,244
Currency Options	138,906	5,285	107,791	4,456
Single Currency Interest rate Swap	5,575,267	52,500	3,351,735	36,498

1.7 Operational risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. It includes reputation and franchise risks associated with Citi's business practices or market conduct. It also includes the risk of failing to comply with applicable laws, regulations, ethical standards, regulatory administrative actions or Citi policies and legal risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

Citi maintains an Operational Risk Management Framework with a Governance Structure to support its core operational risk management activities of anticipation, mitigation and recovery. To ensure effective management of operational risk across Citi, the Governance Structure presents three lines of defense:

- First Line of Defense: The business owns its risks, including its operational risk, and is responsible for its management. They are responsible for identifying and reporting operational risks to Independent Risk Management and Control Functions
- Second Line of Defense: Oversight by Independent Risk Management and Control Functions. Risk and Control function partner manage operational risk by designing, implementing and assessing the effectiveness of controls.
- Third Line of Defense: Internal Audit recommends enhancements on an ongoing basis and provides independent assessment and evaluation

The Operational Risk Management Framework is intended to ensure management across Citi of the operational risks and ongoing exposures in the development and delivery of products and services to our clients. The Framework:

- Promotes the advancement of operational risk management across Citi with effective anticipation, mitigation and recovery activities intended to ensure the proactive reduction of the frequency and severity of Citi's Operational Risk Events;
- Establishes a foundation on which the activities of the businesses, the resulting operational risks, and the associated controls are identified, periodically assessed, subject to corrective action, appropriately documented, and communicated;
- Is a supplement to good management practices and judgment; managers remain accountable for ensuring that all activities and their associated operational risks are appropriately managed; and
- Facilitates adherence by Citi to regulatory requirements, including "Basel II" capital standards.

Citi has detailed out the Operational Risk Management requirement and objectives through its Operational Risk Policy which requires deployment of various operational risk tools for proactive identification and management of key risks. Manager's Control Assessment(MCA) is a diagnostic tool used in the management of operational risks. MCA also supports the evaluation of internal controls over financial reporting and compliance with regulations by ensuring appropriate review and assessment of the design and execution of internal controls and risk and control assessment processes

Significant control issues, emerging risks and MCA results are consolidated and aggregated for review by Citi's Business Risk Compliance and Control Committees (BRCCs) and Local Operations Management Committee (LOMC). Quarterly Managers assign a MCA Entity Rating along with significant residual operational risks (SRORs – These risks reflect the residual risk impacting the control environment considering management's assessment of the effectiveness of key controls designed to mitigate the entity's significant inherent operational risks)

Citi has adopted the basic indicator approach to operational risk for capital adequacy computation. Given the low experience of actual operational loss events, this approach is assessed to be adequate.

1.8 Other Risks

The bank also assesses other qualitative risks such as Reputational/Franchise Risk, Business, Strategic risks and additional capital requirements, if any, to cover for such risks. The assessment is covered in the ICAAP process. As part of the assessment process of all products and lines of business, the bank makes a specific assessment of franchise risk impacting the reputational position of the company. While Business and strategic risk is considered a material risk for Citibank India, strong controls exist to mitigate such risks such as the approval of new products and new activities and complex transactions. A robust process of mitigation of the individual risks also results in a collective mitigation of reputational / franchise risk.

1.9 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 9.22%.

Annex 1

Table 2: **Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)**

Rs. In Million

Sl. No.	Common Equity Tier 1 capital: instruments and reserves	As on 30th Sept, 2015	REF
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	66,371	a
2	Retained earnings	367	b8
3	Accumulated other comprehensive income (and other reserves)	134,142	b1+b2+ b3+b4+ b5+b6+ b7
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**200,880**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	314	
8	Goodwill (net of related tax liability)	-	
9	Intangibles (net of related tax liability)	3,111	c
10	Deferred tax assets	6,885	d

