

CITIGROUP



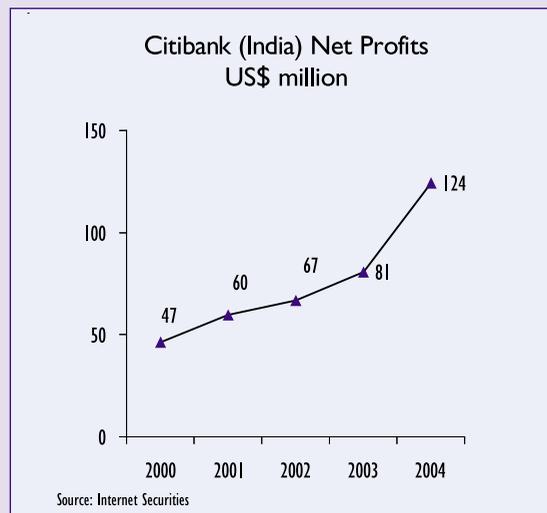
Background

Citigroup opened its first office in India in Kolkata (Calcutta) in 1902. With capital nearing US\$ 1 billion it is the single largest foreign direct investor in the financial services industry in India. It has become one of India's most diverse and recognised financial service providers operating through 30 branches of Citibank N.A. across 20 cities and through various finance companies operating directly/indirectly out of locations across the country. Citigroup India offers a complete range of corporate and investment banking services under the "Citigroup" brand name, consumer banking products and services under the "Citibank" banner and consumer finance under the "CitiFinancial" banner. Citigroup has a customer base of over 900 large corporates, over 22,000 small and medium enterprises and over 3,500,000 retail customers.

The global corporate and investment banking group provides a range of financial services including treasury management, transaction services including cash management and trade services, securities custodianship, foreign exchange, fixed income and equities sales and trading, and corporate finance to corporate clients, governments and financial institutions. In retail banking, Citibank offers credit cards, mortgages, personal and auto loans, insurance, and investment services for customers.

In addition to the above, Citigroup has significant investment through its venture capital arm in various software/non-software companies in India, the primary ones being i-Flex Solutions Limited and Polaris Software Labs Limited. Citigroup was also one of the pioneers in housing its back office processing/call centre company for its global activities in India through e-Serve International Limited.

The bank had revenues of US\$ 800 million in 2003-04 and employs in excess of 8,500 people across various legal vehicles.



Second largest foreign bank in India

Citibank India is a leading foreign retail bank in India.

With the help of innovative product launches and superior customer service, it has emerged as the

second largest foreign bank in the country (in terms of total assets). The bank had a market share of 22 per cent among the foreign banks in India.

Citibank's profits have grown at a CAGR of 28 per cent over the last 5 years. At 1.2 per cent, Citibank has one of the lowest non-performing assets in the Indian banking industry.

Leading issuer of credit cards in the country

Citibank was the first to launch credit cards in India and today has the largest card member base of 2.3 million customers. Constant product innovation has led Citibank to launch the industry's first co-branded and affinity cards with leading organisations. Presently, Citibank has over 7.5 lakh co-branded card members. In 2003, Citibank had a market share of 35 per cent in terms of spending.

Key Milestones of Citigroup:

- Mortgage Services: Citibank was the first to launch

Home Credit (in 1990), a facility to utilise surplus funds to save interest and PAM (Preserved Asset Mortgage), a 100 per cent home loan with security in equity, mutual funds, etc.

- Auto Loans: Citibank pioneered organised auto financing in India in August 1986.
- Personal Loans: Citibank entered this business in 1989 and is considered a pioneer in this segment with a healthy market share of 24 per cent with expansion through various innovative products.
- Internet Banking: Citibank also provided India's first and most comprehensive Internet Banking service covering both resident and NRI customers, with a 'single-glance statement' enabling customers to get complete information on all their banking relationships. The bank has enabled Internet banking for corporates as well.
- Citibank was the largest mobiliser of funds by non-public sector bank (second after the State



Bank of India) for the Resurgent India Bonds (RIB) 1998 and the India Millennium Deposit (IMD), 2000 sourcing US\$ 830 million and US\$ 840 million respectively.

Many awards

- In 2002, Euromoney ranked Citibank as the world's Number 1 Cash Management Services provider
- In 2002, The Asian Banker Gilboa Report rated Citibank India's Internet banking service as the best in Asia.
- Best Bank – 2002 by Business India
- Euromoney Forex Poll 2002 award for “No. 1 Forex Dealer” in India
- Asiamoney Treasury Poll award for “Best Derivatives Bank” in India
- Business Today : Most Productive Bank 2003 (Best Banks Survey by BT-KPMG)
- Best Local Currency Bond House by Finance Asia 2002
- Asian Banker Retail Product Excellence Award: Citibank India MTV Credit Card



Factors for success

Universal banking strategy

Citibank has been one of the early adopters of a universal banking strategy.

The bank has leveraged the changing demographic profile in India by targeting the attractive retail-banking segment. Citibank was a pioneer in consumer banking, being one of the first to introduce focused consumer lending programs and electronic banking.

