

**CITIBANK N.A.***(Incorporated with limited liability in U.S.A. )***Balance Sheet of the Indian branches  
as at March 31, 2011**

	<i>Schedules</i>	<i>As at 31.03.2011 (Rs.'000)</i>	<i>As at 31.03.2010 (Rs.'000)</i>
<b>CAPITAL &amp; LIABILITIES</b>			
Capital			
Reserves & Surplus	1	37,438,375	37,438,375
Deposits	2	112,168,815	97,697,629
Borrowings	3	566,680,633	544,521,336
Other liabilities and provisions	4	207,971,221	120,337,785
	5	191,603,461	154,891,817
<b>TOTAL</b>		<b>1,115,862,505</b>	<b>954,886,942</b>
<b>ASSETS</b>			
Cash and balance with Reserve Bank of India	6	49,485,172	33,997,479
Balances with banks and money at call and short notice	7	163,251,339	117,866,107
Investments	8	303,985,080	281,086,924
Advances	9	405,970,099	366,550,720
Fixed Assets	10	7,750,845	7,046,869
Other Assets	11	185,419,970	148,338,843
<b>TOTAL</b>		<b>1,115,862,505</b>	<b>954,886,942</b>
Contingent Liabilities	12	12,472,375,384	10,854,355,198
Bills for Collection		46,451,041	43,198,036
Significant Accounting Policies & Notes to Accounts	18		

Schedules referred to herein form an integral part of the balance sheet.  
As per our report of even date attached.

**For S.R. Batliboi & Co.**  
Firm Registration Number: 301003E  
*Chartered Accountants*

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

Sd/-  
**per Surekha Gracias**  
*Partner*  
Membership No: 105488  
Place : Mumbai  
Date : 15 June 2011

Sd/-  
**Pramit Jhaveri**  
*Chief Executive Officer*

Sd/-  
**Abhijit Sen**  
*Chief Financial Officer*

# 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, 2011

	Schedules	Year ended 31.03.2011 (Rs.'000)	Year ended 31.03.2010 (Rs.'000)
<b>I. INCOME</b>			
Interest earned	13	62,978,688	60,704,683
Other income	14	19,184,605	15,913,350
<b>TOTAL</b>		<b>82,163,293</b>	<b>76,618,033</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	22,224,669	20,167,626
Operating expenses	16	27,169,969	23,543,155
Provisions and contingencies	17	18,522,286	24,303,387
<b>TOTAL</b>		<b>67,916,924</b>	<b>68,014,168</b>
<b>III. PROFIT</b>			
Net profit for the year		14,246,369	8,603,865
<b>TOTAL</b>		<b>14,246,369</b>	<b>8,603,865</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		3,561,592	2,150,966
Transfer to/(from) Investment Reserve		-	(584,374)
Transfer to Special Reserve		161,020	288,505
Transfer to remittable surplus retained for CRAR requirements		623,757	6,748,768
Balance carried over to Balance Sheet under Profit & Loss account		9,900,000	-
<b>TOTAL</b>		<b>14,246,369</b>	<b>8,603,865</b>

Significant Accounting Policies & Notes to Accounts

18

Schedules referred to herein form an integral part of the Profit and Loss account.  
As per our report of even date attached.

For S.R. Batlibol & Co.  
Firm Registration Number: 301003E  
Chartered Accountants

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

Sd/-  
per Surekha Gracias  
Partner  
Membership No: 105488  
Place : Mumbai  
Date : 15 June 2011

Sd/-  
Pramit Jhaveri  
Chief Executive Officer

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Abhijit Sen  
Chief Financial Officer

