

## **INDEPENDENT AUDITOR'S REPORT**

**TO**

**THE GOVERNING BODY OF CITIBANK NA, IFSC BANKING UNIT**

**Report on the Audit of the Special Purpose Financial Statements**

### **Opinion**

We have audited the accompanying special purpose financial statements of Citibank NA, IFSC Banking Unit ("the Branch"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss including other comprehensive income, cash flow statement, and statement of changes in equity for the period then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements"). The financial statement has been prepared by management of Citibank NA, IFSC Banking Unit as per International Financial Reporting Standards (IFRS) and for onward submission to the International Financial Service Centres Authority (IFSCA) to comply with IFSCA Regulations.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements are prepared in the manner so required and give a true and fair view in conformity with the International Financial Reporting Standards ('IFRS'), of the state of affairs of the Branch as at March 31, 2024 and profit and other comprehensive income, cash flow statement and changes in equity for the period ended on that date.

### **Basis for Opinion**

We conducted our audit of the Financial Statement in accordance with the Standards on Auditing (SAs) and any other applicable pronouncements issued by Institute of Chartered Accountants of India (ICAI), as well as the requirements of the banking regulations of IFSCA, rules, directions, circulars, guidelines, from time to time applicable for IFSC Banking Units (IBUs). Our responsibilities under those Standards are further described in the Auditor's responsibilities for the Audit of the financial statements section of our report. We are independent of the Branch in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the Financial Statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Financial Statement.

3rd Floor, Mistry Bhavan, Dinshaw Vachha Road, Churchgate, Mumbai 400 020, India. Tel: +91 22 6623 0600

501-502, Narain Chambers, M.G. Road, Vile Parle (E), Mumbai 400 057, India. Tel: +91 22 6250 7600

Website: [www.cnkindia.com](http://www.cnkindia.com)

**MUMBAI | CHENNAI | VADODARA | AHMEDABAD | GIFT CITY | BENGALURU | DELHI | PUNE | DUBAI | ABU DHABI**

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Branch's management and the Governing Body are responsible for preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flows of the Branch in accordance with the IFRS and IFSCA Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the IFSCA Regulations for safeguarding the assets of the Branch and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management and Governing Body are responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

The Governing Body is also responsible for overseeing the Branch's financial reporting process.

## **Auditor's Responsibilities for the Audit of Financial Statement**

Our objectives are to obtain reasonable assurance about whether the special purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misinformation can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose Financial Statement.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances on whether the Branch has adequate internal financial controls with reference to the financial statement in place and the operating effectiveness of such controls. However, we are not responsible for expressing our opinion on whether the Branch has adequate internal financial control with reference to financial statement in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the special purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair / compliance presentation.

Materiality is the magnitude of misinformation in the financial statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misinformation in the financial statement.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Other Matter**

As per IFSCA Regulations, the Branch of a Foreign Bank is required to follow the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including any new amendments thereto, for preparing and maintaining its financial statements on standalone basis and for the purpose of reporting and compliance under the relevant IFSCA regulations, rules, directions, circulars and guidelines applicable for IBUs. According, the Financial Statement of the Branch has been prepared in accordance with the IFRS.

Our opinion is not qualified in respect of the above matter.

# CNK & Associates LLP

Chartered Accountants

## Restriction on distribution or use

This report is intended solely for the purpose of onward submission to the IFSCA for compliance with the provisions of the IFSCA Regulations and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent except for submission to any regulatory authorities. C N K & Associates LLP shall not be liable to the Bank or to any other concerned for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment. We have no responsibility to update this report for any events or circumstances occurring after the date of the report.

For **C N K & Associates LLP**

Chartered Accountants

Firm Registration No. 101961 W/W-100036

**Suresh Agaskar**

Partner

Membership No. 110321

**UDIN:**

Place: Mumbai

Date: September 27, 2024

**Citibank NA, Gift City Branch**  
**Balance Sheet as at March 31, 2024**

Currency: USD

| Particulars  | Note | As at March 31, 2024 | As at March 31, 2023 |
|--|------|----------------------|----------------------|
| <b>Assets</b>                                      |      |                      |                      |
| Cash and balances with banks                       | 1    | 4,279,238            | 21,835,000           |
| Advances   | 2    | 90,154,401           | 164,942              |
| Property, plant and equipment                      | 3    | 150,571              | 132,832              |
| Deferred tax assets                                | 4    | 19,375               | -                    |
| Other assets                                       | 5    | 259,651              | 3,865                |
| <b>Total Assets</b>                                |      | <b>94,863,236</b>    | <b>22,136,639</b>    |
| <b>Liabilities and Equity</b>                      |      |                      |                      |
| <b>Liabilities</b>                                 |      |                      |                      |
| Borrowings   | 6    | 71,676,088           | -                    |
| Lease liability                                    | 7    | 56,952               | 61,265               |
| Other liabilities and provisions                   | 8    | 1,022,358            | 224,594              |
| <b>Total Liabilities</b>                           |      | <b>72,755,398</b>    | <b>285,859</b>       |
| <b>Equity</b>                                      |      |                      |                      |
| Capital funds from Parent                          |      | 22,000,000           | 22,000,000           |
| Other equity                                       | 9    | 107,838              | (149,220)            |
| <b>Total Equity</b>                                |      | <b>22,107,838</b>    | <b>21,850,780</b>    |
| <b>Total Liabilities and Equity</b>                |      | <b>94,863,236</b>    | <b>22,136,639</b>    |
| Contingent liabilities, commitments and guarantees |      | -                    | -                    |

Significant Accounting Policies 15  
Notes referred to herein form an integral part of the Balance Sheet 16 - 21

As per our report of even date attached

**For C N K & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number - 101961W/W100036

**For and on behalf of Citibank NA - Gift City Branch**

**Suresh Agaskar**  
Partner  
Membership Number: 110321

**Rajarshi Chakraborty**  
Member of Governing Body

**Jeegar Shah**  
Member of Governing Body

Place: Mumbai  
Date: 27th September 2024

**Citibank NA, Gift City Branch**  
**Profit and Loss for the year ended March 31, 2024**

Currency: USD

| Particulars   | Note | Year ended<br>March 31, 2024 | Period ended<br>March 31, 2023 |
|---|------|------------------------------|--------------------------------|
| Interest income   | 10   | 1,112,926                    | 206                            |
| Interest expense  | 11   | 119,635                      | 2,109                          |
| <b>Net interest income</b>  |      | 993,291                      | (1,903)                        |
| Other income  |      | 944                          | -                              |
| <b>Total income</b>   |      | <b>994,235</b>               | <b>(1,903)</b>                 |
| Impairment losses on financial instruments  | 12   | 49,115                       | 58                             |
| Depreciation and amortization   | 13   | 17,520                       | 3,915                          |
| Other expenses  | 14   | 452,718                      | 143,343                        |
| <b>Total expenses</b>   |      | <b>519,353</b>               | <b>147,317</b>                 |
| <b>Net profit/(loss) before taxes and exceptional items</b>                       |      | <b>474,882</b>               | <b>(149,220)</b>               |
| Exceptional items   |      | -                            | -                              |
| <b>Net profit/(loss) before taxes</b>   |      | <b>474,882</b>               | <b>(149,220)</b>               |
| <b>Taxes</b>  |      |                              |                                |
| Current tax   |      | 237,200                      | -                              |
| Deferred tax liability/ (asset)   |      | (19,375)                     | -                              |
| <b>Net profit/(loss) after tax from continuing operations</b>                     |      | <b>257,057</b>               | <b>(149,220)</b>               |
| Profit/(loss) from discontinued operations, net of tax                            |      | -                            | -                              |
| <b>Net profit/(loss) for the period</b>   |      | <b>257,057</b>               | <b>(149,220)</b>               |
| <b>Other Comprehensive Income</b>   |      |                              |                                |
| A (i) Items that will not be reclassified to profit or loss                       |      | -                            | -                              |
| (ii) Income tax relating to items that will not be reclassified to profit or loss |      | -                            | -                              |
| <b>Subtotal (A)</b>   |      | -                            | -                              |
| B (i) Items that will be reclassified to profit or loss                           |      | -                            | -                              |
| (ii) Income tax relating to items that will be reclassified to profit or loss     |      | -                            | -                              |
| <b>Subtotal (B)</b>   |      | -                            | -                              |
| <b>Other Comprehensive Income (A + B)</b>   |      | -                            | -                              |
| <b>Total Comprehensive Income for the period</b>                                  |      | <b>257,057</b>               | <b>(149,220)</b>               |

