

# CITIBANK N.A.

(Incorporated with limited liability in U.S.A. )

## Balance Sheet of the Indian branches

as at March 31, 2007

(Currency : Indian Rupees)

	<i>Schedules</i>	<b>As at 31.03.2007</b> (Rs. '000)	As at 31.03.2006 (Rs. '000)
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	16,059,625	5,013,625
Reserves & Surplus	2	49,968,357	38,457,369
Deposits	3	378,750,031	279,117,436
Borrowings	4	126,763,351	81,830,755
Other liabilities and provisions (includes sub-ordinated debt of the face value of Rs. 950 million)	5	92,042,043	49,955,388
<b>TOTAL</b>		<b>663,583,407</b>	<b>454,374,573</b>
<b>ASSETS</b>			
Cash and balance with Reserve Bank of India	6	30,077,830	25,281,750
Balances with banks and money at call and short notice	7	59,928,773	38,034,936
Investments	8	160,211,492	105,557,539
Advances	9	328,611,067	244,552,834
Fixed Assets	10	7,979,675	5,543,592
Other Assets	11	76,774,570	35,403,922
<b>TOTAL</b>		<b>663,583,407</b>	<b>454,374,573</b>
Contingent Liabilities	12	6,836,919,262	3,716,022,077
Bills for Collection		27,206,886	26,706,186
NOTES TO ACCOUNTS	18		

Schedules referred to herein form an integral part of the Balance Sheet.

As per our report of even date.

**For BSR & Co.**

*Chartered Accountants*

**For and on behalf of Citibank N.A. - India Branches**

**Natrajan Ramkrishna**

*Partner*

Membership No: 032815

**Sanjay Nayar**

*Chief Executive Officer - India*

**Abhijit Sen**

*Chief Financial Officer*

Place : Mumbai

Date : June 21, 2007

# CITIBANK N.A.

(Incorporated with limited liability in U.S.A. )

## Profit and Loss Account of the Indian branches

for the year ended March 31, 2007

(Currency : Indian Rupees)

	<i>Schedules</i>	<b>Year ended 31.03.2007 (Rs. '000)</b>	Year ended 31.03.2006 (Rs. '000)
<b>I. INCOME</b>			
Interest earned	13	43,836,487	30,643,886
Other income	14	13,458,310	10,430,666
<b>TOTAL</b>		<u>57,294,797</u>	<u>41,074,552</u>
<b>II. EXPENDITURE</b>			
Interest expended	15	16,963,690	10,057,091
Operating expenses	16	18,526,561	15,246,423
Provisions and contingencies	17	12,804,536	8,715,572
<b>TOTAL</b>		<u>48,294,787</u>	<u>34,019,086</u>
<b>III. PROFIT</b>			
Net profit for the year		9,000,010	7,055,466
Profit brought forward		-	-
Transfer from Investment Fluctuation Reserve		-	4,149,886
<b>TOTAL</b>		<u>9,000,010</u>	<u>11,205,352</u>
<b>IV. APPROPRIATIONS</b>			
Transfers to Statutory Reserves		2,250,002	1,763,867
Transfer to FX Reserve		10,000	-
Transfer to Capital Reserve on sale of Immovable Property		6,732	53,077
Transfer to Remittable Surplus retained for CRAR requirements		6,733,276	9,388,408
<b>TOTAL</b>		<u>9,000,010</u>	<u>11,205,352</u>

Schedules referred to herein form an integral part of the Profit and Loss Account.

As per our report of even date.

For BSR & Co.

Chartered Accountants

Natrajan Ramkrishna

Partner

Membership No: 032815

Place : Mumbai

Date : June 21, 2007

For and on behalf of Citibank N.A. - India Branches

Sanjay Nayar

Chief Executive Officer - India

Abhijit Sen

Chief Financial Officer

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Cash Flow Statement

for the year ended March 31, 2007

(Currency : Indian Rupees)

	31.03.2007 (Rs. '000)	31.03.2006 (Rs. '000)
<b><u>Cash Flow from Operating Activities</u></b>		
Net profit for the year before Tax	15,599	12,155
<b><u>Adjustments for:</u></b>		
Depreciation charge for the year	1,123	927
(Profit) / loss on sale of fixed assets	(48)	(107)
Net Provision for depreciation / (appreciation) on Investments	1,020	2,059
Provisions for non-performing assets / write offs (Net)	5,185	1,557
<b><u>Adjustments for:</u></b>		
(Increase) / Decrease in Investments	(55,674)	(26,405)
(Increase) / Decrease in Advances	(86,832)	(65,001)
Increase in Borrowings	44,933	23,799
Increase in Deposits	99,633	64,273
Increase in Other assets	(40,570)	(12,277)
Increase in other liabilities and provisions	39,246	17,433
Direct Taxes paid	(6,970)	(5,270)
<b><u>Net cash flow from Operating Activities</u></b>	<b><u>16,645</u></b>	<b><u>13,143</u></b>
<b><u>Cash Flow from Investing Activities</u></b>		
Purchase of fixed assets	(1,269)	(1,199)
Purchase of long term investments	-	(12)
Proceeds from sale of fixed assets	268	301
<b><u>Net cash used in Investing Activities</u></b>	<b><u>(1,001)</u></b>	<b><u>(910)</u></b>
<b><u>Cash Flow from Financing Activities</u></b>		
Infusion of capital	11,046	3,339
<b><u>Net cash generated from Financing Activities</u></b>	<b><u>11,046</u></b>	<b><u>3,339</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>26,690</b>	<b>15,572</b>
<b>Cash and cash equivalents* at April 1, 2006</b>	<b>63,317</b>	<b>47,745</b>
<b>Cash and cash equivalents* at March 31, 2007</b>	<b><u>90,007</u></b>	<b><u>63,317</u></b>

\* Cash and cash equivalents include Cash, balances with RBI & other banks and money at call and short notice  
(Refer to Schedule 6 & 7)

For BSR & Co.  
Chartered Accountants

For and on behalf of Citibank N.A. - India Branches

Natrajan Ramkrishna  
Partner  
Membership No: 032815

Sanjay Nayar  
Chief Executive Officer - India

Abhijit Sen  
Chief Financial Officer

Place : Mumbai  
Date : June 21, 2007

# CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

## Schedules forming part of the accounts of the Indian branches

as at March 31, 2007

(Currency : Indian Rupees)

	(Rs. '000)	As at 31.03.2007 (Rs. '000)	As at 31.03.2006 (Rs. '000)
<b>SCHEDULE 1 - CAPITAL</b>			
<b>CAPITAL</b>		<b>12,394,000</b>	<b>10,144,000</b>
Amount of deposit kept with RBI under Section 11 ( 2 ) ( b ) of the Banking Regulation Act, 1949 (see Schedule 18 - Note V (5))			
<b>CAPITAL</b>			
Initial Capital		2,000	2,000
Interest free funds from H.O. for CRAR requirements			
Opening Balance	5,011,625		1,672,625
Additions during the year	11,046,000	16,057,625	3,339,000
			5,011,625
<b>TOTAL</b>		<b>16,059,625</b>	<b>5,013,625</b>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>			
<b>I. Statutory Reserves</b>			
Opening Balance	9,694,944		7,931,077
Additions during the year	2,250,002	11,944,946	1,763,867
			9,694,944
<b>II. Furniture &amp; Equipment Reserve</b>		<b>28,086</b>	28,086
<b>III. Properties Investment Reserve</b> (see Schedule 18 - Note IV (6))		<b>619,431</b>	619,431
<b>IV. Properties Revaluation Reserve</b>			
Opening Balance	1,515,503		1,546,432
Additions during the year	2,593,151		-
(Depreciation) / Appreciation during the year	(82,173)	4,026,481	(30,929)
			1,515,503
<b>V. Investments Fluctuation Reserve</b>			
Opening Balance	-		4,149,886
Additions during the year	-		-
Transfer to Profit and loss account	-		(4,149,886)
			-
<b>VI. Capital Reserve on sale of immovable properties</b>			
Opening Balance	110,378		57,301
Additions during the year	6,732	117,110	53,077
			110,378
<b>VII. FX Reserve</b>			
Opening Balance	350,000		350,000
Additions during the year	10,000	360,000	-
			350,000
<b>VIII. Remittable Surplus retained for CRAR requirements</b>			
Opening Balance	26,139,027		16,750,619
Additions during the year	6,733,276	32,872,303	9,388,408
			26,139,027
<b>TOTAL</b>		<b>49,968,357</b>	<b>38,457,369</b>

# CITIBANK N.A.

(Incorporated with limited liability in U.S.A. )

## Schedules forming part of the accounts of the Indian branches (Continued)

as at March 31, 2007

(Currency : Indian Rupees)