**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, 2011**

	(Rs.'000)	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
<b>SCHEDULE 1 - CAPITAL</b>			
<b>CAPITAL</b>			
Amount of deposit kept with RBI under Section 11 (2) (b) of the Banking Regulation Act, 1949 (see Schedule 18 - Note V (1))		<u>28,051,000</u>	<u>24,489,000</u>
<b>CAPITAL</b>			
Initial Capital		2,000	2,000
Interest free funds from H.O. for CRAR requirements			
Opening Balance	37,436,375		26,015,125
Additions during the year	-		11,421,250
		<u>37,436,375</u>	<u>37,436,375</u>
<b>TOTAL</b>		<u>37,438,375</u>	<u>37,438,375</u>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>			
<b>I. Statutory Reserve</b>			
Opening Balance	24,039,260		21,888,293
Additions during the year	<u>3,561,592</u>		<u>2,150,966</u>
		<u>27,600,852</u>	<u>24,039,259</u>
<b>II. Furniture &amp; Equipment Reserve</b>		<u>28,086</u>	<u>28,086</u>
<b>III. Properties Investment Reserve</b>		<u>619,431</u>	<u>619,431</u>
<b>IV. Properties Revaluation Reserve</b>			
Opening Balance	3,378,500		3,447,449
Additions during the year	<u>298,352</u>		-
Deductions during the year	-		-
Depreciation during the year	<u>(73,537)</u>		<u>(68,949)</u>
		<u>3,603,315</u>	<u>3,378,500</u>
<b>V. Investment Reserve</b>			
Opening Balance	-		584,374
Additions during the year	-		-
Transfer to the Profit and Loss account	<u>-</u>		<u>(584,374)</u>
		-	-
<b>VI. Capital Reserve on sale of immovable properties</b>		<u>458,735</u>	<u>458,735</u>
<b>VII. Foreign Exchange Reserve</b>		<u>450,000</u>	<u>450,000</u>
<b>VIII. Special Reserve (see Schedule 18 - Note V (4))</b>			
Opening Balance	528,062		239,556
Additions during the year	<u>161,020</u>		<u>288,505</u>
		<u>689,082</u>	<u>528,061</u>
<b>IX. Remittable Surplus retained for CRAR requirements</b>			
Opening Balance	68,195,557		61,446,789
Additions during the year	<u>623,757</u>		<u>6,748,768</u>
		<u>68,819,314</u>	<u>68,195,557</u>
<b>X. Balance in Profit and Loss Account</b>			
Opening Balance	-		-
Additions during the year	<u>9,900,000</u>		<u>-</u>
		<u>9,900,000</u>	<u>-</u>
<b>TOTAL</b>		<u>112,168,815</u>	<u>97,697,629</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, 2011

	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
<b>SCHEDULE 3 - DEPOSITS</b>		
A. I. Demand Deposits		
i) From banks	1,343,016	993,322
ii) From others	178,470,429	164,305,236
	179,813,445	165,298,558
II. Savings Bank Deposits	135,065,594	115,110,002
III. Term Deposits		
i) From banks	-	2,750,911
ii) From others	251,801,594	261,361,865
	251,801,594	264,112,776
<b>TOTAL</b>	<b>566,680,633</b>	<b>544,521,336</b>
B. Deposits of branches in India	566,680,633	544,521,336
Deposits of branches outside India	-	-
	566,680,633	544,521,336
<b>SCHEDULE 4 - BORROWINGS</b>		
I. Borrowings in India		
i) Reserve Bank of India	70,000,000	-
ii) Other banks	17,500,985	13,276,984
iii) Other institutions and agencies	32,806,737	33,937,766
	120,307,722	47,214,750
II. Borrowings outside India	87,663,499	73,123,035
<b>TOTAL</b>	<b>207,971,221</b>	<b>120,337,785</b>
Secured borrowings included in I & II above	71,818,372	422,949
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills payable	18,932,757	17,467,108
II. Inter - office adjustments (net)	1,864	2,771
III. Interest accrued	2,174,672	4,386,307
IV. Contingent provisions against standard assets (see Schedule 18 - Note V (5.6))	5,017,355	5,017,355
V. Others (including provisions)	165,476,813	128,018,276
<b>TOTAL</b>	<b>191,603,461</b>	<b>154,891,817</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, 2011*

	(Rs.'000)	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>			
I. Cash in hand (including foreign currency notes)		1,989,865	1,578,494
II. Balances with Reserve Bank of India			
i) in Current account	47,495,307		32,418,985
ii) in Other Deposit accounts	-		-
		47,495,307	32,418,985
<b>TOTAL</b>		<b>49,485,172</b>	<b>33,997,479</b>