Significant Accounting Policies

15

Notes referred to herein form an integral part of the Balance Sheet

16 - 21

As per our report of even date attached

**For C N K & Associates LLP**

**For and on behalf of Citibank NA - Gift City Branch**

Chartered Accountants

ICAI Firm Registration Number - 101961W/W100036

**Suresh Agaskar**

**Rajarshi Chakraborty**

**Jeegar Shah**

Partner

Member of Governing Body

Member of Governing Body

Membership Number: 110321

Place: Mumbai

Date: 27th September 2024

**Citibank NA, Gift City Branch**  
**Cash Flow Statement for the year ended March 31, 2024**

Currency: USD

| Particulars   | Year ended<br>March 31, 2024 | Period ended<br>March 31, 2023 |
|---|------------------------------|--------------------------------|
| <b>Cash Flow from Operating Activities</b>                          |                              |                                |
| Profit / (loss) before taxation                                     | 474,882                      | (149,220)                      |
| <b>Adjustments for non-cash and non-operating items:</b>            |                              |                                |
| Depreciation and Amortization                                       | 17,520                       | 3,915                          |
| Interest expense on lease liability                                 | 4,883                        | 2,109                          |
| Interest income on security deposit                                 | (324)                        | (128)                          |
| Impairment losses (ECL) on financial instruments                    | 49,115                       | 58                             |
| Exchange loss / (Income)  | (944)                        | 463                            |
|   | <b>545,132</b>               | <b>(142,802)</b>               |
| <b>Changes in operating assets and liabilities:</b>                 |                              |                                |
| (Increase)/Decrease in other assets                                 | (255,462)                    | (3,737)                        |
| (Increase)/Decrease in other financial assets                       | (90,038,575)                 | (165,000)                      |
| Increase/(Decrease) in other financial liabilities                  | (8,251)                      | 58,693                         |
| Increase/(Decrease) in other liabilities and provisions             | 525,305                      | 87,847                         |
| <b>Net cash used in operating activities before taxes</b>           | <b>(89,231,850)</b>          | <b>(165,000)</b>               |
| Less : Income taxes paid (net of refunds)                           | -                            | -                              |
| <b>Net cash inflow / (outflow) from operating activities (A)</b>    | <b>(89,231,850)</b>          | <b>(165,000)</b>               |
| <b>Cash flow from Investing Activities</b>                          | -                            | -                              |
| <b>Net cash inflow / (outflow) from investing activities (B)</b>    | -                            | -                              |
| <b>Cash flow from Financing Activities</b>                          |                              |                                |
| Capital funds from Parent   | -                            | 22,000,000                     |
| Increase / (Decrease) of borrowings                                 | 71,676,088                   | -                              |
| <b>Net cash inflow / (outflow) from financing activities (C)</b>    | <b>71,676,088</b>            | <b>22,000,000</b>              |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b> | <b>(17,555,762)</b>          | <b>21,835,000</b>              |
| <b>Add : Cash and cash equivalents at beginning of the year</b>     | <b>21,835,000</b>            | -                              |
| <b>Cash and cash equivalents at end of the period</b>               | <b>4,279,238</b>             | <b>21,835,000</b>              |

Significant Accounting Policies

15

Notes referred to herein form an integral part of the Balance Sheet

16 - 21

As per our report of even date attached

**For C N K & Associates LLP**

**For and on behalf of Citibank NA - Gift City Branch**

Chartered Accountants

ICAI Firm Registration Number - 101961W/W100036

**Suresh Agaskar**

**Rajarshi Chakraborty**

**Jeegar Shah**

Partner

Member of Governing Body

Member of Governing Body

Membership Number: 110321

Place: Mumbai

Date: 27th September 2024

**Citibank NA, Gift City Branch**

**Statement of changes in equity for the year ended March 31, 2024**

Currency: USD

**1 Capital funds from Parent**

| Particulars                             | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Balance at the beginning of the year    | 22,000,000           | -                    |
| Received during the year                | -                    | 22,000,000           |
| <b>Balance at the close of the year</b> | <b>22,000,000</b>    | <b>22,000,000</b>    |

**2 Other equity**

| Particulars  | Other equity      |                   | Items of Other Comprehensive Income (OCI)   |   |   | Total            |
|--|-------------------|-------------------|---|---|---|------------------|
|  | Statutory Reserve | Retained Earnings | Remeasurements of net defined benefit plans | Gains/ (losses) from equity investments through OCI | Gains/ (losses) of other financial assets through OCI |                  |
| <b>Balance as at 1 April 2022</b>                                    | -                 | -                 | -   | -   | -   | -                |
| Profit (loss) for the year after income tax                          | -                 | (149,220)         | -   | -   | -   | (149,220)        |
| Other comprehensive income for the year before income tax            | -                 | -                 | -   | -   | -   | -                |
| Less: Income tax other comprehensive income                          | -                 | -                 | -   | -   | -   | -                |
| <b>Total Comprehensive Income for the period ended 31 March 2023</b> | -                 | <b>(149,220)</b>  | -   | -   | -   | <b>(149,220)</b> |
| <b>Balance as at 1 April 2023</b>                                    | -                 | (149,220)         | -   | -   | -   | (149,220)        |
| Profit (loss) for the year after income tax                          | -                 | 257,057           | -   | -   | -   | 257,057          |
| Other comprehensive income for the year before income tax            | -                 | -                 | -   | -   | -   | -                |
| Less: Income tax other comprehensive income                          | -                 | -                 | -   | -   | -   | -                |
| <b>Total Comprehensive Income for the period ended 31 March 2024</b> | -                 | <b>107,838</b>    | -   | -   | -   | <b>107,838</b>   |

**Citibank NA, Gift City Branch**  
**Notes to the financial statements (continued)**

Currency: USD

**1 Cash and balances with banks**

| Sr No    | Particulars            | As at March 31, 2024 | As at March 31, 2023 |
|----------|------------------------|----------------------|----------------------|
| <b>I</b> | Balance with bank      | 4,279,238            | 21,835,000           |
|          | <b>Total</b>           | <b>4,279,238</b>     | <b>21,835,000</b>    |
|          | Balances in India      | -                    | -                    |
|          | Balances outside India | 4,279,238            | 21,835,000           |
|          | <b>Total</b>           | <b>4,279,238</b>     | <b>21,835,000</b>    |