For the corporate banking segment, Citibank was first to launch cash management services in 1986 and it continues to be the leader in this segment. In 2001, throughput for this channel was US\$ 25 billion (about 6 per cent of India's GDP). Currently over 2,250 corporations and financial institutions in India use this platform. As the leading custodian bank, Citigroup has over US\$ 13 billion of custody assets under management, an 8 per cent share of the foreign exchange market. The Bank has also lead managed and participated in raising capital for Indian companies through Euro loans, GDRs and FRNs in excess of US\$ 2.5 billion.

Targeting customer segments with focused products

Citibank India has been rolling out products targeted towards specific customer segments:

- Citibank launched the *Suvidha* Account for salaried customers in 1998. At the time of launch, *Suvidha*

Presenting
Citibank Suvidha
Savings Account.
Minimum Balance
Just Rs 1000.

Now you'll never need to go to the bank.

The bank is here when you are. With a Citibank Suvidha Savings Account, you can now bank from anywhere. Over the phone, from a kiosk at the office or online. So now, whenever you need to deposit or withdraw, you can do it from the comfort of your home or office. You can also use the Citibank Suvidha Savings Account to pay bills, make payments and receive money. You can also use the Citibank Suvidha Savings Account to receive money through your Citibank Savings Account.

Remember, Citibank is here when you need it. Citibank Suvidha Savings Account offers you the convenience of banking from anywhere, anytime. You can use the Citibank Suvidha Savings Account to pay bills, make payments and receive money. You can also use the Citibank Suvidha Savings Account to receive money through your Citibank Savings Account.

To open an account, call 311 2265. Or grab up an application form from your nearest Citibank ATM, or visit www.citibankindia.com

Citibank Suvidha is available only for residents of India.



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account offered unmatched benefits like utility bill payments, automatic creation of fixed deposits, direct credit of salary reimbursements etc. The success of *Suvidha* created a new product platform for the Citigroup global franchise.

- Citibank launched Citigold Wealth Management - a set of global financial planning tools and wealth management services in 2002, to complement its range of banking services. This is targeted at high-net-worth priority customers who want to grow and protect their wealth.
- For working women, Citibank has launched the Woman's Account in 2003. This is a zero-balance savings account scheme for women. The scheme also offers housing loans at a concessional rate of 7 per cent per annum.

Developing financial markets in India

Citigroup has been instrumental in developing the financial markets in India through the launch of innovative and global products in India. It has been a pioneer in the securitisation market, with creation of the first PTC in 1996 and has created liquidity in this segment through active purchase and sale of securitised paper as well as listing of the PTCs on the Indian stock exchange to provide secondary market liquidity to investors. With the liberalisation of the Indian market, it has also introduced complex derivatives and options structures to enable customers to manage their risks more effectively.

Strong parental support and strong local management

Citigroup's global platform allows it to introduce new products quickly as compared to competitors. At the same time, by localising products, Citibank India offers its customers the advantages of a local bank. A strong local management effectively supported by a high-quality workforce has been a key factor for Citibank's success in India. The Indian subsidiary has the flexibility to innovate and launch new products within guiding principles defined by Citigroup, USA.

Leveraging the India Advantage

Role model for similar international markets

Citigroup has developed segment specific solutions for small and medium enterprises (SMEs) in India. These successful solutions are being adopted as models for other Asian countries like Taiwan and Korea. Similarly, the solutions developed by Citigroup for Non-resident Indians (NRIs) have been adopted successfully in countries like Pakistan.

Source for managerial talent

Citigroup, worldwide has recognised and leveraged Indian managerial talent. Personnel from Citigroup India are routinely assigned to global positions at Citigroup. Over 300 professionals and staff from its offices in India are now in Citigroup's international cadre.

Software development for global operations

Citigroup has made India its global software development, software maintenance and BPO hub. Polaris Software Lab, an India-based leading global provider of financial technology solutions and offshore IT services, has developed, deployed and supported solutions for over 10 million Citibank customers in 70 countries across the world.

Back office operations for Global operations

Citigroup has established e-Serve International Ltd. (formerly known as Citicorp Securities & Investments Ltd.) in India, for its BPO activities. e-Serve focuses on providing IT-enabled solutions to the financial services industry, supported by latest technology and robust infrastructure for volume-intensive processing and the customer care needs of its customers located in over 25 countries across North America, Europe, Africa, South Asia and Middle East. e-Serve handles all the cash management and trade finance transaction processing for Citibank India, Sri Lanka and Bangladesh; credit cards services for Eastern Europe, Middle East and Africa and bank back-office processing work for Citibank in Europe.

Future plans

India is one of the priority countries for Citigroup and as a reaffirmation of this commitment; it retained the entire earnings for 2003-2004 as capital in India for further growth.

As part of its strategic plan, Citigroup plans to grow organically as well as inorganically in India. Using the organic mode, it plans to double its footprint in India in the next five years. It will also look at the acquisition route as and when regulations change and market opportunities arise. Citibank plans to enter every line of business, and is launching products and services to expand the market for consumer financial services.