	As at 31.03.2007 (Rs. '000)	As at 31.03.2006 (Rs. '000)
<b>SCHEDULE 3 - DEPOSITS</b>		
A. I. Demand Deposits		
i) From banks	729,075	1,095,041
ii) From others	108,487,311	100,070,277
	<u>109,216,386</u>	<u>101,165,318</u>
II Savings Bank Deposits	74,221,683	62,679,735
III. Term Deposits		
i) From banks	-	-
ii) From others	195,311,962	115,272,383
	<u>195,311,962</u>	<u>115,272,383</u>
<b>TOTAL</b>	<u><u>378,750,031</u></u>	<u><u>279,117,436</u></u>
<b>B Deposits of branches in India</b>	<b>378,750,031</b>	<b>279,117,436</b>
<b>SCHEDULE 4 - BORROWINGS</b>		
I. Borrowings in India		
i) Reserve Bank of India	31,250,000	-
ii) Other banks	29,911,632	28,876,614
iii) Other institutions and agencies	11,970,644	10,289,451
	<u>73,132,276</u>	<u>39,166,065</u>
II. Borrowings outside India	53,631,075	42,664,690
<b>TOTAL</b>	<u><u>126,763,351</u></u>	<u><u>81,830,755</u></u>
Secured borrowings included in I & II above	-	-
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills payable	13,874,960	13,943,991
II. Inter - office adjustments (net)	7,535	-
III. Interest accrued	2,712,293	1,606,261
IV. Subordinated debt (see Schedule 18 - Note V (8))	950,000	3,200,000
V. Contingent provisions against standard assets (see Schedule 18 - Note V (10.6))	3,379,793	968,872
VI. Others (including provisions)	71,117,462	30,236,264
<b>TOTAL</b>	<u><u>92,042,043</u></u>	<u><u>49,955,388</u></u>

# CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

## Schedules forming part of the accounts of the Indian branches (Continued)

as at March 31, 2007

(Currency : Indian Rupees)

	(Rs. '000)	As at 31.03.2007 (Rs. '000)	As at 31.03.2006 (Rs. '000)
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>			
I. Cash in hand (including foreign currency notes)		<b>1,113,003</b>	898,052
II. Balances with Reserve Bank of India			
i) in Current Account	28,964,827		22,383,698
ii) in Other Accounts	-		2,000,000
		<b>28,964,827</b>	<b>24,383,698</b>
<b>TOTAL</b>		<b>30,077,830</b>	<b>25,281,750</b>

## SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

I. In India			
i) Balances with banks			
a) in Current Accounts	2,628,748		2,043,274
b) in Other Deposit Accounts	36,772,288		7,391,896
		<b>39,401,036</b>	<b>9,435,170</b>
ii) Money at call and short notice			
a) With banks	3,955,005		2,050,000
b) With other institutions	-		-
		<b>3,955,005</b>	<b>2,050,000</b>
<b>TOTAL ( i &amp; ii )</b>		<b>43,356,041</b>	<b>11,485,170</b>
II. Outside India			
i) in Current Account	3,088,253		1,009,256
ii) in Other Deposit Accounts	13,484,479		25,540,510
iii) Money at call and short notice	-		-
		<b>16,572,732</b>	<b>26,549,766</b>
<b>GRAND TOTAL ( I &amp; II )</b>		<b>59,928,773</b>	<b>38,034,936</b>

## SCHEDULE 8 - INVESTMENTS

(see Schedule 18 - Note IV (4))

I. Investments in India in			
i) Government securities		<b>148,082,608</b>	95,086,846
ii) Other approved securities		-	-
iii) Debentures and Bonds		<b>12,420,612</b>	14,281,179
iv) Shares		<b>47,544</b>	47,544
v) Others [see Schedule 18 Note V (6)]		<b>4,539,089</b>	-
<b>TOTAL</b>		<b>165,089,853</b>	<b>109,415,569</b>
Gross Investments		<b>165,089,853</b>	109,415,569
Less : Provisions for depreciation		<b>(4,878,361)</b>	(3,858,030)
Net Investments		<b>160,211,492</b>	<b>105,557,539</b>

Investments include securities of Rs 69,364 million (Previous year Rs. 37,080 million) pledged for availment of fund transfer facility, clearing facility and under section 11(2)(b) of the Banking Regulation Act, 1949

# CITIBANK N.A.

(Incorporated with limited liability in U.S.A. )

## Schedules forming part of the accounts of the Indian branches (Continued)

as at March 31, 2007

(Currency : Indian Rupees)

	As at 31.03.2007 (Rs. '000)	As at 31.03.2006 (Rs. '000)
<b>SCHEDULE 9 - ADVANCES</b> (see Schedule 18 - Note IV (2))		
A.		
i) Bills purchased and discounted	22,529,344	20,656,965
ii) Cash credits, overdrafts and loans repayable on demand	86,966,681	58,663,250
iii) Term loans	219,115,042	165,232,619
<b>TOTAL</b>	<b>328,611,067</b>	<b>244,552,834</b>
B.		
i) Secured by tangible assets (Including advances against Book Debts)	133,896,363	114,525,467
ii) Supported by overseas branches of the Bank in OECD Countries	31,821,857	25,679,823
iii) Covered by Bank / Government Guarantees	198,816	331,729
iv) Unsecured	162,694,031	104,015,815
<b>TOTAL</b>	<b>328,611,067</b>	<b>244,552,834</b>
C. I.		
Advances in India		
i) Priority Sectors	87,921,349	58,033,380
ii) Public Sector	9,218,686	3,013,994
iii) Banks	2,042,369	2,910,586
iv) Others	229,428,663	180,594,874
<b>TOTAL</b>	<b>328,611,067</b>	<b>244,552,834</b>
II. Advances Outside India	-	-
<b>GRAND TOTAL (C. I &amp; II)</b>	<b>328,611,067</b>	<b>244,552,834</b>

# CITIBANK N.A.

(Incorporated with limited liability in U.S.A. )

## Schedules forming part of the accounts of the Indian branches (Continued)

as at March 31, 2007

(Currency : Indian Rupees)

	As at 31.03.2007 (Rs. '000)	As at 31.03.2006 (Rs. '000)
<b>SCHEDULE 10 - FIXED ASSETS</b>		
(see Schedule 18 - Note IV (6))		
I. Leasehold land		
At cost as on 1 April	740,627	740,627
Additions during the year	-	-
Deductions during the year	-	-
	<u>740,627</u>	<u>740,627</u>
Depreciation to date	(121,491)	(106,691)
<b>TOTAL</b>	<u>619,136</u>	<u>633,936</u>
II. Premises		
At cost as on 1 April	1,000,306	974,807
Additions during the year	-	68,009
Deductions during the year	(54,545)	(42,510)
	<u>945,761</u>	<u>1,000,306</u>
Depreciation to date	(129,154)	(133,221)
	<u>816,607</u>	<u>867,085</u>
Add: Premises Revaluation	4,026,481	1,515,503
<b>TOTAL</b>	<u>4,843,088</u>	<u>2,382,588</u>
III. A Other Fixed Assets (including furniture and fixtures)		
At cost as on 1 April	5,699,373	5,314,988
Additions during the year	955,126	1,050,424
Deductions during the year	(475,194)	(666,039)
	<u>6,179,305</u>	<u>5,699,373</u>
Depreciation to date	(3,992,556)	(3,327,271)
	<u>2,186,749</u>	<u>2,372,102</u>
III. B Other Fixed Assets (Taken on Lease) - (See Schedule 18 - Note IV (11) & V (16))		
At cost as on 1 April	313,932	277,837
Additions during the year	215,288	115,738
Deductions during the year	(116,081)	(79,643)
	<u>413,139</u>	<u>313,932</u>
Depreciation to date	(181,139)	(158,966)
	<u>232,000</u>	<u>154,966</u>
<b>TOTAL</b>	<u>2,418,749</u>	<u>2,527,068</u>
Capital Work-in-progress	98,702	-
<b>GRAND TOTAL</b>	<u>7,979,675</u>	<u>5,543,592</u>

# CITIBANK N.A.

(Incorporated with limited liability in U.S.A. )

## Schedules forming part of the accounts of the Indian branches (Continued)

as at March 31, 2007

(Currency : Indian Rupees)

	As at 31.03.2007 (Rs. '000)	As at 31.03.2006 (Rs. '000)
<b>SCHEDULE 11 - OTHER ASSETS</b>		
I. Due from Head office	3,504	4,258
II. Inter Office adjustments (Net)	-	5,581
III. Interest accrued	6,292,193	4,539,115
IV. Stationery and stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	3,320	9,487
VI. Deferred Tax Asset [see Schedule 18 - Note V (15)]	2,480,019	1,679,249
VII. Others	67,995,534	29,166,232
<b>TOTAL</b>	<b>76,774,570</b>	<b>35,403,922</b>

## SCHEDULE 12 - CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts	431,940	168,075
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	3,093,398,648	2,434,721,633
IV. Liability on account of outstanding Rupee Interest Rate Swaps	3,632,684,882	1,208,883,760
V. Guarantees given on behalf of constituents		
a) In India	39,263,428	33,230,846
b) Outside India	11,271,430	8,868,010
VI. Acceptances, endorsements and other obligations	39,999,435	11,954,419
VII. Other items	19,869,499	18,195,334
<b>TOTAL</b>	<b>6,836,919,262</b>	<b>3,716,022,077</b>

# CITIBANK N.A.

(Incorporated with limited liability in U.S.A.)