**2 Advances**

| Particulars  | As at March 31, 2024 |                                    |                                 |  |   |                   |       |
|--|----------------------|------------------------------------|---------------------------------|--|---|-------------------|-------|
|  | Amortised Cost       | At Fair Value                      |                                 |  |   | Subtotal          | Total |
|  |                      | Through Other Comprehensive Income | Through Profit And Loss Account | Designated at fair value through profit and loss |   |                   |       |
| <b>Advances</b>  |                      |                                    |                                 |  |   |                   |       |
| A (i) Bills Purchased and Bills Discounted               | -                    | -                                  | -                               | -  | - | -                 |       |
| (ii) Cash Credits, Overdrafts, Loans repayable on Demand | 90,203,575           | -                                  | -                               | -  | - | 90,203,575        |       |
| (iii) Term Loans   | -                    | -                                  | -                               | -  | - | -                 |       |
| <b>Gross</b>   | <b>90,203,575</b>    | -                                  | -                               | -  | - | <b>90,203,575</b> |       |
| Less: Impairment loss allowance (Expected Credit Loss)   | (49,173)             | -                                  | -                               | -  | - | (49,173)          |       |
| <b>Net</b>   | <b>90,154,401</b>    | -                                  | -                               | -  | - | <b>90,154,401</b> |       |
| B.(i) Secured by tangible assets                         | -                    | -                                  | -                               | -  | - | -                 |       |
| (ii) Covered by Bank/ Government Guarantees              | -                    | -                                  | -                               | -  | - | -                 |       |
| (iii) Unsecured  | 90,203,575           | -                                  | -                               | -  | - | 90,203,575        |       |
| <b>Gross</b>   | <b>90,203,575</b>    | -                                  | -                               | -  | - | <b>90,203,575</b> |       |
| Less: Impairment loss allowance (Expected Credit Loss)   | (49,173)             | -                                  | -                               | -  | - | (49,173)          |       |
| <b>Total</b>   | <b>90,154,401</b>    | -                                  | -                               | -  | - | <b>90,154,401</b> |       |
| <b>C.I Advances in India</b>                             |                      |                                    |                                 |  |   |                   |       |
| (i) Priority Sectors                                     | -                    | -                                  | -                               | -  | - | -                 |       |
| (ii) Public Sectors                                      | -                    | -                                  | -                               | -  | - | -                 |       |
| (iii) Banks  | -                    | -                                  | -                               | -  | - | -                 |       |
| (iv)Others   | -                    | -                                  | -                               | -  | - | -                 |       |
| <b>Gross</b>   | -                    | -                                  | -                               | -  | - | -                 |       |
| Less: Impairment loss allowance (Expected Credit Loss)   | -                    | -                                  | -                               | -  | - | -                 |       |
| <b>Net</b>   | -                    | -                                  | -                               | -  | - | -                 |       |
| <b>II. Advances outside India</b>                        |                      |                                    |                                 |  |   |                   |       |
| (i) Banks  | -                    | -                                  | -                               | -  | - | -                 |       |
| (ii) Others  | 90,203,575           | -                                  | -                               | -  | - | 90,203,575        |       |
| <b>Gross</b>   | <b>90,203,575</b>    | -                                  | -                               | -  | - | <b>90,203,575</b> |       |
| Less: Impairment loss allowance (Expected Credit Loss)   | (49,173)             | -                                  | -                               | -  | - | (49,173)          |       |
| <b>Net</b>   | <b>90,154,401</b>    | -                                  | -                               | -  | - | <b>90,154,401</b> |       |
| <b>Total: (C I and C II)</b>                             | <b>90,154,401</b>    | -                                  | -                               | -  | - | <b>90,154,401</b> |       |

| Particulars  | As at March 31, 2023 |                                    |                                 |  |   |                |       |
|--|----------------------|------------------------------------|---------------------------------|--|---|----------------|-------|
|  | Amortised Cost       | At Fair Value                      |                                 |  |   | Subtotal       | Total |
|  |                      | Through Other Comprehensive Income | Through Profit And Loss Account | Designated at fair value through profit and loss |   |                |       |
| <b>Advances</b>  |                      |                                    |                                 |  |   |                |       |
| A (i) Bills Purchased and Bills Discounted               | -                    | -                                  | -                               | -  | - | -              |       |
| (ii) Cash Credits, Overdrafts, Loans repayable on Demand | 165,000              | -                                  | -                               | -  | - | 165,000        |       |
| (iii) Term Loans   | -                    | -                                  | -                               | -  | - | -              |       |
| <b>Gross</b>   | <b>165,000</b>       | -                                  | -                               | -  | - | <b>165,000</b> |       |
| Less: Impairment loss allowance (Expected Credit Loss)   | (58)                 | -                                  | -                               | -  | - | (58)           |       |
| <b>Net</b>   | <b>164,942</b>       | -                                  | -                               | -  | - | <b>164,942</b> |       |
| B.(i) Secured by tangible assets                         | -                    | -                                  | -                               | -  | - | -              |       |
| (ii) Covered by Bank/ Government Guarantees              | -                    | -                                  | -                               | -  | - | -              |       |
| (iii) Unsecured  | 165,000              | -                                  | -                               | -  | - | 165,000        |       |
| <b>Gross</b>   | <b>165,000</b>       | -                                  | -                               | -  | - | <b>165,000</b> |       |
| Less: Impairment loss allowance (Expected Credit Loss)   | (58)                 | -                                  | -                               | -  | - | (58)           |       |
| <b>Total</b>   | <b>164,942</b>       | -                                  | -                               | -  | - | <b>164,942</b> |       |
| <b>C.I Advances in India</b>                             |                      |                                    |                                 |  |   |                |       |
| (i) Priority Sectors                                     | -                    | -                                  | -                               | -  | - | -              |       |
| (ii) Public Sectors                                      | -                    | -                                  | -                               | -  | - | -              |       |
| (iii) Banks  | -                    | -                                  | -                               | -  | - | -              |       |
| (iv)Others   | -                    | -                                  | -                               | -  | - | -              |       |
| <b>Gross</b>   | -                    | -                                  | -                               | -  | - | -              |       |
| Less: Impairment loss allowance (Expected Credit Loss)   | -                    | -                                  | -                               | -  | - | -              |       |
| <b>Net</b>   | -                    | -                                  | -                               | -  | - | -              |       |
| <b>II. Advances outside India</b>                        |                      |                                    |                                 |  |   |                |       |
| (i) Banks  | -                    | -                                  | -                               | -  | - | -              |       |
| (ii) Others  | 165,000              | -                                  | -                               | -  | - | 165,000        |       |
| <b>Gross</b>   | <b>165,000</b>       | -                                  | -                               | -  | - | <b>165,000</b> |       |
| Less: Impairment loss allowance (Expected Credit Loss)   | (58)                 | -                                  | -                               | -  | - | (58)           |       |
| <b>Net</b>   | <b>164,942</b>       | -                                  | -                               | -  | - | <b>164,942</b> |       |
| <b>Total: (C I and C II)</b>                             | <b>164,942</b>       | -                                  | -                               | -  | - | <b>164,942</b> |       |