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

I. In India			
i) Balances with banks			
a) In Current accounts	1,384,263		1,749,582
b) In Other Deposit accounts	38,806,000		6,643,454
		40,190,263	8,393,036
ii) Money at call and short notice			
a) With banks	5,015,951		-
b) With other institutions	-		-
		5,015,951	-
<b>TOTAL (I &amp; ii)</b>		<b>45,206,214</b>	<b>8,393,036</b>
II. Outside India			
i) In Current account	20,417,643		5,996,541
ii) In Other Deposit accounts	97,627,482		103,476,530
iii) Money at call and short notice	-		-
		118,045,125	109,473,071
<b>GRAND TOTAL (I &amp; II)</b>		<b>163,251,339</b>	<b>117,866,107</b>

**SCHEDULE 8 - INVESTMENTS**

I. Investments in India in			
i) Government securities		295,150,602	274,986,024
ii) Other approved securities		-	-
iii) Debentures and Bonds		8,739,278	2,500,000
iv) Shares		95,200	65,200
v) Others (see Schedule 18 Note V (2))		-	3,535,700
<b>Net Investments</b>		<b>303,985,080</b>	<b>281,086,924</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, 2011

	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
<b>SCHEDULE 9 - ADVANCES</b>		
A.		
i) Bills purchased and discounted	46,441,365	44,583,887
ii) Cash credits, overdrafts and loans repayable on demand	66,120,676	56,593,650
iii) Term loans	293,408,058	265,373,183
<b>TOTAL</b>	<b>405,970,099</b>	<b>366,550,720</b>
B.		
i) Secured by tangible assets (Including advances against book debts)	157,461,885	168,726,386
ii) Supported by overseas branches of the Bank in OECD countries	34,519,486	32,235,548
iii) Covered by Bank / Government guarantees	137,126	2,965,520
iv) Unsecured	213,851,602	162,623,266
<b>TOTAL</b>	<b>405,970,099</b>	<b>366,550,720</b>
C. I.		
Advances in India		
i) Priority sectors	133,059,428	132,682,381
ii) Public sector	2,429,166	9,667,418
iii) Banks	-	-
iv) Others	270,481,505	224,200,921
<b>TOTAL</b>	<b>405,970,099</b>	<b>366,550,720</b>
II. Advances outside India	-	-
<b>GRAND TOTAL (C. I &amp; II)</b>	<b>405,970,099</b>	<b>366,550,720</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, 2011***SCHEDULE 10 - FIXED ASSETS**

	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
I. Leasehold land		
At cost as on 1 April	740,627	740,627
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	740,627	740,627
	(180,729)	(165,916)
<b>TOTAL</b>	<b>559,898</b>	<b>574,711</b>
II. Premises		
At cost as on 1 April	812,072	812,072
Additions during the year	-	-
Deductions during the year	(1,258)	-
Depreciation to date	810,814	812,072
	(154,403)	(142,098)
Add: Premises revaluation	656,411	669,974
	3,603,315	3,378,500
<b>TOTAL</b>	<b>4,259,726</b>	<b>4,048,474</b>
III. A Other Fixed assets (including furniture and fixtures)		
At cost as on 1 April	6,710,980	6,306,933
Additions during the year	1,083,320	1,241,431
Deductions during the year	(1,656,076)	(837,384)
Depreciation to date	6,138,224	6,710,980
	(3,840,533)	(4,749,061)
	2,297,691	1,961,919
III. B Other Fixed assets (taken on lease)		
At cost as on 1 April	670,140	542,729
Additions during the year	343,175	292,081
Deductions during the year	(152,362)	(164,670)
Depreciation to date	860,953	670,140
	(355,286)	(260,905)
	505,667	409,235
<b>TOTAL</b>	<b>2,803,358</b>	<b>2,371,154</b>
Capital Work-in-progress	127,863	52,530
<b>GRAND TOTAL</b>	<b>7,750,845</b>	<b>7,046,869</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, 2011*