## Schedules forming part of the accounts of the Indian branches (Continued)

for the year ended March 31, 2007

(Currency : Indian Rupees)

	Year ended 31.03.2007 (Rs. '000)	Year ended 31.03.2006 (Rs. '000)
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I Interest/discount on advances/bills	29,127,830	20,360,690
II Income on investments	10,315,947	8,837,893
III Interest on balances with Reserve Bank of India and other inter-bank funds	4,293,910	1,430,228
IV Others	98,800	15,075
<b>TOTAL</b>	<b>43,836,487</b>	<b>30,643,886</b>

## SCHEDULE 14 - OTHER INCOME

I Commission, exchange and brokerage	6,140,028	5,743,169
II Profit/(Loss) on sale of investments	(1,321,541)	(1,354,152)
III Profit/(Loss) on sale of fixed assets	47,603	107,411
IV Profit/(Loss) on exchange transactions	8,506,800	5,498,585
V Miscellaneous income	85,420	435,653
<b>TOTAL</b>	<b>13,458,310</b>	<b>10,430,666</b>

## SCHEDULE 15 - INTEREST EXPENDED

I Interest on deposits	13,097,135	7,055,194
II Interest on Reserve Bank of India/ inter-bank borrowings	3,656,184	2,572,530
III Others	210,371	429,367
<b>TOTAL</b>	<b>16,963,690</b>	<b>10,057,091</b>

## SCHEDULE 16 - OPERATING EXPENSES

I Payments to and provisions for employees	5,617,792	3,442,234
II Rent, taxes and lighting	863,956	844,294
III Printing and stationery	326,519	220,220
IV Advertisement and publicity	2,519,429	1,788,193
V Depreciation on bank's property	1,123,313	926,755
VI Director's fees, allowances and expenses	-	-
VII Auditors' fees and expenses	5,295	4,490
VIII Law charges	102,137	61,141
IX Postage, Telegrams, Telephones, etc.	1,107,902	980,557
X Repairs and maintenance	743,133	844,550
XI Insurance	312,893	237,774
XII Other expenditure	5,804,192	5,896,215
<b>TOTAL</b>	<b>18,526,561</b>	<b>15,246,423</b>

## SCHEDULE 17 - PROVISIONS AND CONTINGENCIES

I Provisions for non-performing assets / write offs (Net)	2,774,182	1,036,551
II Provision for other assets	2,410,921	520,622
III Provisions for Taxation (Includes provision for earlier year Rs 1.9 million (Previous Year Rs 28 million))	7,399,873	5,713,636
IV Deferred Tax charge / (benefit)	(800,770)	(614,043)
V Net Provision for depreciation / (appreciation) on Investments	1,020,330	2,058,806
<b>TOTAL</b>	<b>12,804,536</b>	<b>8,715,572</b>

# **CITIBANK N.A.**

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007**

### **Schedule 18**

#### **I. Background**

The accompanying financial statements for the year ended March 31, 2007 comprise the accounts of the Indian branches of Citibank N.A. ('the Bank'), which is incorporated with limited liability in the United States.

The Indian Branches of the Bank as at March 31, 2007 are at:

Ahmedabad; Aurangabad; Bengalooru (M.G Road and South End Road); Baroda; Bhopal; Bhubaneshwar; Chandigarh; Chennai (Anna Salai and Alwarpet); Cochin; Coimbatore; Faridabad; Gurgaon; Hyderabad; Indore; Jaipur; Jalandhar; Kolkata (Brabourne Road and Chowringee Road); Lucknow; Ludhiana; Mumbai (Andheri, Fort, Juhu, Nariman Point and Santacruz); Nasik; New Delhi (Parliament Street, Punjabi Baug; Nehru Place; South Extension and Vasant Vihar); Noida; Pondicherry; Pune; Surat; Vapi and Vashi.

#### **II. Basis of preparation**

The financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI') to the extent applicable and conform to the statutory requirements prescribed under the Banking Regulation Act, 1949, circulars issued by the Reserve Bank of India ('RBI') from time to time and current practices within the banking industry in the country.

#### **III. Use of estimates**

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Any revisions to the accounting estimates are recognised prospectively.

# **CITIBANK N.A.**

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

### **IV. Significant accounting policies**

#### **1) Foreign currency transactions**

Foreign currency assets, including foreign currency notes and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers Association of India ('FEDAI').

Revenues and expenses are translated at rates prevailing on transaction date.

In accordance with the RBI Circular No. DBOD No. BP.BC.76/21.04.018/2005-06 dated April 5, 2006 and Accounting Standard 11- The Effect of Changes in Foreign Exchange Rates, foreign exchange trading positions including spot and forward contracts are revalued daily at the rates published by newswires and monthly at the prevailing market rates (notified by FEDAI). The resulting gains and losses are included in the Profit and Loss account at the present value equivalent using appropriate discount rates. The notional values of these contracts continue to be recorded as contingencies.

Foreign currency swaps and forward rate agreements are marked to market using respective discount rates for rupee and foreign currency cash flows. All transactions are recorded at spot rates notified by FEDAI. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in "other assets" or "other liabilities" respectively. The notional value of these swaps is recorded as contingencies.

In compliance with RBI circular no. DBOD No. BP.BC. 76/21.04.018/2005-06 dated April 5, 2006 and as required under Accounting Standard 11, the Bank has marked-to-market the swap contracts hedging the foreign exchange risk implicit in certain foreign currency deposits, which are swapped into rupees. The unrealized profit or loss on these contracts is recorded in the Balance Sheet under "other assets" or "other liabilities".

Foreign currency options are marked to market using market values after considering the premium received or paid. The profit or loss on revaluation is recorded in the profit and loss account and is included in "other assets" or "other liabilities". Accordingly, premium received and premium paid is recognized in the profit and loss account upon expiry or exercise of the options. The notional value of these options is recorded as contingencies.

Forward contracts, which are designated as hedges of underlying foreign currency liabilities are accounted for as Cash Flow Hedges in accordance with International Accounting Standards.

#### **2) Advances**

Advances include portfolio purchases and are stated net of specific provisions and interest in suspense. The Bank has a consistent internal policy of classifying its advances as commercial and consumer loans and advances.

# **CITIBANK N.A.**

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

In compliance with the prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances issued by the Reserve Bank of India vide circular No. DBOD.No.BP.BC.15/21.04.048/2006-2007 dated July 1, 2006, the Bank adopts a '90 day overdue norms' for identification of Non Performing Assets ('NPAs'), unless the events warrant an earlier recognition of NPA.

Write-offs and provisions made for NPAs satisfy the prudential norms prescribed by the RBI for income recognition, asset classification and provisioning.

Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed in RBI guidelines.

The Bank also maintains a general provision to cover potential credit losses, which are inherent in any loan portfolio but not yet identified, at rates and norms prescribed by RBI in terms of the RBI circular no. DBOD. No. BP.BC.53/21.04.048/2006-2007 dated January 31, 2007 and discloses the same in Schedule 5 -Other liabilities and provisions.

### **3) Securitization and assignment transactions**

The Bank securitizes out its commercial and consumer loans through Special Purpose Vehicles ("SPV"). The Bank also assigns portfolio on outright sale basis. Advances securitized and portfolios assigned are recorded as sales once management is satisfied that control over the underlying assets has been transferred.

In most cases, post securitization, the Bank continues to service the loans transferred to the assignee or SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of excess interest spreads to Pass Through Certificates ("PTC") holders.

In compliance with the 'Guidelines on Securitization of Standard Assets' vide circular no. DBOD.No. B.P.BC.60/21.04.048/2005-06 dated February 1, 2006 issued by the RBI, gain arising on securitization is amortized over the life of security issued/to be issued by the SPV. Loss, if any, is recognized immediately in the profit and loss account. Gains and losses arising out of assignment deals are recorded upfront after providing for retained service costs and provision for credit losses, where warranted.

Further, the guidelines stated that the RBI would take a view on the accounting for gains on securitization undertaken for the periods prior to February 1, 2006 on a case-by case basis. Accordingly, the Bank has approached RBI as prescribed in the circular with the request to exempt the Bank from requirement of writing back the gains booked in the prior years and amortize them over the remaining life to the underlying securities. The Bank will follow the RBI instructions in this regard.

# CITIBANK N.A.

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

### **4) Investments**

#### ***Classification***

In accordance with the RBI circular No. DBOD No. BP. BC. 14/21.04.141/2006-07 dated July 1, 2006, investments are to be classified as “Held for trading” (‘HFT’) or “Available for sale” (‘AFS’) or “Held to maturity” (‘HTM’) at the time of its purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows value date method for accounting for its investments. For disclosure in the Balance Sheet, the investments are classified under five categories – Government securities, Other approved securities, Shares, Debentures and Bonds and Other investments.

#### ***Valuation***

Investments classified under “Held to Maturity” category are carried at acquisition cost and are not marked to market. Any premium on acquisition is amortised over the remaining period to maturity on a constant yield to maturity.

Investments classified under “Available for sale” category are marked to market monthly and annually based on yields declared by the Fixed Income and Money Market Dealers Association (‘FIMMDA’) in consultation with Primary Dealers Association of India (‘PDAI’). Treasury Bills are valued at carrying cost in conformity with RBI circular DBOD.No.BP.BC. 14/21.04.141/2006-07 dated July 1, 2006. Discount to face value is accreted over the remaining period to maturity. Investments classified as “Held for trading” are marked to market daily and annually based on yields declared by FIMMDA in consultation with PDAI.

Net depreciation, if any, in the classifications mentioned in Schedule 8 - Investments is charged to the Profit and Loss account. Appreciation is only recognised to the extent of depreciation previously provided. The book value of the investments held by the Bank is carried at the cost of acquisition without amortizing the premium paid on acquisition.

#### ***Repurchase transactions***

Repurchase and reverse repurchase transactions are accounted for on outright sale and outright purchase basis respectively. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction in the Profit and Loss account. However, depreciation in their value, if any, compared to their original cost, is provided for. The accounting is in accordance with the RBI circular DBOD.No.BP.BC. 14/21.04.141/2006-07 dated July 1, 2006.