**Citibank NA, Gift City Branch**  
**Notes to the financial statements (continued)**

Currency: USD

**3 Property, Plant and Equipment**

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>I. Furniture, Fixtures and Installations</b>                          |                      |                      |
| At cost, beginning of the year   | 71,302               | -                    |
| Additions during the year  | 35,259               | 71,302               |
| Acquisitions   | -                    | -                    |
| Revaluation adjustment, if any   | -                    | -                    |
| Disposals  | -                    | -                    |
| Deductions during the year   | -                    | -                    |
| <b>At cost at the end of the year</b>                                    | <b>106,561</b>       | <b>71,302</b>        |
| Accumulated depreciation and impairment as at the beginning of the year  | 1,188                | -                    |
| Depreciation for the year  | 10,975               | 1,188                |
| Disposals  | -                    | -                    |
| Impairment/(reversal) of impairment                                      | -                    | -                    |
| Reclassification from/to held for sale                                   | -                    | -                    |
| <b>Accumulated depreciation and impairment as at the end of the year</b> | <b>12,163</b>        | <b>1,188</b>         |
|  |                      |                      |
| <b>Net carrying amount as at the end of the year</b>                     | <b>94,398</b>        | <b>70,114</b>        |
|  |                      |                      |
| <b>II. ROU Asset</b>   |                      |                      |
| At cost, beginning of the year   | 65,445               | -                    |
| Additions during the year  | -                    | 65,445               |
| <b>At cost at the end of the year</b>                                    | <b>65,445</b>        | <b>65,445</b>        |
| Accumulated depreciation and impairment as at the beginning of the year  | 2,727                | -                    |
| Depreciation for the year  | 6,545                | 2,727                |
| <b>Accumulated depreciation and impairment as at the end of the year</b> | <b>9,272</b>         | <b>2,727</b>         |
|  |                      |                      |
| <b>Net carrying amount as at the end of the year</b>                     | <b>56,173</b>        | <b>62,718</b>        |
|  |                      |                      |
| <b>Total</b>   | <b>150,571</b>       | <b>132,832</b>       |

**Citibank NA, Gift City Branch**  
**Notes to the financial statements (continued)**

Currency: USD

**4 Deferred Tax**

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <b>(a) Tax effect of items constituting deferred tax liability</b>                  |                      |                      |
| On difference between book balance and tax balance of Fixed assets                  | 1,324                | -                    |
|   | 1,324                | -                    |
| <b>(b) Tax effect of items constituting deferred tax assets</b>                     |                      |                      |
| On difference between book balance and tax balance of Impairment losses             | 18,794               | -                    |
| On difference between book balance and tax balance of ROU Asset and Lease Liability | 298                  | -                    |
| On difference between book balance and tax balance of Security Deposit              | 1,608                | -                    |
|   | 20,699               | -                    |
| <b>Net deferred tax (liability) / asset</b>   | <b>19,375</b>        | <b>-</b>             |

**Reconciliation of Effective tax rate (ETR)**

| Particulars   | As at March 31, 2024 |
|---|----------------------|
| <b>Profit before taxes</b>                              | <b>474,882</b>       |
| Applicable tax rate                                     | 43.68%               |
| Tax using applicable tax rate                           | 207,429              |
| Add: (i) Interest payable on tax                        | 7,464                |
| (ii) Others   | 2,932                |
| <b>Tax expenses as per statement of profit and loss</b> | <b>217,825</b>       |

**5 Other Assets**

| Particulars                  | As at March 31, 2024 | As at March 31, 2023 |
|------------------------------|----------------------|----------------------|
| Interest accrued on advances | 255,540              | 78                   |
| Security deposits            | 4,111                | 3,787                |
| <b>Total</b>                 | <b>259,651</b>       | <b>3,865</b>         |

**6 Borrowings**

| Particulars              | As at March 31, 2024   |   |                     |
|--------------------------|------------------------|---|---------------------|
|                          | At Ammortised Cost (1) | At Fair value through Profit and Loss (2) | Total (3) = (1)+(2) |
| Reserve Bank of India    | -                      | -   | -                   |
| Other Banks              | -                      | -   | -                   |
| Others                   | 71,676,088             | -   | 71,676,088          |
| <b>Total</b>             | <b>71,676,088</b>      | <b>-</b>                                  | <b>71,676,088</b>   |
| Borrowings in India      | -                      | -   | -                   |
| Borrowings outside India | 71,676,088             | -   | 71,676,088          |
| <b>Total</b>             | <b>71,676,088</b>      | <b>-</b>                                  | <b>71,676,088</b>   |

| Particulars              | As at March 31, 2023   |   |                     |
|--------------------------|------------------------|---|---------------------|
|                          | At Ammortised Cost (1) | At Fair value through Profit and Loss (2) | Total (3) = (1)+(2) |
| Reserve Bank of India    | -                      | -   | -                   |
| Other Banks              | -                      | -   | -                   |
| Others                   | -                      | -   | -                   |
| <b>Total</b>             | <b>-</b>               | <b>-</b>                                  | <b>-</b>            |
| Borrowings in India      | -                      | -   | -                   |
| Borrowings outside India | -                      | -   | -                   |
| <b>Total</b>             | <b>-</b>               | <b>-</b>                                  | <b>-</b>            |

**7 Lease Liability**

| Particulars        | As at March 31,<br>2024 | As at March 31,<br>2023 |
|--------------------|-------------------------|-------------------------|
| <b>Current</b>     |                         |                         |
| Lease liability    | 3,698                   | 3,457                   |
| <b>Non-Current</b> |                         |                         |
| Lease liability    | 53,254                  | 57,808                  |
| <b>Total</b>       | <b>56,952</b>           | <b>61,265</b>           |

**8 Other Liabilities and Provisions**

| Particulars                    | As at March 31,<br>2024 | As at March 31,<br>2023 |
|--------------------------------|-------------------------|-------------------------|
| Account payable                | 125,225                 | 81,713                  |
| Accrual for other expenses     | 545,598                 | 142,881                 |
| Interest accrued on borrowings | 114,335                 | -                       |
| Provision for Taxes            | 237,200                 | -                       |
| <b>Total</b>                   | <b>1,022,358</b>        | <b>224,594</b>          |

**9 Other equity**

| Particulars                             | As at March 31,<br>2024 | As at March 31,<br>2023 |
|---|-------------------------|-------------------------|
| <b>Retained earnings</b>                |                         |                         |
| Balance at the beginning                | (149,220)               | -                       |
| Add: Profit/(loss) for the period       | 257,057                 | (149,220)               |
| <b>Balance at the end of the period</b> | <b>107,838</b>          | <b>(149,220)</b>        |
|   |                         |                         |
| <b>Total Other equity</b>               | <b>107,838</b>          | <b>(149,220)</b>        |

**Citibank NA, Gift City Branch**  
**Notes to the financial statements (continued)**

Currency: USD

**10 Interest Income**

| Particulars           | Year ended March 31, 2024 | Period ended March 31, 2023 |
|-----------------------|---------------------------|-----------------------------|
| Interest on advances  | 748,757                   | 78                          |
| Other interest income | 364,169                   | 128                         |
| <b>Total</b>          | <b>1,112,926</b>          | <b>206</b>                  |

**11 Interest Expense**

| Particulars                         | Year ended March 31, 2024 | Period ended March 31, 2023 |
|-------------------------------------|---------------------------|-----------------------------|
| Interest expense on lease liability | 4,883                     | 2,109                       |
| Interest on borrowings              | 114,752                   | -                           |
| <b>Total</b>                        | <b>119,635</b>            | <b>2,109</b>                |

**12 Impairment losses (Expected Credit Loss) on financial instruments**

| Particulars  | Year ended March 31, 2024 | Period ended March 31, 2023 |
|--------------|---------------------------|-----------------------------|
| On advances  | 49,115                    | 58                          |
| <b>Total</b> | <b>49,115</b>             | <b>58</b>                   |

**13 Depreciation and Amortization**

| Particulars   | Year ended March 31, 2024 | Period ended March 31, 2023 |
|---|---------------------------|-----------------------------|
| Depreciation on furniture, fixtures and installations | 10,975                    | 1,188                       |
| Amortization on ROU asset                             | 6,545                     | 2,727                       |
| <b>Total</b>  | <b>17,520</b>             | <b>3,915</b>                |

**14 Other Expenses**

| Particulars                 | Year ended March 31, 2024 | Period ended March 31, 2023 |
|-----------------------------|---------------------------|-----------------------------|
| Human Resource Cost*        | 381,245                   | 129,797                     |
| Repairs and maintenance     | 11,204                    | 2,739                       |
| Auditor's fees and expenses | 10,269                    | 10,344                      |
| Membership fees             | 50,000                    | -                           |
| Exchange loss               | -                         | 463                         |
| <b>Total</b>                | <b>452,718</b>            | <b>143,343</b>              |

\* Includes amount payable to group entities towards secondment of staff and governance & oversight.