11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined-benefit pension fund net assets	518	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)3	-	
20	Mortgage servicing rights4 (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences5 (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold6	-	
23	of which: significant investments in the common stock of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments7 (26a+26b+26c+26d)	-	
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries8	-	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank9	-	
26d	of which: Unamortised pension funds expenditures	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	**Total regulatory adjustments to Common equity Tier 1**	**10,828**	
29	**Common Equity Tier 1 capital (CET1)**	**190,052**	
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 capital before regulatory adjustments**	**-**	
	Additional Tier 1 capital: regulatory adjustments		

37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)10	-	
41	National specific regulatory adjustments (41a+41b)	-	
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	**-**	
44	**Additional Tier 1 capital (AT1)**	**-**	
44a	**Additional Tier 1 capital reckoned for capital adequacy11**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	**190,052**	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	12,972	
51	**Tier 2 capital before regulatory adjustments**	**12,972**	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments (56a+56b)	-	
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
57	**Total regulatory adjustments to Tier 2 capital**	**-**	
58	**Tier 2 capital (T2)**	**12,972**	
58a	**Tier 2 capital reckoned for capital adequacy**	**12,972**	
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	**-**	
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	**12,972**	
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**203,024**	

60	**Total risk weighted assets (60a + 60b + 60c)**	**1,314,511**	
60a	**of which: total credit risk weighted assets**	**1,019,238**	
60b	**of which: total market risk weighted assets**	**134,699**	
60c	**of which: total operational risk weighted assets**	**160,574**	
	Capital ratios and buffers	**15.44%**	
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	**14.46%**	
62	**Tier 1 (as a percentage of risk weighted assets)**	**14.46%**	
63	**Total capital (as a percentage of risk weighted assets)**	**15.44%**	
64	**Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)**	**-**	
65	**of which: capital conservation buffer requirement**	**-**	
66	**of which: bank specific countercyclical buffer requirement**	**-**	
67	**of which: G-SIB buffer requirement**	**-**	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)**	**-**	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	-	
73	Significant investments in the common stock of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	
Sl. No.	Common Equity Tier 1 capital: instruments and reserves	**As on 30th Sept, 2015**	**REF**
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	7,453	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Note:

Particulars	Amount
Revaluation Reserves @ 45%	15,518
Investment Reserve	39,670
General Provision on Standard Assets	59,408
Provision retained on assets sold to ARC	-
Floating rate provision	9,100
Total	**123,696**

Annex 2 - Step 1 **Rs. in Million**

	Particulars	**Balance sheet as in financial statements**	**Balance sheet as in financial statements Balance sheet under regulatory scope of consolidation**
		As on 30th Sept, 2015	**As on 30th Sept, 2015**
A	Capital & Liabilities		
i	Paid-up Capital	37,438	66,371
	Reserves & Surplus	176,609	182,976
	Minority Interest	0	0
	Total Capital	**214,048**	**249,347**
ii	**Deposits**	**995,967**	**995,967**
	of which: Deposits from banks	7,253	7,253
	of which: Customer deposits	988,715	988,715
	of which: Other deposits (pl. specify)	0	0
iii	**Borrowings**	**230,771**	**255,633**
	of which: From RBI	45,410	45,410
	of which: From banks	109,544	114,084
	of which: From other institutions & agencies	75,817	83,252
	of which: Others (Debentures & Finance Lease obligation)	0	12,888
	of which: Capital instruments	0	0
iv	**Other liabilities & provisions**	**102,951**	**107,991**
	Total	**1,543,737**	**1,608,939**
	Assets		
i	Cash and balances with Reserve Bank of India	53,628	53,628
	Balance with banks and money at call and short notice	29,218	31,438
	Total	**82,847**	**85,066**
ii	**Investments:**	**676,217**	**677,684**
	of which: Government securities	675,529	675,529

	of which: Other approved securities	0	0
	of which: Shares	124	1,172
	of which: Debentures & Bonds	0	419
	of which: Subsidiaries / Joint Ventures / Associates	0	0
	of which: Others (Commercial Papers, Mutual Funds etc.)	563	563
iii	**Loans and advances**	**679,261**	**732,691**
	of which: Loans and advances to banks	0	0
	of which: Loans and advances to customers	679,261	732,691
iv	**Fixed assets**	**16,455**	16,502
v	**Other assets**	**88,958**	96,996
	of which: Goodwill and intangible assets	3,109	3,111
	of which: Deferred tax assets	4,219	6,885
vi	Goodwill on consolidation	0	0
vii	Debit balance in Profit & Loss account	0	0
	Total Assets	1,543,737	1,608,939