#### ***Broken period interest***

Broken period interest paid at the time of acquisition of the security is not capitalised as part of the cost. The accounting for broken period interest complies with RBI Circular No. DBOD.No.BP.BC. 14/21.04.141/2006-07 dated July 1, 2006.

# CITIBANK N.A.

*(Incorporated with Limited Liability in U.S.A)*

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 *(Continued)*

### 5) Rupee derivative transactions

Rupee derivative transactions primarily comprise interest rate swaps. These swaps are marked to market using appropriate interest rates. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in "other assets" or "other liabilities". The notional value of these swaps is recorded as contingencies.

Rupee Interest Rate Swaps, which are designated as hedges where the underlying is not marked to market, the Bank follows accrual accounting.

### 6) Fixed assets and depreciation

Fixed assets, other than premises, which are revalued, are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Depreciation on premises revalued is charged to 'Premises Revaluation Reserve'. Premises are revalued by the management biennially, based on an independent valuation report.

Depreciation is provided on the straight-line method from the date of addition based on the estimated useful life at the date of the addition. Depreciation on assets sold during the year is charged on a pro-rata basis to the Profit and Loss account till the date of sale. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided at the following rates:

Asset Description	Depreciation Rate (% p.a.)
Buildings	2.00
Installations, Furniture and Work of Art	10.00
Equipment	15.00
Computer Mainframe/Hardware/Structured cables	20.00
Software (including operating systems)	20.00/33.33/50.00
LAN Printers, servers, scanners, VSAT equipment	25.00
Personal Computers	33.33
Vehicles	33.33

The Bank has retained a "Properties Investment Reserve" as at March 31, 2007 of Rs. 619 million (Previous year Rs 619 million) as per the RBI guidelines.

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an

# **CITIBANK N.A.**

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

### **7) Retirement benefits**

Contributions to the pension and gratuity funds (defined benefit plans) in respect of its employees are managed by a trust, which invests the funds in annuity policies of the Life Insurance Corporation of India, deposits and other eligible securities. The Bank's contribution is based on an actuarial valuation in accordance with Accounting Standard 15 – Employee Benefits issued by the Institute of Chartered Accountants of India ('ICAI').

The Bank contributes to an approved provident fund scheme for all its employees and to a superannuation fund for employees in the management cadre above a certain grade. These schemes are managed by a trust, which invests the funds in deposits and other eligible securities. Provident fund and superannuation fund contributions are charged to the Profit and Loss account in the period in which they accrue.

The Bank has ascertained the liability arising on leave encashment benefit to eligible employees on an actuarial basis and accounted for the same in the financial statements on accrual basis.

### **8) Income recognition**

Interest income is recognised in the Profit and Loss account on an accrual basis, except in the case of interest on non-performing assets, which is recognised as income on receipt.

Fees and commission income is recognised when due except when it is in the nature of yield enhancement. Yield enhancement fees and commission are deferred, along with related expenses and amortized over the life of the underlying asset.

Gains arising on securitization is amortized over the life of security issued/to be issued by the SPV with upfront recognition of retained service costs and provision for credit losses. Loss, if any, is recognized immediately in the profit and loss account.

Gains and losses arising out of outright assignment deals are recorded upfront after providing for retained service costs and provision for credit losses, where warranted.

### **9) Provision for reward points on credit cards**

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for these points is made consistently on the basis of behavioral analysis of utilization trends and conforms to the opinion given by the Expert Advisory Committee of the ICAI.

# **CITIBANK N.A.**

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

### **10) Taxation**

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed thereunder), deferred tax charge or credit reflecting the tax effects of timing differences between accounting income and taxable income for the year and fringe benefit tax.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

Provision for fringe benefit tax is made on the basis of applicable FBT on the taxable value of eligible expenses of the Bank as prescribed under the Income Tax Act 1961.

### **11) Accounting for leases**

Lease transactions are accounted in accordance with Accounting Standard 19 Leases issued by ICAI.

#### ***Operating leases***

Lease payments are recognized as an expense in the statement of Profit and Loss account over the lease term.

#### ***Financial leases***

Assets taken on finance lease are recognised as a fixed asset at the fair market value of the asset or present value of present lease payments as prescribed under Accounting Standard 19 Leases issued by the ICAI. An equivalent liability is created at the inception of the lease. Rentals paid are apportioned between finance charge and principal based on the implicit rate of return in the contract. The finance charge is shown as interest expense and the principal amount is reduced from the liability. These assets acquired under the leases are depreciated at the same rates as applicable for similar fixed assets acquired on an outright basis as disclosed in Schedule 18 IV (6).

# **CITIBANK N.A.**

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

### **12) Provisions and contingencies**

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financials. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

### **13) Goodwill**

Excess of consideration paid over net assets purchased in a business acquisition is recorded as Goodwill. Goodwill is amortized over its useful life of five years as determined by the management. The unamortized portion of the Goodwill is treated as an Intangible asset and reduced for the purposes of capital adequacy computation

# CITIBANK N.A.

*(Incorporated with Limited Liability in U.S.A)*

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 *(Continued)*

### V Notes forming part of the financial statements for the year ended March 31, 2007

1. No provision has been made for claims paid amounting to Rs 103 million (Previous year Rs 103 million) in respect of which the arbitration award passed against the Bank was set aside by the Mumbai High Court and the Bank has initiated recovery proceeding to recover the amounts so deposited. The Bank has been legally advised that there are good and reasonable chances of success. This amount is included in other assets. For the purpose of calculating the capital adequacy ratio, as disclosed in Schedule 18 V (10.1), the above amount has however been reduced from Tier I capital.
2. No provision has been made for claims paid amounting to Rs. 619 million (Previous year Rs. 619 million) decreed against the Bank against which appeals filed have been admitted by the Supreme Court of India. The Bank has been legally advised that it has a strong chance of succeeding in the appeal. This balance is included in other assets. For the purpose of calculating the Capital Adequacy ratio, as disclosed in Schedule 18 V (10.1), the above amount has however been reduced from Tier I Capital.
3. In July 2006, the Bank has obtained a license from the Reserve Bank of India for commencing Primary Dealership business.
4. The Bank has acquired the phone-banking unit, whose services were hitherto being outsourced. The amounts paid by the Bank in excess of the tangible value of the assets is accounted as goodwill, which is being amortized equally over a period of five years.
5. The Bank has to lodge additional securities with the RBI under section 11(2)(b) of the Banking Regulation Act, 1949 amounting to Rs. 2,250 million for the year ended March 31, 2007. (Previous year Rs 1,764 million).
6. Other Investments comprises Pass Through Certificates Rs. 4,539 million (Previous year Rs Nil) and Commercial Paper Rs. Nil (Previous year Rs. Nil)
7. Bills received from constituents for collections on their behalf are controlled through memorandum registers and are recorded in financial ledgers only when collected. These bills for collection outstanding as at the year-end have been stated in the Balance Sheet.
8. "Other Liabilities and Provisions" includes an amount of Rs 950 million (Previous year Rs 3,200 million) representing sub-ordinated debt, details of which are as below:

Date of Allotment	Amount (Rs million)	Coupon Rate	Coupon Frequency	Final Maturity
January 31, 2000	950	11.75%	Semi Annual	120 months from the date of allotment

9. The following disclosure are made in accordance with the RBI circular DBOD.BP.BC.No.16/21.04.018/2006-07 dated July 1, 2006.

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

10.1 The Capital Adequacy Ratio of the Bank as at March 31, 2007, as computed under the guidelines issued by the RBI is 11.06% (Previous year 11.33%).

Ratio	Amount in Rs million	
	As at March 31, 2007	As at March 31, 2006
CRAR – Tier I Capital	10.12%	10.77 %
CRAR – Tier II Capital	0.94%	0.56%
Amount of subordinated debt raised as Tier II capital	950	3,200

As per DBOD.No. B.P.BC.60/21.04.048/2005-06 dated February 1, 2006, credit enhancement in respect of securitized loans has been deducted equally from Tier I and Tier II capital for computing capital adequacy at March 31, 2007. However, the amount of credit enhancement continues to be reflected under Schedule 12 - Contingent Liabilities.

### 10.2 Business ratios

Ratio	2006-2007	2005-2006
Percentage of Net NPAs to Net Advances	1.02%	0.95%
Interest income as a percentage to working funds	8.00%	7.82%
Non interest income as a percentage to working funds	2.45%	2.66%
Operating profit as a percentage to working funds	3.98%	4.02%
Return on assets	2.79%	3.07%
Business (deposits plus advances) per employee (Rs Thousands)	136,048	160,792
Profit per employee (Rs Thousands)	1,733	2,171

#### Note

- Working funds are the average of total assets.
- Interbank deposits have been excluded for the computation of business per employee ratio.

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### 10.3 Maturity Pattern

Amount in Rs million

Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1-14 days	69,914	-	62,253	56,587	59,485	62,020
15-28 days	21,300	31,376	25,808	-	7,225	2,552
29 days – 3 months	35,528	28,527	45,742	15,239	12,858	20,864
Over 3 months to 6 months	34,128	3,122	12,989	709	17,931	8,478
Over 6 months to 12 months	23,720	4,819	29,842	17,409	2,339	29,374
Over 1 year to 3 years	122,714	67,406	200,327	36,413	1,876	35,968
Over 3 years to 5 years	9,902	293	1,699	369	317	1,600
Over 5 years	11,405	24,668	90	37	-	-
<b>Total</b>	<b>328,611</b>	<b>160,211</b>	<b>378,750</b>	<b>126,763</b>	<b>102,031</b>	<b>161,342</b>

#### Note:

- The information on maturity pattern above has been compiled by the management based on the same estimates and assumptions as that for compiling the returns submitted to the RBI.
- Assets and liabilities exclude off-balance sheet assets and liabilities.