# Citibank NA, Gift City Branch

## Notes forming part of financial statements

*For the year ended March 31, 2024*

### Note 15: Accounting Policies

#### I. Introduction

Citibank NA, Gift City Branch (hereinafter referred as "Branch"), which is branch of Citibank N.A. incorporated with limited liability in the United States of America received an approval from International Financial Service Centre Authority (IFSCA) in August 2021 and has started the business operations during 2022-2023. Branch is operating from GIFT SEZ, GIFT City, Gandhinagar, Gujarat.

The Branch offers external commercial borrowings and trade loans, addressing foreign currency funding requirements of multinationals, large local corporates, and financial institutions, as well as emerging mid-corporates.

It will be governed by the banking regulations of IFSCA as may be applicable at the time of operations and as amended from time to time for smooth functioning of banking operations in International Financial Service Centre (IFSC).

#### II. Basis of Preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). These financial statements are prepared under the historical cost convention except for the application of fair value measurements where required or allowed by the relevant IFRS.

#### III. Functional and Presentation Currency

The financial statements are presented in United States dollars (\$), being the presentation currency and functional currency of the Branch.

#### IV. Significant and other accounting estimates and judgement

In determining the carrying amounts of certain assets and liabilities, the Branch makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty and judgement, are set out in the relevant disclosure notes for the areas set out under the relevant headings below:

##### Significant accounting estimates and critical judgements

Significant accounting estimates and judgements represent those items which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year. Significant accounting estimates and judgements are:

- Impairment of financial assets using the expected credit loss method
- Business Model Test for Classification and Measurement of Financial Instruments

##### Other areas of accounting estimate and judgement

Other areas of accounting estimate and judgement do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, but the recognition of certain

# Citibank NA, Gift City Branch

## Notes forming part of financial statements

*For the year ended March 31, 2024*

material assets and liabilities are based on assumptions and/or are subject to long-term uncertainties. The other areas of accounting estimate and judgement are:

- Property Plant and Equipment
- Right of use asset and Lease liability

V. These financial statements were approved by the Governing Body on September 26, 2024.

### VI. Significant Accounting Policies

#### 1. Revenue Recognition

##### **Interest Income:**

Interest income for financial assets held at either fair value through other comprehensive income or amortised cost, and interest expense on all financial liabilities held at amortised cost is recognized in profit or loss using the effective interest method (EIR).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Branch estimates cash flows considering all contractual terms of the financial instrument (for example prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. For floating-rate financial instruments, periodic re-estimation of cash flows that reflect the movements in the market rates of interest alters the effective interest rate. Where the estimates of cash flows have been revised, the carrying amount of the financial asset or liability is adjusted to reflect the actual and revised cash flows, discounted at the instrument's original effective interest rate. The adjustment is recognized as interest income or expense in the period in which the revision is made as long as the change in estimates is not due to credit issues.

##### **Fees and Commission:**

Fees and commissions charged for services provided by the Branch are recognized as revenue when the Branch satisfies the performance obligations to the customer. Services provided by the Branch are either satisfied at point in time or over time. Fees and commission income are measured based on the consideration specified in the contract with the customer.

#### 2. Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Initial recognition and measurement**

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchase and sale of financial assets are recognized on trade-date, the date on which the Branch commits to purchase or sell the asset.

# Citibank NA, Gift City Branch

## Notes forming part of financial statements

*For the year ended March 31, 2024*

At initial recognition, the Branch measures a financial asset or financial liability at its fair value plus or minus, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability (other than financial asset or financial liability carried at fair value through profit or loss).

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

### **I. Financial Assets:**

#### **A. Classification and measurement**

The Branch classifies its financial assets into the following measurement categories: amortised cost; fair value through other comprehensive income (FVOCI); and fair value through profit or loss. Financial liabilities are classified as either amortised cost or held at fair value through profit or loss. Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

#### **Financial assets held at amortized cost and fair value through other comprehensive income (FVOCI):**

Debt instruments held at amortised cost or held at FVOCI have contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI characteristics). Principal is the fair value of the financial asset at initial recognition, but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value for money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows have SPPI characteristics, the Branch considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Whether financial assets are held at amortised cost or at FVOCI depends on the objectives of the business models under which the assets are held. A business model refers to how the Branch manages financial assets to generate cash flows.

The Branch makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed, and information is provided to management.

#### **Financial assets and liabilities held at fair value through profit or loss (FVTPL):**

Financial assets which are not held at amortised cost or that are not held at FVOCI are held at fair value through profit or loss. Financial assets and liabilities held at fair value through profit or loss are either mandatorily classified as fair value through profit or loss or irrevocably designated at fair value through profit or loss at initial recognition.

### **B. Subsequent measurement**

#### **Financial assets and financial liabilities held at amortised cost:**

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest method. Foreign exchange gains and losses are recognized in the income statement.

# Citibank NA, Gift City Branch

## Notes forming part of financial statements

*For the year ended March 31, 2024*

Where a financial instrument carried at amortised cost is the hedged item in a qualifying fair value hedge relationship, its carrying value is adjusted by the fair value gain or loss attributable to the hedged risk.

### **Financial assets held at fair value through other comprehensive income:**

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealized gains and losses arising from changes in fair value (including any related foreign exchange gains or losses) recognized in other comprehensive income and accumulated in a separate component of equity.

### **Financial assets and liabilities held at fair value through profit or loss:**

Financial assets and liabilities mandatorily held at fair value through profit or loss and financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value, including contractual interest income or expense, recorded in the net gain/(loss) on fair value changes line in the profit or loss unless the instrument is part of a cash flow hedging relationship.

## **II. Financial Liabilities**

### **Classification and subsequent measurement**

Financial liabilities are classified at amortised cost, except for:

Financial liabilities at fair value through profit or loss: This classification is applied to derivatives and financial liabilities held for trading and other financial liabilities designated as such at initial recognition.

Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability).

### **Derecognition of financial liabilities**

Financial liabilities are derecognized when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expired.

### **Credit Impairment:**

#### **Expected credit losses (ECL) on Financial Assets:**

ECL are determined for all financial debt instruments that are classified at amortised cost or fair value through other comprehensive income, undrawn commitments and financial guarantees. An ECL represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

#### **Measurement:**

ECL are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward-looking.

The estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD). There may be multiple default events over the lifetime of an instrument.

# Citibank NA, Gift City Branch

## Notes forming part of financial statements

*For the year ended March 31, 2024*

Forward-looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk, such as GDP growth rates, interest rates, house price indices and commodity prices among others. These assumptions are incorporated using the Branch's most likely forecast for a range of macroeconomic assumptions. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally, and are consistent with those used for budgeting, forecasting and capital planning.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Branch is exposed to credit risk. However, for certain revolving credit facilities, such as overdrafts, the Branch's exposure to credit risk is not limited to the contractual period. For these instruments, the Branch estimates an appropriate life based on the period that the Branch is exposed to credit risk, which includes the effect of credit risk management actions such as the withdrawal of undrawn facilities.