Annex 2 - Step 2 **Rs. in Million**

	Particulars	Balance sheet as in financial statements	Balance sheet as in financial statements Balance sheet under regulatory scope of consolidation	Ref
		As on 30th Sept, 2015	**As on 30th Sept, 2015**	
A	**Capital & Liabilities**			
i	Paid-up Capital	**37,438**	**66,371**	
	of which: Amount eligible for CET1	37,438	**66,371**	a
	of which: Amount eligible for AT1	0	**0**	
	Reserves & Surplus	**176,609**	**182,976**	
	- Statutory Reserves	54,990	60,042	b1
	- Remittable Surplus retained in Indian books which is not repatriable	70,235	71,182	b2
	- Capital Reserves on Sale of Immovable Property	1,154	1,154	b3
	- Furniture & Equipment Reserve	0	0	b4
	- Properties Investment Reserve	619	619	b5
	- FX Capital Reserve	0	0	b6
	- Special Reserve	1,143	1,143	b7
	-General reserves	0	367	b8
	-Other reserves	48,467	48,467	b9
	Minority Interest	0	0	
	Total Capital	**214,048**	**249,347**	
ii	**Deposits**	**995,967**	**995,967**	
	of which: Deposits from banks	7,253	7,253	
	of which: Customer deposits	988,715	988,715	

	of which: Other deposits (pl. specify)	0	0	
iii	**Borrowings**	**230,771**	**255,633**	
	of which: From RBI	45,410	45,410	
	of which: From banks	109,544	114,084	
	of which: From other institutions & agencies	75,817	83,252	
	of which: Others (pl. specify)	0	12,888	
	of which: Capital instruments	0	0	
iv	**Other liabilities & provisions**	**102,951**	**107,991**	
	of which: DTLs related to goodwill	0	0	
	of which: DTLs related to intangible assets	0	0	
	Total	**1,543,737**	**1,608,939**	
	Assets			
i	Cash and balances with Reserve Bank of India	53,628	53,628	
	Balance with banks and money at call and short notice	29,218	31,438	
	Total	**82,847**	**85,066**	
ii	**Investments:**	**676,217**	**677,684**	
	of which: Government securities	675,529	675,529	
	of which: Other approved securities	0	0	
	of which: Shares	124	1,172	
	of which: Debentures & Bonds	0	419	
	of which: Subsidiaries / Joint Ventures / Associates	0	0	
	of which: Others (Commercial Papers, Mutual Funds etc.)	563	563	
iii	**Loans and advances**	**679,261**	**732,691**	
	of which: Loans and advances to banks	0	0	
	of which: Loans and advances to customers	679,261	732,691	
iv	**Fixed assets**	**16,455**	**16,502**	
v	**Other assets**	**88,958**	**96,996**	
	of which: Goodwill and intangible assets	3,109	3,111	c
	Out of Which: Goodwill	0	0	
	of which: Other intangibles (excluding MSRs)	0	0	
	of which: Deferred tax assets	4,219	6,885	d
vi	Goodwill on consolidation	0	0	
vii	Debit balance in Profit & Loss account	0	0	
	Total Assets	**1,543,737**	**1,608,939**	