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### 10.4 Lending to sensitive sectors

#### A) Exposure to Real Estate Sector

Category	Amount in Rs million	
	As at March 31, 2007	As at March 31, 2006
Exposure to Real Estate Sector		
<b>1. Direct Exposure</b>		
(i) Residential Mortgages	43,327	30,151
Of which housing loans upto Rs. 15 Lakhs	12,255	11,537
(ii) Commercial Real Estate	22,354	19,679
(iii) Investments in mortgage backed securities (MBS) and other securitized exposures	-	-
a. Residential Mortgage	-	-
b. Commercial Exposure	-	-
<b>2. Indirect Exposure</b>		
Fund based and non- fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,500	4,983
<b>Total Exposure to Real Estate Sector</b>	<b>67,181</b>	<b>54,813</b>

#### B) Exposure to Capital Market

Category	Amount in Rs million	
	As at March 31, 2007	As at March 31, 2006
1. Investment made in equity shares	35	35
2. Investment in bonds / convertible debentures	-	-
3. Investment in units of equity – oriented mutual funds	-	-
4. Advances against shares to individuals for investment in equity shares (including IPOs / ESOPS), bonds and debentures, units of equity oriented mutual funds (also includes financing for promoter's contribution for acquiring shares)	4,200	4,301
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	4,312	3,005
<b>Total Exposure to Capital Market</b>	<b>8,547</b>	<b>7,341</b>
6. Of (5) above, the total finance extended to stock brokers for margin trading	-	-

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### 10.5 Movements in NPAs

Particulars	2006-07			2005-06		
	Gross NPA	Provision	Net NPA	Gross NPA	Provision	Net NPA
Opening Balance as on April 1	3,918	1,583	2,335	3,697	1,887	1,810
Additions during the year	2,086	622	1,464	1,110	214	896
Recoveries/write offs during the year	704	266	438	889	518	371
<b>Closing Balance as on March 31</b>	<b>5,300</b>	<b>1,939</b>	<b>3,361</b>	<b>3,918</b>	<b>1,583</b>	<b>2,335</b>

Amount in Rs million

### 10.6 Provision on standard assets

Description	Amount in Rs million	
	As at March 31, 2007	As at March 31, 2006
Provision towards standard assets	3,380	969

### 10.7 Restructured Loan assets

	Amount in Rs million	
	For the year ended 31 March 2007	For the year ended 31 March 2006
(i) Total amount of loan assets subjected to restructuring, rescheduling, renegotiation;		
- of which under Corporate Debt Restructuring ('CDR')	89	218
(ii) The amount of Standard assets subjected to restructuring, rescheduling, renegotiation;		
- of which under CDR	-	136
(iii) The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation;		
- of which under CDR	89	22
(iv) The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation;		
- of which under CDR	-	12
(v) The amount of Loss assets subjected to restructuring, rescheduling, renegotiation;		
- of which under CDR	-	48
Note: [ (i) = (ii)+(iii)+(iv)+(v) ]		

10.8 There has been no debt restructuring for SME accounts during the year (Previous year Rs Nil)

10.9 During the year, there were no transactions relating to sale of financial assets to any securitization/reconstruction company for assets reconstruction.

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### 10.10 Investments

#### A) Value of Investments

Particulars	Amount in Rs million	
	2006-07	2005-06
(1) Gross value of investments		
(a) In India	165,089	109,416
(b) Outside India	-	-
(2) Provisions for depreciation		
(a) In India	4,878	3,858
(b) Outside India	-	-
(3) Net value of investments		
(a) In India	160,211	105,558
(b) Outside India	-	-

#### B) Provision for depreciation on investments

Particulars	Amount in Rs million	
	2006-07	2005-06
Opening Balance as on April 1	3,858	1,799
Add: Provision made during the year	1,020	2,059
Less: Write-off/write back of provisions during the year	-	-
<b>Closing Balance as on March 31</b>	<b>4,878</b>	<b>3,858</b>

### 10.11 Non SLR Investment Portfolio

#### A) Issuer composition of non-SLR investments as on March 31, 2007

Issuer	Amount in Rs million				
	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)
Public Sector Undertakings	419	-	-	-	-
Financial Institutions	11,629	11,429	-	4,179	4,179
Banks	-	-	-	-	-
Private Corporates	4,959	200	-	48	12
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	-	-	-	-	-
Provisions held towards depreciation	(140)	(27)	-	(12)	(12)
<b>Total</b>	<b>16,867</b>	<b>11,602</b>	<b>-</b>	<b>4,215</b>	<b>4,179</b>

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### B) Issuer composition of non-SLR investments as on March 31, 2006

Amount in Rs million

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)
Public Sector Undertakings	718	-	-	-	-
Financial Institutions	11,455	11,350	-	-	-
Banks	-	-	-	-	-
Private Corporates	2,155	1,998	-	-	12
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	-	-	-	-	-
Provisions held towards depreciation	(249)	(249)	-	-	(12)
<b>Total</b>	<b>14,079</b>	<b>13,099</b>	<b>-</b>	<b>-</b>	<b>-</b>

### C) Non-performing Non SLR investments

Amount in Rs million

Description	As at March 31, 2007	As at March 31, 2006
Opening Balance as on April 1	12	-
Additions made during the year	-	12
Reductions during the year	-	-
<b>Closing Balance as on March 31</b>	<b>12</b>	<b>12</b>
<b>Total provisions held</b>	<b>12</b>	<b>12</b>

### 10.12 Repo and Reverse Repo transactions

Amount in Rs million

	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year	As on March 31, 2007
Securities sold under repos	15	56,739	5,577	-
Securities purchased under reverse repos	1,251	10,998	1,467	-

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

*Amount in Rs million*

	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year	As on March 31, 2006
Securities sold under repos	5	10,046	1,260	1,623
Securities purchased under reverse repos	504	24,998	2,993	-

\* Minimum outstanding during the year is taken to mean outstanding on a day when balance was outstanding.

### 10.13 Derivatives

#### Position as on March 31, 2007

#### Rupee Interest Rate Swaps

*Amount in Rs million*

Nature	Nos	Notional Principal	Benchmark	Terms
Trading Swaps	2,089	1,121,486	MIBOR	Pay Floating Receive Fixed
Trading Swaps	2,076	1,193,430	MIBOR	Pay Fixed Receive Floating
Trading Swaps	1	1,500	1 Year MIBOR	Pay Fixed Receive Floating
Trading Swaps	1	1,500	2 Year MIBOR	Pay Fixed Receive Floating
Trading Swaps	9	5,000	5 Year MIBOR	Pay Floating Receive Floating
Trading Swaps	1	250	1 Year MIFOR arrears	Pay Floating Receive Floating
Trading Swaps	32	25,750	3 Month MIFOR	Pay Floating Receive Fixed
Trading Swaps	57	45,750	3 Month MIFOR	Pay Fixed Receive Floating
Trading Swaps	1,135	353,780	6 Month MIFOR	Pay Floating Receive Fixed
Trading Swaps	1,076	339,595	6 Month MIFOR	Pay Fixed Receive Floating
Trading Swaps	52	12,584	GOI Securities Yield	Pay Floating Receive Fixed
Trading Swaps	37	14,113	GOI Securities Yield	Pay Fixed Receive Floating
Trading Swaps	8	1,799	3 month USD LIBOR Swap	Pay Floating Receive Fixed
Trading Swaps	9	2,263	3 month USD LIBOR Swap	Pay Fixed Receive Floating
Trading Swaps	1	437	6 month USD LIBOR Swap	Pay Floating Receive Fixed
Trading Swaps	1	402	6 month USD LIBOR Swap	Pay Fixed Receive Floating
Trading Swaps	2	1,000	12 month USD LIBOR Swap	Pay Floating Receive Floating
Trading Swaps	15	7,812	12 month USD LIBOR Swap	Pay Floating Receive Fixed
Trading Swaps	16	8,875	12 month USD LIBOR Swap	Pay Fixed Receive Floating
Hedging Swaps	20	37,750	MIBOR	Pay Fixed Receive Floating

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### U.S. Dollar Interest Rate Swaps

Amount in USD million

Nature	Nos	Notional Principal	Benchmark	Terms
Trading Swaps	2	152	1 month USD LIBOR	Pay Floating Receive Fixed
Trading Swaps	1	2	1 month USD LIBOR	Pay Fixed Receive Floating
Trading Swaps	430	4,161	3 month USD LIBOR	Pay Floating Receive Fixed
Trading Swaps	447	4,218	3 month USD LIBOR	Pay Fixed Receive Floating
Trading Swaps	1	5	3 month USD LIBOR	Pay Floating Receive Floating
Trading Swaps	36	470	6 month USD LIBOR	Pay Floating Receive Fixed
Trading Swaps	29	279	6 month USD LIBOR	Pay Fixed Receive Floating
Trading Swaps	3	28	6 month USD LIBOR	Pay Floating Receive Floating
Trading Swaps	1	3	12 month USD LIBOR	Pay Floating Receive Fixed
Trading Swaps	1	9	12 month USD LIBOR	Pay Floating Receive Floating
Trading Swaps	3	53	12 month USD LIBOR	Pay Fixed Receive Floating