### **Recognition:**

**12 months expected credit losses (stage 1)** Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

**Significant increase in credit risk (Stage 2)** If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset. Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Significant does not mean statistically significant nor is it assessed in the context of changes in expected credit loss. Whether a change in the risk of default is significant or not is assessed using a number of quantitative and qualitative factors, the weight of which depends on the type of product and counterparty. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk. For less material portfolios where a loss rate or roll rate approach is applied to compute expected credit loss, significant increase in credit risk is primarily based on 30 days past due.

Quantitative factors include an assessment of whether there has been significant increase in the forward-looking probability of default (PD) since origination. A forward-looking PD is one that is adjusted for future economic conditions to the extent these are correlated to changes in credit risk. The Branch Management compares the residual lifetime PD at the balance sheet date to the residual lifetime PD that was expected at the time of origination for the same point in the term structure and determine whether both the absolute and relative change between the two exceeds predetermined thresholds. To the extent that the differences between the measures of default outlined exceed the defined thresholds, the instrument is considered to have experienced a significant increase in credit risk.

# Citibank NA, Gift City Branch

## Notes forming part of financial statements

*For the year ended March 31, 2024*

**Credit-impaired (or defaulted) exposures (Stage 3)** Financial assets that are credit-impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit-impaired.

- Evidence that a financial asset is credit-impaired includes observable data about the following events:
- Significant financial difficulty of the issuer or borrower;
- Breach of contract such as default or a past due event;
- For economic or contractual reasons relating to the borrower's financial difficulty, the lenders of the borrower have granted the borrower concession/s that lenders would not otherwise consider. This would include forbearance actions
- Pending or actual bankruptcy or other financial re-organisation to avoid or delay discharge of the borrower's obligation/s;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower;
- Purchase or origination of a financial asset at a deep discount that reflects incurred credit losses

Lending commitments to a credit-impaired obligor that have not yet been drawn down are included to the extent that the commitment cannot be withdrawn. Loss provisions against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the expected cash flows, discounted at the instrument's original effective interest rate, and the gross carrying value (including contractual interest due but not paid) of the instrument prior to any credit impairment.

### **Derecognition of financial instruments**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Branch has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Branch has retained control, the assets continue to be recognised to the extent of the Branch's continuing involvement.

Where financial assets have been modified, the modified terms are assessed on a qualitative and quantitative basis to determine whether a fundamental change in the nature of the instrument has occurred, such as whether the derecognition of the pre-existing instrument and the recognition of a new instrument is appropriate.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss except for equity instruments and cumulative fair value adjustments attributable to the credit risk of a liability that are held in other comprehensive income.

Financial liabilities are derecognized when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires and this is evaluated both qualitatively and quantitatively. However, where a financial liability has been modified, it is

# Citibank NA, Gift City Branch

## Notes forming part of financial statements

*For the year ended March 31, 2024*

derecognized if the difference between the modified cash flows and the original cash flows is more than 10 per cent, or if less than 10 per cent, the Branch will perform a qualitative assessment to determine whether the terms of the two instruments are substantially different.

### **Reclassifications**

Financial liabilities are not reclassified subsequent to initial recognition. Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at fair value through other comprehensive income do not affect effective interest rate or expected credit loss computations.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **3. Provisions and contingencies**

Provisions are recognised when the Branch has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Branch expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Branch or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes to the financial statements.

Contingent assets are not recognized in the financial statements.

### **4. Property, plant and equipment:**

All property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or are recognised as a separate

# Citibank NA, Gift City Branch

## Notes forming part of financial statements

For the year ended March 31, 2024

asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Branch and the cost of the item can be measured reliably.

At each balance sheet date the assets' residual values and useful lives are reviewed, and adjusted if appropriate, including assessing for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down to the recoverable amount. Gains and losses on disposals are included in the income statement. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided on the straight-line method from the month of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to Profit and Loss account up to the month preceding the month of sale.

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

The estimated useful life of property, plant and equipment is listed below:

| <b>Class of Property, Plant and Equipment</b> | <b>Estimated Useful Life</b> |
|---|------------------------------|
| Furniture, Fixtures and Installations         | 10 years                     |

### 5. Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Branch's incremental borrowing rate on commencement of the lease is used.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Branch is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

### 6. Foreign Currency

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the balance sheet date are restated at the closing exchange rates. Gain/loss arising on actual payments/realizations and year-end restatements are recognised in the statement of profit and loss.

# Citibank NA, Gift City Branch

## Notes forming part of financial statements

*For the year ended March 31, 2024*

### **7. Cash and Cash Equivalent**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, which are subject to an insignificant risk of changes in value.

### **8. Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Branch are segregated.

### **9. Taxation:**

Income tax payable on profits is based on the applicable tax law in each jurisdiction and is recognized as an expense in the period in which profits arise.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted as at the balance sheet date, and that are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized. Where permitted, deferred tax assets and liabilities are offset on an entity basis and not by component of deferred taxation.

Current and deferred tax relating to items which are charged or credited directly to equity, is credited or charged directly to equity and is subsequently recognized in the income statement together with the current or deferred gain or loss.

**Citibank NA, Gift City Branch**  
**Notes to the financial statements (continued)**

Currency: USD

**16 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is a measure as at a specific date and may be significantly different from the amount which will actually be paid or received on maturity or settlement date. The standard also provides a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

**Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Assets and liabilities are classified as Level 1 if their value is observable in an active market.

**Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. A Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities; and credit spreads.

**Level 3** inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data

Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Branch. Where quoted market prices are not available, or are unreliable because of poor liquidity, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases may also use non-market observable inputs also.

**Valuation Techniques**

The valuation models, such as discounted cash flow method or Black-Scholes option model, incorporate observable or unobservable inputs for interest rates, equity indices, credit spreads, corresponding market volatility levels, and other market-based pricing factors. The Branch uses widely recognised valuation models to determine the fair value of financial instruments.

**Valuation Control Framework**

The Branch uses models for valuation of financial instruments which are subject to due diligence before becoming operational and goes through periodic assessment. These models are assessed by the Market Risk Management team housed under Risk Management.

**Summarised classification of assets and liabilities**

| Particulars                      | Carrying Amount<br>as at March 31, 2024 | As at March 31, 2024 |  |                                    |  |                     |                   |
|----------------------------------|---|----------------------|--|------------------------------------|--|---------------------|-------------------|
|                                  |   | Amortised Cost       | At Fair Value                            |                                    |  | Subtotal<br>(2+3+4) | Total<br>(1+5)    |
|                                  |   |                      | Through Other<br>Comprehensive<br>Income | Through Profit<br>And Loss Account | Designated at fair<br>value through<br>profit and loss |                     |                   |
|                                  |   |                      | 1  | 2                                  | 3  |                     |                   |
| <b>Assets</b>                    |   |                      |  |                                    |  |                     |                   |
| Cash and balances with banks     | 4,279,238                               | 4,279,238            | -  | -                                  | -  | -                   | 4,279,238         |
| Advances                         | 90,154,401                              | 90,154,401           | -  | -                                  | -  | -                   | 90,154,401        |
| Other assets                     | 259,651                                 | 259,651              | -  | -                                  | -  | -                   | 259,651           |
| <b>Total assets</b>              | <b>94,693,290</b>                       | <b>94,693,290</b>    | -  | -                                  | -  | -                   | <b>94,693,290</b> |
| <b>Liabilities</b>               |   |                      |  |                                    |  |                     |                   |
| Borrowings                       | 71,676,088                              | 71,676,088           | -  | -                                  | -  | -                   | 71,676,088        |
| Lease liability                  | 56,952                                  | 56,952               | -  | -                                  | -  | -                   | 56,952            |
| Other liabilities and provisions | 1,022,358                               | 1,022,358            | -  | -                                  | -  | -                   | 1,022,358         |
| <b>Total liabilities</b>         | <b>72,755,398</b>                       | <b>72,755,398</b>    | -  | -                                  | -  | -                   | <b>72,755,398</b> |