	As at 31.03.2011 (Rs.'000)	As at 31.03.2010 (Rs.'000)
<b>SCHEDULE 11 - OTHER ASSETS</b>		
I. Due from Head office		
II. Interest accrued	1,416	-
III. Tax paid in advance/tax deducted at source (net of provision for tax)	10,280,253	9,120,873
IV. Non-banking assets acquired in satisfaction of claims	10,190,104	8,715,362
V. Deferred tax assets (net) (see Schedule 18 - Note V (10))	-	-
VI. Others	2,815,000	3,623,844
	162,133,197	126,878,764
<b>TOTAL</b>	<b>185,419,970</b>	<b>148,338,843</b>
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
I. Claims against the bank not acknowledged as debts	1,332,210	1,362,281
II. Liability on account of outstanding forward exchange contracts	4,606,763,126	2,951,643,473
III. Liability on account of outstanding Rupee Interest Rate Swaps	7,647,843,603	7,754,789,004
IV. Guarantees given on behalf of constituents		
a) In India	91,168,060	74,657,714
b) Outside India	23,085,636	20,487,500
V. Acceptances, endorsements and other obligations	94,513,381	38,861,009
VI. Others	7,669,368	12,554,217
<b>TOTAL</b>	<b>12,472,375,384</b>	<b>10,854,355,198</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, 2011*

	Year ended 31.03.2011 (Rs.'000)	Year ended 31.03.2010 (Rs.'000)
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I Interest/discount on advances/bills		
II Income on investments	34,994,675	40,188,818
III Interest on balances with Reserve Bank of India and other inter-bank funds	26,135,196	17,931,963
IV Others	1,515,216	2,422,935
	333,601	160,967
<b>TOTAL</b>	<b>62,978,688</b>	<b>60,704,683</b>
<b>SCHEDULE 14 - OTHER INCOME</b>		
I Commission, exchange and brokerage	9,428,789	8,856,246
II (Loss)/Profit on sale of investments (net)	(5,763,593)	(2,307,882)
III (Loss)/Profit on sale/ write-off of fixed assets (net)	(16,672)	(32,494)
IV Profit on exchange transactions	15,424,799	9,234,538
V Miscellaneous income	111,282	162,942
<b>TOTAL</b>	<b>19,184,605</b>	<b>15,913,350</b>
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I Interest on deposits	16,332,958	16,706,834
II Interest on Reserve Bank of India/ inter-bank borrowings	3,227,044	1,584,671
III Others	2,664,667	1,876,121
<b>TOTAL</b>	<b>22,224,669</b>	<b>20,167,626</b>
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I Payments to and provisions for employees	10,111,352	8,751,181
II Rent, taxes and lighting	1,319,250	1,153,484
III Printing and stationery	498,011	426,642
IV Advertisement and publicity	843,316	1,003,840
V Depreciation on Bank's property	938,528	806,019
VI Auditors' fees and expenses	6,900	6,500
VII Law charges	159,971	92,953
VIII Postage, telegrams, telephones, etc.	2,176,101	1,499,576
IX Repairs and maintenance	765,740	611,236
X Insurance	583,913	522,196
XI Other expenditure	9,766,887	8,669,528
<b>TOTAL</b>	<b>27,169,969</b>	<b>23,543,155</b>
<b>SCHEDULE 17 - PROVISIONS AND CONTINGENCIES</b>		
I Provision for non-performing assets / write offs (net)	5,669,045	16,491,214
II Provision for standard assets	-	-
III Provision for current taxation	8,968,769	4,951,134
IV Deferred tax charge / (benefit) (see Schedule 18 - Note V (10))	808,845	63,812
V Provision for depreciation/(Write back of Provision) on Investments	3,190,283	2,542,419
VI Others (see Schedule 18 - Note V (5.8))	(114,656)	254,808
<b>TOTAL</b>	<b>18,522,286</b>	<b>24,303,387</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, 2011**

### **Schedule 18**

#### **I. Background**

The accompanying financial statements for the year ended March 31, 2011 comprise the accounts of the Indian branches of Citibank N.A. ('the Bank'), which is incorporated with limited liability in the United States of America.