### JPY Interest Rate Swaps

Amount in JPY million

Nature	Nos	Notional Principal	Benchmark	Terms
Trading Swaps	1	64	12 month JPY LIBOR	Pay Floating Receive Fixed
Trading Swaps	1	64	12 month JPY LIBOR	Pay Fixed Receive Floating
Trading Swaps	2	9,000	6 month JPY LIBOR	Pay Floating Receive Fixed
Trading Swaps	2	9,000	6 month JPY LIBOR	Pay Fixed Receive Floating
Trading Swaps	3	678	3 month JPY LIBOR	Pay Floating Receive Fixed
Trading Swaps	3	678	3 month JPY LIBOR	Pay Fixed Receive Floating
Trading Swaps	14	5,194	3 month JPY LIBOR	Pay Floating Receive Floating
Trading Swaps	1	180	1 month JPY LIBOR	Pay Floating Receive Fixed
Trading Swaps	1	180	1 month JPY LIBOR	Pay Fixed Receive Floating

### CHF Interest Rate Swaps

Amount in CHF million

Nature	Nos	Notional Principal	Benchmark	Terms
Trading Swaps	1	6	1 month CHF LIBOR	Pay Floating Receive Fixed
Trading Swaps	1	6	1 month CHF LIBOR	Pay Fixed Receive Floating

### EUR Interest Rate Swaps

Amount in EUR million

Nature	Nos	Notional Principal	Benchmark	Terms
Trading Swaps	1	7	3 month EUR LIBOR	Pay Floating Receive Fixed
Trading Swaps	1	7	3 month EUR LIBOR	Pay Fixed Receive Floating

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### Cross Currency Interest Rate Swaps

*Amount in INR million*

Nature	Nos	Notional Principal	Benchmark	Terms
Trading	54	26,330	LIBOR	Pay Floating Receive Fixed
Trading	106	33,634	LIBOR	Pay Fixed Receive Floating
Trading	69	37,055	LIBOR	Pay Floating Receive Floating
Trading	102	35,491	-	Pay Fixed Receive Fixed

### Position as on March 31, 2006

### Rupee Interest Rate Swaps

*Amount in Rs million*

Nature	Nos	Notional Principal	Benchmark	Terms
Trading Swaps	1,153	362,443	MIBOR	Pay Floating Receive Fixed
Trading Swaps	1,048	367,130	MIBOR	Pay Fixed Receive Floating
Trading Swaps	3	3,000	1 Year MIBOR	Pay Fixed Receive Floating
Trading Swaps	1	1,500	2 Year MIBOR	Pay Fixed Receive Floating
Trading Swaps	1	1,500	3 Year MIBOR	Pay Fixed Receive Floating
Trading Swaps	7	3,500	5 Year MIBOR	Pay Floating Receive Fixed
Trading Swaps	4	1,000	3 Month MIFOR	Pay Floating Receive Fixed
Trading Swaps	3	750	3 Month MIFOR	Pay Fixed Receive Floating
Trading Swaps	833	220,175	6 Month MIFOR	Pay Floating Receive Fixed
Trading Swaps	822	212,110	6 Month MIFOR	Pay Fixed Receive Floating
Trading Swaps	1	250	1 Year MIFOR	Pay Floating Receive Fixed
Trading Swaps	1	250	1 Month MIFOR	Pay Fixed Receive Floating
Trading Swaps	39	8,998	GOI Securities Yield	Pay Floating Receive Fixed
Trading Swaps	28	12,450	GOI Securities Yield	Pay Fixed Receive Floating
Trading Swaps	4	456	3 month USD LIBOR Swap	Pay Floating Receive Fixed
Trading Swaps	4	1,364	3 month USD LIBOR Swap	Pay Fixed Receive Floating
Trading Swaps	2	507	6 month USD LIBOR Swap	Pay Floating Receive Fixed
Trading Swaps	1	400	6 month USD LIBOR Swap	Pay Fixed Receive Floating
Trading Swaps	5	2,779	12 month USD LIBOR Swap	Pay Floating Receive Fixed
Trading Swaps	16	8,321	12 month USD LIBOR Swap	Pay Fixed Receive Floating

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### U.S. Dollar Interest Rate Swaps

Amount in USD million

Nature	Nos	Notional Principal	Benchmark	Terms
Trading Swaps	2	22	1 month USD LIBOR	Pay Floating Receive Fixed
Trading Swaps	1	10	1 month USD LIBOR	Pay Floating Receive Fixed
Trading Swaps	285	2,287	3 month USD LIBOR	Pay Floating Receive Fixed
Trading Swaps	303	2,424	3 month USD LIBOR	Pay Fixed Receive Floating
Trading Swaps	80	764	6 month USD LIBOR	Pay Floating Receive Fixed
Trading Swaps	50	462	6 month USD LIBOR	Pay Fixed Receive Floating
Trading Swaps	27	306	12 month USD LIBOR	Pay Floating Receive Fixed
Trading Swaps	11	140	12 month USD LIBOR	Pay Fixed Receive Floating

### JPY Interest Rate Swaps

Amount in JPY million

Nature	Nos	Notional Principal	Benchmark	Terms
Trading Swaps	4	1,013	3 month JPY LIBOR	Pay Floating Receive Fixed
Trading Swaps	2	932	6 month JPY LIBOR	Pay Floating Receive Fixed

### Cross Currency Interest Rate Swaps

Amount in INR million

Nature	Nos	Notional Principal	Benchmark	Terms
Trading	45	21,422	LIBOR	Pay Floating Receive Fixed
Trading	90	33,737	LIBOR	Pay Fixed Receive Floating
Trading	54	33,215	LIBOR	Pay Floating Receive Floating
Trading	92	38,781	-	Fixed Receivable / Payable

- Losses which would be incurred if the counter-parties failed to fulfill their obligations in respect of Interest Rate Swaps, amounts to Rs 41,739 million (Previous year Rs 11,588 million).
- Losses which would be incurred if the counter-parties failed to fulfill their obligations in respect of Cross Currency Interest Rate Swaps, amounts to Rs 3,722 million (Previous year Rs 4,968 million).
- Interest rate swaps to the extent of 91% (Previous Year 88%) and 60% (Previous Year 51%) of Cross Currency Interest Rate Swaps have been contracted with banks.
- The fair value of Interest Rate Swaps amounts to Rs 490 million (Previous year Rs 392 million).
- The fair value of Cross Currency Interest Rate Swaps amounts to Rs 293 million. (Previous year Rs 4,000 million).
- Trading swaps are marked to market on a daily basis and incremental impact on revaluation accounted on monthly basis.

# **CITIBANK N.A.**

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

- Agreements are entered into with Banks, Corporates and overseas branches of Citibank N.A. under approved credit lines. The Bank does not seek specific collateral for entering into swaps.

### **10.14 Exchange traded derivatives**

No transactions were undertaken during the year in exchange traded interest rate derivatives (Previous year Rs Nil). There is no amount outstanding as notional principal on account of exchange traded interest rate derivatives (Previous year Rs Nil).

### **10.15 Disclosure on risk exposure on derivatives**

#### *Qualitative disclosure*

The Derivatives business in the Bank is managed by Treasury Unit, which is divided into an independent Front Office (comprising of salespersons and traders), Middle Office (charged with the task of monitoring and reporting Risk numbers daily to management), Market Risk Management (assigned with the responsibility for setting up market risk limits and monitoring utilizations) and Back Office (responsible for the settlements of all Front Office Deals and reporting of Credit Risks). These independent units ensure that market and credit risks are independently measured, monitored, and reported to ensure transparency in risk-taking activities.

The Bank makes market in all permitted OTC derivative transactions for its customers and in the Interbank Market. The Bank also uses some of these derivatives for hedging its assets and liabilities.

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

All limits are monitored on a daily basis by the Bank's Treasury unit. Exposure reports are submitted to both the Treasurer as well as the Head – Market Risk Management, and any limits excesses are brought to the notice of the Management immediately for further action.

In any derivative transaction undertaken with the counterparty, the Bank is exposed to the risk of the replacing the contract at a loss if the counterparty were to default. The Bank has processes to monitor such exposure on each of the counterparties on a daily basis. Appropriate credit mitigants are used, where required as trigger events, to call for collaterals or terminate a transaction and contain the risk.

With respect to accounting policies for derivative transaction, refer schedule 18 note IV (1) and (5).

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### Quantitative disclosure

		<i>Amount in Rs million</i>	
Sr. No.	Particular	Currency Derivatives	Interest rate derivatives
1.	Derivatives (Notional Principal Amount)		
	a) For hedging	20,029	37,750
	b) For trading	2,846,942	3,555,447
2.	Marked to Market Positions		
	a) Asset (+)	28,552	43,190
	b) Liability (-)	(27,247)	(41,249)
3.	Credit Exposure	64,305	60,648
4.	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	291	4
	b) on trading derivatives	69	217
5.	Maximum of 100*PV01 observed during the year		
	a) on hedging	291	4
	b) on trading	692	739
6.	Minimum of 100*PV01 observed during the year		
	a) on hedging	103	(2)
	b) on trading	(150)	(99)

The Bank has computed maximum and minimum of PV01 for the year based on balances at the end of every month.

### 10.16 Risk Category wise Country Exposure.

No provision is made by the Bank for country risk exposure since the Bank's country wise net funded exposure does not exceed 1% of the total assets as on 31 March 2007 (Previous Year Rs Nil) and accordingly no disclosures has been made.