| Particulars                      | Carrying Amount<br>as at March 31, 2023 | As at March 31, 2023 |  |                                    |  |                     |                   |
|----------------------------------|---|----------------------|--|------------------------------------|--|---------------------|-------------------|
|                                  |   | Amortised Cost       | At Fair Value                            |                                    |  | Subtotal<br>(2+3+4) | Total<br>(1+5)    |
|                                  |   |                      | Through Other<br>Comprehensive<br>Income | Through Profit<br>And Loss Account | Designated at fair<br>value through<br>profit and loss |                     |                   |
|                                  |   |                      | 1  | 2                                  | 3  |                     |                   |
| <b>Assets</b>                    |   |                      |  |                                    |  |                     |                   |
| Cash and balances with banks     | 21,835,000                              | 21,835,000           | -  | -                                  | -  | -                   | 21,835,000        |
| Advances                         | 164,942                                 | 164,942              | -  | -                                  | -  | -                   | 164,942           |
| Other assets                     | 3,865                                   | 3,865                | -  | -                                  | -  | -                   | 3,865             |
| <b>Total assets</b>              | <b>22,003,807</b>                       | <b>22,003,807</b>    | -  | -                                  | -  | -                   | <b>22,003,807</b> |
| <b>Liabilities</b>               |   |                      |  |                                    |  |                     |                   |
| Lease liability                  | 61,265                                  | 61,265               | -  | -                                  | -  | -                   | 61,265            |
| Other liabilities and provisions | 224,594                                 | 224,594              | -  | -                                  | -  | -                   | 224,594           |
| <b>Total liabilities</b>         | <b>285,859</b>                          | <b>285,859</b>       | -  | -                                  | -  | -                   | <b>285,859</b>    |

**Citibank NA, Gift City Branch**  
**Notes to the financial statements (continued)**

**17 Financial risk management**

| Risk Type      | Nature of Risk   | Risk arising from  | Risk management process   |
|----------------|--|--|---|
| Credit risk    | Credit risk is the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a borrower, counterparty, third party or issuer to honor its financial or contractual obligations | Credit risk arises principally from lending and investment   | Credit risk is:<br>- measured as the amount that could be lost if a customer or counterparty fails to make repayments. The Branch considers the amount of principal outstanding and interest due as credit exposure from its borrowers;<br>- monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and<br>- managed through a robust risk control framework and governance process, which outlines clear and consistent policies, principles and guidance for risk managers for credit sanctioning, lending and risk |
| Liquidity risk | Liquidity risk is the risk that the Branch does not have sufficiently stable and diverse sources of funding. Also the risk of insufficient financial resources to meet our commitments as they fall due          | Liquidity risk arises from mismatches in the timing of cash flows  | Liquidity risk is:<br>- planned as per annual plan process and balance sheet forecast supplemented by periodic Balance Sheet monitoring, keeping in mind the prevailing market conditions is conducted.   |
| Market risk    | Market risk is the risk of loss arising from changes in the value of the Branch's assets and liabilities resulting from changes in market variables (for eg. interest rates, corporate spreads)                  | Structured notes, Investments held for trading, loans carried at fair value through other comprehensive income | Market risk is:<br>- measured using sensitivities and stress testing using factor sensitivities for market movements and scenarios;   |

**The Governing body has the overall responsibility for the establishment and oversight of the Branch's risk management framework.**

**A. Credit Risk**

The following tables set out information about the credit quality of loans and advances to Corporates:

| Internal rating grades (ORR)                     | Credit Risk Category | Stage 1           | Stage 2 | Stage 3 | Total             |
|--|----------------------|-------------------|---------|---------|-------------------|
| As at March 31, 2024                             |                      |                   |         |         |                   |
| Grades: 1 to 4-                                  | Low                  | 90,203,575        | -       | -       | 90,203,575        |
| <b>Gross carrying amount (at amortized cost)</b> |                      | <b>90,203,575</b> | -       | -       | <b>90,203,575</b> |
| Less: Expected Credit Losses                     |                      | (49,173)          | -       | -       | (49,173)          |
| <b>Net Carrying Amount</b>                       |                      | <b>90,154,401</b> | -       | -       | <b>90,154,401</b> |

| Internal rating grades (ORR)                     | Credit Risk Category | Stage 1        | Stage 2 | Stage 3 | Total          |
|--|----------------------|----------------|---------|---------|----------------|
| As at March 31, 2023                             |                      |                |         |         |                |
| Grades: 1 to 4-                                  | Low                  | 165,000        | -       | -       | 165,000        |
| <b>Gross carrying amount (at amortized cost)</b> |                      | <b>165,000</b> | -       | -       | <b>165,000</b> |
| Less: Expected Credit Losses                     |                      | (58)           | -       | -       | (58)           |
| <b>Net Carrying Amount</b>                       |                      | <b>164,942</b> | -       | -       | <b>164,942</b> |

**B. Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The functional currency of the Branch is US Dollars (\$). The Branch does not have any open currency derivative position as at March 31, 2024

The carrying amounts of the Branch's assets and liabilities denominated in foreign currencies at the reporting date are as follows:

| Particulars                | As at March 31, 2024 |                     | As at March 31, 2023 |                     |
|----------------------------|----------------------|---------------------|----------------------|---------------------|
|                            | Receivable (INR)     | Payable (INR)       | Receivable (INR)     | Payable (INR)       |
| Account payable            | -                    | ₹ 10,309,415        | -                    | ₹ 6,719,474         |
| Accrual for other expenses | -                    | ₹ 45,075,621        | -                    | ₹ 11,740,502        |
| <b>Total</b>               | -                    | <b>₹ 55,385,036</b> | -                    | <b>₹ 18,459,976</b> |

A sensitivity analysis demonstrating the impact of change in prices existing as at the reporting date is given below:

| Increase/Decrease | Impact on P&L and other equity |              |
|-------------------|--------------------------------|--------------|
|                   | Receivable (\$)                | Payable (\$) |
| +5%               | -                              | 33,202       |
| -5%               | -                              | (33,202)     |

### C. Liquidity Risk

The liquidity objectives of the Branch are to maintain a liquidity profile to enable it to efficiently meet expected and unexpected current and future cash flow and collateral needs and operate under a variety of market conditions, including market disruptions for both short term and long term periods.