Annex 3 **Rs. In Million**

SL. No.	Disclosure template for main features of regulatory capital instruments	As on 30th Sept, 2015
1	Issuer	-
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-
3	Governing law(s) of the instrument	-
	Regulatory treatment	-
4	Transitional Basel III rules	-
5	Post-transitional Basel III rules	-
6	Eligible at solo/group/ group & solo	-
7	Instrument type	-
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	-
9	Par value of instrument	-
10	Accounting classification	-
11	Original date of issuance	-
12	Perpetual or dated	-
13	Original maturity date	-
14	Issuer call subject to prior supervisory approval	-
15	Optional call date, contingent call dates and redemption amount	-
16	Subsequent call dates, if applicable	-
	Coupons / dividends	-
17	Fixed or floating dividend/coupon	-
18	Coupon rate and any related index	-
19	Existence of a dividend stopper	-
20	Fully discretionary, partially discretionary or mandatory	-
21	Existence of step up or other incentive to redeem	-
22	Noncumulative or cumulative	-
23	Convertible or non-convertible	-
24	If convertible, conversion trigger(s)	-
25	If convertible, fully or partially	-
26	If convertible, conversion rate	-
27	If convertible, mandatory or optional conversion	-
28	If convertible, specify instrument type convertible into	-
29	If convertible, specify issuer of instrument it converts into	-
30	Write-down feature	-
31	If write-down, write-down trigger(s)	-
32	If write-down, full or partial	-
33	If write-down, permanent or temporary	-
34	If temporary write-down, description of write-up mechanism	-
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	-
36	Non-compliant transitioned features	-
37	If yes, specify non-compliant features	-

Annex 4

Qualitative Disclosures **Rs. in Million**

A List of group entities considered for consolidation as on 30th Sept, 2015

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Citicorp Finance (India) Limited	No	NA	Yes	The RBI guidelines on Financial Regulation of Systemically Important NBFCs and Banks' Relationship vide circular ref. DBOD. No. FSD. BC.46 / 24.01.028/ 2006-07 December 12, 2006 read with 'Guidelines for consolidated accounting and other quantitative methods to facilitate consolidated supervision' vide circular ref. DBOD.No.BP.BC. 72/ 21.04.018/2001-02 dated February 25, 2003 mandate coverage of the 'Consolidated Bank' (herein also referred to as 'Citi').	NA	

B List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Citigroup Global Markets India Private Limited	Stock broking, merchant banking and distribution of financial products	2,300	0%	NA	36,212
Orbitech Limited	Strategic investment	29	0%	NA	2,127
Citicorp Services India Private Limited	Captive Business Process Outsourcing (BPO), Knowledge Process Outsourcing (KPO), Information Technology Outsourcing (ITO), ITES, vendors' oversight, decision support, shared services, SFS operations and software development / applications related services.	1,065	0%	NA	10,941

(ii) Quantitative Disclosures:

C List of group entities considered for consolidation

Name of the entity / country of incorporation (as indicated in (i)a. above)	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Citicorp Finance (India) Limited	NBFC, Insurance distribution	28,932	65,201

D The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Capital deficiencies
NA	NA	NA	NA	NA

E. The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity	(as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
NA	NA	NA	NA	NA	NA

Leverage Ratio:

Summary comparison of accounting assets vs. leverage ratio exposure measure		
	Item	(Rs. in Lakhs)
1	Total consolidated assets as per published financial statements	15,678,654
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4	Adjustments for derivative financial instruments	2,081,499
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	2,949,634
7	Other adjustments	105,143
8	**Leverage ratio exposure**	**9.22%**

Leverage ratio common disclosure template		
	Item	Leverage ratio framework (Rs. in Lakhs)
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	15,678,654
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-105,142
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	15,573,511

Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	410,731
5	Add-on amounts for PFE associated with all derivatives transactions	1,670,766
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	2,081,498
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	6,817,789
18	(Adjustments for conversion to credit equivalent amounts)	-3,868,155
19	Off-balance sheet items (sum of lines 17 and 18)	2,949,633
Capital and total exposures		
20	Tier 1 capital	1,900,520
21	Total exposures (sum of lines 3, 11, 16 and 19)	20,604,644
Leverage ratio		
22	Basel III leverage ratio	9.22%