### 10.17 Details of Single Borrower Limit, Group Borrower Limit exceeded by the Bank

RBI guidelines on exposure norms specify credit exposure limits for single and group borrowers of the Bank. The Bank's credit exposure to single borrowers and group borrowers are within the specified limits except in following cases, where the single borrower limit was exceeded.

- a. Hindalco Industries Limited
- b. Hindustan Coca-Cola Beverages Private Limited
- c. Reliance Industries Limited
- d. Housing Development Finance Corporation Limited
- e. National Bank for Agriculture and Rural Development (NABARD)

# CITIBANK N.A.

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

The Bank has obtained appropriate letters from the obligors and the excesses have been ratified by the Local Operations Management Committee of the Bank. The exposure to NABARD relates to investments made to comply with Priority Sector Lending guidelines.

### **10.18 Penalties imposed by the RBI**

There were no penalties imposed on the Bank during the year by RBI or any regulatory bodies (Previous Year Rs 0.5 million).

11. The following disclosures are made in accordance with the RBI circular 2005-06/294 DBOD.NO.BP.BC.60 / 21.04.048/2005-06 dated February 1, 2006.

Particulars	Amount in Rs million	
	For the year ended March 31, 2007	For the year ended March 31, 2006
1. Total number of loans securitised	3	533
2. Book value of loans securitised	2,354	194
3. Sale consideration	2,356	196
4. Gain / (loss) on securitization recognized on the P&L Account	1	(1)
5. Form of credit enhancement	-	Corporate undertaking
6. Quantum of credit enhancement	-	10

12. There were no non performing financial assets that were purchased or sold during the year (Previous year Rs Nil).

# **CITIBANK N.A.**

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

13. In terms of the Accounting Standard 17 Segment Reporting issued by ICAI, the following additional information is disclosed:

### ***Segment Information – Basis of Preparation***

In accordance with the RBI guidelines, the Bank has identified the following three primary segments: Corporate Banking, Consumer Banking and Treasury. Segments have been identified and reported taking into account the target customer profile, the nature of products and services, the differing risks and returns, organization structure and the internal business reporting systems.

Corporate Bank segment provides loans and transaction services to corporate and institutional customers. Revenues of this segment consist of interest earned on loans made to corporate customers, interest earned on the cash float arising from transaction services, and fees from transaction services. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Consumer Bank segment serves retail customers through a branch network and other approved delivery channels. This segment raises deposits from customers and makes loans and provides advisory services to such customers. Revenues of the Consumer Bank segment are derived from interest earned on retail loans, fees for banking and advisory services and interest earned from other segments for surplus funds placed with those segments. Expenses of this segment primarily comprise interest expense on deposits, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

The Treasury segment undertakes trading operations on proprietary account, investments in corporate debt, government securities, funding & gapping products, foreign exchange operations, derivatives trading and Primary Dealership activities in Government Securities. Revenues of this segment consist of interest earned on funding & gapping activities, investment income and gains on government securities and debentures/bonds, profits on exchange & derivative transactions and underwriting commission. The principal expenses of this segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Segment revenue includes earnings from external customers plus earnings from funds transferred to the other segment. Funds are transferred between segments at negotiated rates, which are broadly market rates.

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### Geographic segments

Since the Bank does not have material earnings emanating outside India, the Bank is considered to operate only in the domestic segment

Amounts in Rs million

	<u>For the year ended March 31, 2007</u>				<u>For the year ended March 31, 2006</u>			
	Corporate Bank	Treasury	Consumer Bank	Total	Corporate Bank	Treasury	Consumer Bank	Total
<b>A Segment Revenue</b>								
Gross Interest Income	9,538	14,610	19,689	43,837	6,113	10,268	14,263	30,644
Other Income	2,378	7,175	3,905	13,458	1,884	4,262	4,285	10,431
<b>Total Income</b>	<b>11,916</b>	<b>21,785</b>	<b>23,594</b>	<b>57,295</b>	<b>7,997</b>	<b>14,530</b>	<b>18,548</b>	<b>41,075</b>
Add / (less) Inter Segment Income	-	(2,438)	2,438	-	-	(2,276)	2,276	-
Total Income as per Profit and Loss Account	11,916	19,347	26,032	57,295	7,997	12,254	20,824	41,075
Less: Interest Expense	(2,612)	(7,154)	(7,197)	(16,963)	(2,364)	(2,977)	(4,716)	(10,057)
Less: Operating Expense	(5,237)	(1,581)	(11,709)	(18,527)	(4,600)	(1,172)	(9,475)	(15,247)
Less: Provisions for NPAs / write-offs	(146)	(1,020)	(5,039)	(6,205)	228	(2,059)	(1,785)	(3,616)
<b>B Segment Result</b>	<b>3,921</b>	<b>9,592</b>	<b>2,087</b>	<b>15,600</b>	<b>1,261</b>	<b>6,046</b>	<b>4,848</b>	<b>12,155</b>
<b>Total Assets as per Balance sheet</b>	<b>207,768</b>	<b>280,194</b>	<b>175,621</b>	<b>663,583</b>	<b>130,368</b>	<b>192,298</b>	<b>131,709</b>	<b>454,375</b>
Add / (Less) Inter Segment Assets	-	-	-	-	-	(45,368)	45,368	-
<b>C Segment Assets</b>	<b>207,768</b>	<b>280,194</b>	<b>175,621</b>	<b>663,583</b>	<b>130,368</b>	<b>146,930</b>	<b>177,077</b>	<b>454,375</b>
<b>Total Liabilities as per Balance sheet</b>	<b>265,288</b>	<b>162,454</b>	<b>235,841</b>	<b>663,583</b>	<b>166,066</b>	<b>108,674</b>	<b>179,635</b>	<b>454,375</b>
Add / (Less) Inter Segment Liabilities	-	13,648	(13,648)	-	-	-	-	-
<b>D Segment Liabilities</b>	<b>265,288</b>	<b>176,102</b>	<b>222,193</b>	<b>663,583</b>	<b>166,066</b>	<b>108,674</b>	<b>179,635</b>	<b>454,375</b>
<b>E Net Assets (C – D)</b>	<b>(57,520)</b>	<b>104,092</b>	<b>(46,572)</b>	<b>-</b>	<b>(35,698)</b>	<b>38,256</b>	<b>(2,558)</b>	<b>-</b>
<b>F Fixed Assets additions during the Year</b>	<b>347</b>	<b>-</b>	<b>554</b>	<b>901</b>	<b>401</b>	<b>-</b>	<b>833</b>	<b>1,234</b>
<b>G Depreciation and Amortization</b>	<b>318</b>	<b>-</b>	<b>805</b>	<b>1,123</b>	<b>304</b>	<b>-</b>	<b>623</b>	<b>927</b>

# CITIBANK N.A.

*(Incorporated with Limited Liability in U.S.A)*

## **Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)**

14. The disclosures relating to related parties as required by Accounting Standard-18 Related Party Disclosures issued by the ICAI read with guidelines issued by Reserve Bank of India vide Circular No. DBOD.No. BP.BC.89/21.04.018/2002-03 dated March 29, 2003 is as under:

*a) Parent*

Citibank N.A. and its branches

*b) Holding Companies of Parent*

Citigroup Inc.

*c) Subsidiaries of Parent*

Citicorp Overseas Investment Corporation

Citicorp Finance (India) Limited

Citicorp Capital Markets Limited

Citicorp Maruti Finance Limited

CitiFinancial Retail Services India Limited

CitiFinancial Insurance Services India Limited

Associates International Holding Corporation

CitiFinancial Consumer Finance India Limited

Citigroup Global Service Ltd

Citicorp Clearing Services India Limited

Citicorp Leasing Thailand Limited

Citibank Privatkunden AG & Co.KgaA

Koram Bank Co. Ltd.

Citibank Ltd Australia

Citicorp Investment Bank (Singapore) Ltd

Citibank Berhad, Malaysia

*d) Fellow Subsidiaries of Parent*

Citicorp Technology Holdings Inc.

Citicorp Brokerage (India) Limited

Citigroup Global Markets India Private Limited

Citigroup Global Markets Mauritius Private Limited

Citicorp Investment Bank (Singapore) Limited

Citicorp International Finance Corporation

Citigroup Information Technology Operations and Solutions Limited

Diners Club International Limited

Orbitech Limited

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

CitiMortgage Inc.  
 Citicorp Data Systems Inc.  
 Citigroup Global Technology Infrastructure Inc.  
 Citigroup Wealth Advisors India Private Limited  
 Citicorp Banking Corporation, Bahrain  
 Citicorp North America  
 Citicorp Securities Asia Pacific Ltd  
 Citigroup Strategic Holdings Mauritius Ltd

e) Key Management Personnel- CEO

Mr. Sanjay Nayar

The transactions with related parties during the year and the balances as at March 31, 2007 are summarized as under:

Nature of Transaction	Amount in Rs million					
	Parent and Branches		Subsidiaries		Fellow Subsidiaries	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Fees paid	125	228	2,276	2,206	76	17
Interest paid – borrowings	1,809	564	1	-	-	-
Lease expenses	-	-	43	29	-	-
Software support charges paid	787	794	-	-	176	17
Royalty paid	-	-	-	-	14	14
Fees received	206	248	147	95	250	204
Interest earned	1,357	325	100	104	-	-
Recovery of expenses	-	16	70	108	10	27
Secondment charges Recd	-	-	189	166	(15)	6
Software support charges received	40	116	54	94	51	-
Interest paid on deposits	-	-	305	127	1,160	4
Gain / (loss) on IRS contracts	(2,469)	178	599	159	-	-
Goodwill Purchased	-	-	310	-	-	-
Loans disbursed	3,513	-	22,820	10,403	-	-
Deposits placed	1,682,962	1,603,303	-	-	-	-
Time deposits received	-	-	85,822	72,614	188,318	41,021
Borrowings	770,810	217,951	220	309	-	-
Acceptances executed by the						
Bank	101	1,437	110	56	-	-
Debentures	-	-	200	300	-	-
Call Borrowing	-	-	2,794	3,357	-	-
Call Lending	-	-	15,891	99,181	-	-
Purchase of G-sec / T- Bill	-	-	145	8,567	-	-
Sale of G-sec / T – Bill	-	-	-	236	-	-
Repo Borrowing	-	-	-	1,479	-	-
Fixed Asset Sold	-	-	-2	-	-	-
Fixed Assets Purchased	-	-	50	-	-	-

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### Outstanding Balances as on March 31, 2007 & Maximum Balance during the year

	Parent and Branches		Subsidiaries		Fellow Subsidiaries	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Payable against						
Acceptances	29	6	52	22	-	-
	<i>63</i>	<i>1,395</i>	<i>95</i>	<i>22</i>		
Accounts Payable	6,995	625	627	352	588	102
	<i>6,995</i>	<i>945</i>	<i>1,515</i>	<i>810</i>	<i>588</i>	<i>109</i>
Accounts Receivable	4,148	124	1,244	382	124	29
	<i>4,148</i>	<i>349</i>	<i>1,244</i>	<i>447</i>	<i>248</i>	<i>99</i>
Borrowings / Deposits	53,631	34,577	8,292	7,380	13,234	2,616
	<i>98,280</i>	<i>38,523</i>	<i>13,294</i>	<i>7,380</i>	<i>28,431</i>	<i>2,736</i>
Balance in Current Account/ (Cash Credit)/(Overdraft)	(2,613)	5,369	(112)	(254)	1,510	4,487
	<i>36,066</i>	<i>97,735</i>	<i>5,201</i>	<i>(971)</i>	<i>32,583</i>	<i>10,238</i>
Debenture Placements	-	-	200	1,950	-	-
	-	-	<i>2,150</i>	<i>2,250</i>	-	-
Loans / Placements	13,491	23,404	741	1,781	-	-
	<i>148,433</i>	<i>47,876</i>	<i>6,871</i>	<i>3,551</i>	-	-

\* Figures in *Italics* indicate maximum balance outstanding during the year.

Provisions in respect of outstanding amounts - Rs. Nil (Previous year Rs. Nil)

Amounts written off or written back in respect of debts due from related parties - Rs. Nil (Previous year Rs 17.17 million)

There is only one related party entity in the category of 'Key Management Personnel' and keeping in view the secrecy clauses and in terms of para 8.3.1 of the above RBI guidelines, no disclosure under Accounting Standard - 18 is made other than reporting the relationship with the related party.

15. Deferred taxes are accounted for on the basis of Accounting Standard 22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. The net impact of timing differences amounting to Rs.801 million (Previous year Rs 614 million) arising during the year ended March 31, 2007 is credited to the current year's profit and loss account. The cumulative amount of deferred tax benefit of Rs 2,480 million (Previous year Rs 1,679 million) is included in Schedule 11 - "Other Assets."

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

The major components giving rise to the deferred tax assets and liabilities are as under:

Description	Amount in Rs million	
	As at March 31, 2007	As at March 31, 2006
<b>Deferred Tax assets</b>		
Provision for doubtful advances	1,789	991
Investments	768	761
Others	117	145
<b>Deferred Tax liabilities</b>		
Depreciation	194	218
<b>Net Deferred Tax asset</b>	<b>2,480</b>	<b>1,679</b>

16. Assets taken on financial lease comprise vehicles and are disclosed in the Fixed Assets schedule. The total of minimum lease payments to be made in respect of assets acquired under financial lease and the present value of such minimum lease payments as at the Balance Sheet date are as follows:

Gross Investment as at the date of Balance Sheet	Amount in Rs million	
	As at March 31, 2007	As at March 31, 2006
Not later than one year	123	101
Later than one year but not later than five years	211	139
Later than 5 years	-	-
<b>Total</b>	<b>334</b>	<b>240</b>
<b>Present Value of Minimum Lease Payment as at the date of Balance Sheet</b>		
Not later than one year	97	80
Later than one year but not later than five years	187	125
Later than 5 years	-	-
<b>Total</b>	<b>284</b>	<b>205</b>

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

17. Commercial and residential premises are taken on operating leases, which are cancellable in nature. Information provided herein pertains to commercial and residential premises taken on operating leases:

	<i>Amount in Rs million</i>	
	As at March 31, 2007	As at March 31, 2006
The amount of minimum lease payments recognized in the Profit and Loss account in respect of operating leases amount to	100	111
<b>The total of future minimum lease payments recognized under non-cancellable operating leases</b>		
Not later than one year	76	104
Later than one year but not later than five years	1	55
Later than 5 years	-	-
<b>Total</b>	<b>77</b>	<b>159</b>

- The Company has not sub-leased any of the above assets.
- There are no provisions relating to contingent rent.
- The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements.
- There are no undue restrictions or onerous clauses in the agreements.

18. Provisions and contingencies

As per Accounting Standard - 29, Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountant of India, given below are movements in provision for credit card reward points, securitisation transaction and fraud cases during the year.

### Movement in provisions for the year ended March 31, 2007.

	<i>2006-07</i>			<i>2005-06</i>		
	Reward Points	Securitization	Frauds	Reward Points	Securitization	Frauds
Opening provisions	152	40	2	102	51	2
Provision made during the year	273	27	6	146	56	-
Utilisation /Write back of provision during the year	115	42	5	96	67	-
<b>Closing provisions</b>	<b>310</b>	<b>25</b>	<b>3</b>	<b>152</b>	<b>40</b>	<b>2</b>

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

19. Additional disclosure in respect of the Primary Dealership activities carried out by the Bank:

Call Borrowings and placements	Amount in Rs million	
	Average	Peak
Borrowings	8,654	37,000
Placements	1,779	15,750

20. A description of nature of contingent liabilities is set out below :

*i) Liability on account of forward exchange and derivative contracts*

The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by the way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded, as contingent liabilities are typically amounts used as a benchmark for the calculation of interest component of the contract.

*ii) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligation*

As a part of its corporate banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations.

*iii) Other items for which the Bank is contingently liable*

This includes:

- a. Credit enhancement in respect of securitized loans to which the assignee or the special purpose vehicle has recourse;
- b. Manager's Check;
- c. Capital commitment;
- d. Commitments for settlement date accounting;
- e. Commitments by the Bank to effect payments on behalf of its constituents to stock exchanges; and
- f. Credit cards spends by customers where the Bank has provided authorization to the merchant establishment for the spends but for which the merchant establishment has not presented the charge slips to the Bank for payment.

# CITIBANK N.A.

(Incorporated with Limited Liability in U.S.A)

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 (Continued)

### 21. Employee Share-based Payments

The eligible employees of the Bank have been granted stock awards of equity shares of the ultimate holding company, Citigroup Inc. under Citigroup Capital Accumulation Plan 2006 and 2007. As per this plan, the stock awards vest in a graded manner over a period of four years.

During the year, the Bank has recognized an amount of Rs. 226 million (Previous year Rs. 11 million) under the head "Payments to and provisions for employees", as compensation cost.

22. In terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.BP.BC No.86/21.04.018/2005-06 dated May 29, 2006, the following additional information is disclosed:

	<i>Amount in Rs million</i>	
<b>Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account</b>	<b>2006-07</b>	<b>2005-06</b>
Provisions for depreciation on Investments	1,020	2,059
Provision towards NPA	2,774	1,037
Provision towards Standard Asset	2,411	521
Provision made towards Income Tax	7,400	5,713
Other Provision and Contingencies (Deferred tax benefit)	(801)	(614)
<b>Total</b>	<b>12,804</b>	<b>8,716</b>

23. In accordance with RBI instructions for compilation of financial statements, details of expenses included in 'other expenditure', exceeding 1% of the total income are set out below :

	<i>Amounts in Rs. Millions</i>	
<b>Nature of expense</b>	<b>2006-07</b>	<b>2005-06</b>
Service bureau expenses	4,048	3,538

24. In terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.No.Leg BC .60/09.07.005/2006-07 dated February 22, 2007, the following information is disclosed:

#### A. Customer Complaints

<b>Particulars</b>	<b>2006-07</b>
(a) No. of complaints pending at the beginning of the year	64
(b) No. of complaints received during the year	19,694
(c) No. of complaints redressed during the year	19,537
(d) No. of complaints pending at the end of the year	221

# CITIBANK N.A.

*(Incorporated with Limited Liability in U.S.A)*

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2007 *(Continued)*

### B. Awards passed by the Banking Ombudsman

Particulars	2006-07
(a) No. of unimplemented Awards at the beginning of the year	1
(b) No. of Awards passed by the Banking Ombudsmen during the year	6
(c) No. of Awards implemented during the year	6
(d) No. of unimplemented Awards at the end of the year	1

25. Previous year figures have been regrouped and reclassified, wherever necessary, to conform to the current year's presentation.

### Signatures to schedules 1 to 18

**For and on behalf of Citibank N.A. – India Branches**

**Sanjay Nayar**  
*Chief Executive Officer – India*

**Abhijit Sen**  
*Chief Financial Officer*