The below table analyses the Branch's non-derivative financial assets and financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the below table are the contractual un-discounted cash flows and exclude the impact of netting agreements

Currency: USD

| Particulars                                 | Carrying Amount   | Gross Nominal Inflow/(Outflow) | Upto 3 Months       | 3 to 6 months   | 6 to 12 months | 1 year to 3 year | Over 3 years    |
|---|-------------------|--------------------------------|---------------------|-----------------|----------------|------------------|-----------------|
| <b>As at March 31, 2024</b>                 |                   |                                |                     |                 |                |                  |                 |
| <b>Non-derivative financial assets</b>      |                   |                                |                     |                 |                |                  |                 |
| Cash and balances with banks                | 4,279,238         | 4,279,238                      | 4,279,238           | -               | -              | -                | -               |
| Advances                                    | 90,154,401        | 90,154,401                     | 90,154,401          | -               | -              | -                | -               |
| Other assets                                | 259,651           | 263,795                        | 255,540             | -               | -              | -                | 8,255           |
| <b>Total</b>                                | <b>94,693,290</b> | <b>94,697,434</b>              | <b>94,689,179</b>   | <b>-</b>        | <b>-</b>       | <b>-</b>         | <b>8,255</b>    |
| <b>Non-derivative financial liabilities</b> |                   |                                |                     |                 |                |                  |                 |
| Borrowings                                  | 71,676,088        | (71,676,088)                   | (71,613,588)        | (62,500)        | -              | -                | -               |
| Lease liability                             | 56,952            | (81,164)                       | (2,063)             | (2,063)         | (4,126)        | (25,618)         | (47,294)        |
| Other liabilities and provisions            | 1,022,358         | (1,022,358)                    | (1,022,358)         | -               | -              | -                | -               |
| <b>Total</b>                                | <b>72,755,398</b> | <b>(72,779,610)</b>            | <b>(72,638,009)</b> | <b>(64,563)</b> | <b>(4,126)</b> | <b>(25,618)</b>  | <b>(47,294)</b> |

| Particulars                                 | Carrying Amount   | Gross Nominal Inflow/(Outflow) | Upto 3 Months     | 3 to 6 months  | 6 to 12 months | 1 year to 3 year | Over 3 years    |
|---|-------------------|--------------------------------|-------------------|----------------|----------------|------------------|-----------------|
| <b>As at March 31, 2023</b>                 |                   |                                |                   |                |                |                  |                 |
| <b>Non-derivative financial assets</b>      |                   |                                |                   |                |                |                  |                 |
| Cash and balances with banks                | 21,835,000        | 21,835,000                     | 21,835,000        | -              | -              | -                | -               |
| Advances                                    | 164,942           | 164,942                        | 164,942           | -              | -              | -                | -               |
| Other assets                                | 3,865             | 8,395                          | 78                | -              | -              | -                | 8,317           |
| <b>Total</b>                                | <b>22,003,807</b> | <b>22,008,337</b>              | <b>22,000,020</b> | <b>-</b>       | <b>-</b>       | <b>-</b>         | <b>8,317</b>    |
| <b>Non-derivative financial liabilities</b> |                   |                                |                   |                |                |                  |                 |
| Lease liability                             | 61,265            | (90,760)                       | (2,094)           | (2,094)        | (4,188)        | (16,753)         | (65,631)        |
| Other liabilities and provisions            | 224,594           | (224,594)                      | (224,594)         | -              | -              | -                | -               |
| <b>Total</b>                                | <b>285,859</b>    | <b>(315,354)</b>               | <b>(226,688)</b>  | <b>(2,094)</b> | <b>(4,188)</b> | <b>(16,753)</b>  | <b>(65,631)</b> |

**Citibank NA, Gift City Branch**  
**Notes to the financial statements (continued)**

Currency: USD

**18 Related Party Transactions**

The Branch carries out transactions in the ordinary course of its business on an arm's length basis at commercial rates with parties who are defined as related parties in IAS 24, "Related Party Disclosures", the details of which are reported below.

**(a) Ultimate controlling party**

Citigroup, Inc., which is incorporated in the United States of America, is the ultimate holding company of parent.

**(b) Other Related Parties**

| Name                             | Relationship         |
|----------------------------------|----------------------|
| Citibank NA                      | Parent Entity        |
| Citibank NA branches             | Branches of Parent   |
| Citicorp Finance (India) Limited | Subsidiary of Parent |

**(c) Transactions during the year:**

| Particulars                                    | Year ended March 31, 2024 | Period ended March 31, 2023 |
|--|---------------------------|-----------------------------|
| <b><u>Citibank NA</u></b>                      |                           |                             |
| Capital Contribution                           | -                         | 22,000,000                  |
| <b><u>Citibank NA, India</u></b>               |                           |                             |
| Other Expenditure                              | 435,222                   | 11,402                      |
| <b><u>Citicorp Finance (India) Limited</u></b> |                           |                             |
| Other Expenditure                              | 738                       | -                           |
| <b><u>Citibank N.A. Hong Kong</u></b>          |                           |                             |
| Interest on borrowings                         | 114,752                   | -                           |
| <b>Total</b>                                   | <b>549,973</b>            | <b>22,011,402</b>           |

**(d) Balances due to/from related party:**

| Particulars                                    | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b><u>Citibank NA</u></b>                      |                      |                      |
| Balance with banks                             | 4,279,238            | 21,835,000           |
| <b><u>Citibank NA, India</u></b>               |                      |                      |
| Account payable                                | 125,225              | 81,713               |
| Accrual for other expenses                     | 524,247              | 11,402               |
| <b><u>Citicorp Finance (India) Limited</u></b> |                      |                      |
| Other Expenditure                              | 738                  | -                    |
| <b><u>Citibank N.A. Hong Kong</u></b>          |                      |                      |
| Borrowings                                     | 71,676,088           | -                    |
| Interest on borrowings                         | 114,335              | -                    |

**Citibank NA, Gift City Branch**  
**Notes to the financial statements (continued)**

Currency: USD

**19 Leases**

The Branch has leased an office premise. The lease typically runs for a period of 10 years beginning from November 01, 2023.

**(a) Right of Use Asset**

It related to leased office premises that are presented within Property, Plant and Equipment

| Particulars                       | As at March 31, 2024 | As at March 31, 2023 |
|-----------------------------------|----------------------|----------------------|
| Beginning of the year             | 62,718               | -                    |
| Additions during the year         | -                    | 65,445               |
| Deletion/Transfer during the year | -                    | -                    |
| Amortization during the year      | 6,545                | 2,727                |
| <b>Closing Balance</b>            | <b>56,173</b>        | <b>62,718</b>        |

**(b) Lease Liability**

| Particulars                       | As at March 31, 2024 | As at March 31, 2023 |
|-----------------------------------|----------------------|----------------------|
| Beginning of the year             | 61,265               | -                    |
| Additions during the year         | -                    | 60,787               |
| Finance cost accrued              | 4,882                | 2,109                |
| Lease Payments                    | (8,252)              | (2,094)              |
| Exchange Loss/ (Gain)             | (944)                | 463                  |
| Deletion/Transfer during the year | -                    | -                    |
| <b>Closing Balance</b>            | <b>56,951</b>        | <b>61,265</b>        |

**(c) Amount recognised in Profit and Loss**

| Particulars   | Year ended March 31, 2024 | Period ended March 31, 2023 |
|---|---------------------------|-----------------------------|
| Interest expense on lease liabilities                                       | 4,883                     | 2,109                       |
| Expense relating to short-term leases (included in other expenses)          | -                         | -                           |
| Expense relating to leases of low-value assets (included in other expenses) | -                         | -                           |
| Depreciation expense of right-of-use assets                                 | 6,545                     | 2,727                       |
| Exchange Loss   | -                         | 463                         |
| Exchange Gain   | 944                       | -                           |
| Interest Income on Security Deposits  | 324                       | 128                         |

**20 Comparative Figures**

The Branch has commenced its operations during 2022-23. The comparative figures of FY 2022-23 is for period less than 12 months and hence the same are not comparable with current period of FY 2023-24.

**21 Previous Year Figures**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's figures.

Significant Accounting Policies 15  
Notes referred to herein form an integral part of the Balance Sheet 16 - 21

As per our report of even date attached

**For C N K & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number - 101961W/W100036

**For and on behalf of Citibank NA - Gift City Branch**

**Suresh Agaskar**  
Partner  
Membership Number: 110321

**Rajarshi Chakraborty**      **Jeegar Shah**  
Member of Governing Body      Member of Governing Body

Place: Mumbai  
Date: 27th September 2024