The Indian branches of the Bank as at March 31, 2011 are at:

Ahmedabad, Akola, Aurangabad, Bengaluru (M.G. Road and South End Road), Bhopal, Bhubaneswar, Chandigarh, Chennai (Anna Salai and Alwarpet), Coimbatore, Faridabad, Gurgaon, Indore, Jaipur, Jalandhar, Kochi, Kolkata (Brabourne Road and Chowringee Road), Lucknow, Ludhiana, Mumbai (Andheri, Fort, Juhu, Nariman Point, Khar and Vashi), Nanded, Nandyal, Nasik, New Delhi (Parliament Street, Punjabi Baug, Nehru Place, South Extension and Vasant Vihar), Noida, Puducherry, Pune, Secunderabad, Surat, Vadodara and Vapi.

#### **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 generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices within the banking industry in India.

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

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

# 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, 2011 (Continued)*

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

#### **1) Investments**

Classification and valuation of the Bank's investments is carried out in accordance with RBI Circular DBOD No. BP. BC.18 / 21.04.141 / 2010-2011 dated July 1, 2010 and amendments thereto.

##### ***Classification***

Investments are classified as 'Held to maturity' ('HTM'), 'Available for sale' ('AFS') or 'Held for trading' ('HFT') 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, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. Reclassification between the categories, if any, are accounted as per extant RBI guidelines. The Bank follows settlement date method for accounting for its investments. For disclosure in the financial statements, the investments are classified under five categories – Government securities, Other approved securities, Debentures and Bonds, Shares and Other investments and disclosed in Schedule 8 - Investments.

##### ***Valuation***

Investments classified as HTM are carried at acquisition cost. Any premium on acquisition is amortised over the remaining period to maturity on a constant yield to maturity.

AFS and HFT investments are marked to market 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 being discounted instruments are valued at carrying cost including the pro rata discount accreted for the holding period.

Net depreciation, if any, within each category of investments is recognized in the profit and loss account. The net appreciation if any, under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to the periodic valuation of investments.

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

Pursuant to RBI circular RBI/2009-2010/356 IDMD/4135/11.08.43/2009-2010 dated March 23, 2010, with effect from April 1, 2010, repurchase ('repo') and reverse repurchase ('reverse repo') transactions are accounted for as borrowing and lending transactions. Accordingly, a security given as a collateral under an agreement to repurchase them, continues to be held under the investment account of the Bank and the Bank continues to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to mark such securities to market as per the investment classification of the security. 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. Similarly, securities taken as collateral under agreement to resale are excluded from the investment account of the Bank.

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

Broken period interest paid at the time of acquisition of the security, is charged to the Profit and Loss account.

# 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, 2011 (Continued)*

### **IV. Significant accounting policies (Continued)**

#### **2) Advances**

Advances, including portfolio purchases, are stated net of specific provisions and interest suspense. The Bank follows a consistent internal policy of classifying its advances as commercial and consumer loans and advances. Premium paid on acquisition of portfolios is included in advances and is amortised over the life of the portfolio.

Classification and provisioning of advances of the Bank is carried out in accordance with the RBI Circular DBOD.No.BP.BC.21 /21.04.048/2010-2011 dated July 1, 2010 and amendments thereto.

The Bank adopts a '90 day overdue norm' for identification of Non Performing Assets ('NPAs'), unless the events warrant an earlier recognition of NPA. 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 provision on standard assets to cover potential credit losses not yet identified, which are inherent in any loan portfolio as well as in positive mark to market gains, in accordance with the RBI circular no. DBOD.No.BP.BC.21 /21.04.048/2010-2011 dated July 1, 2010 and amendments thereto and discloses the same in Schedule 5 - Other liabilities and provisions.

Provisioning for restructured assets is made in accordance with the requirements prescribed by the RBI vide circular no. DBOD.No.BP.BC.21 /21.04.048/2010-2011 dated July 1, 2010. Such provisions are reduced from advances on the balance sheet.

#### **3) Foreign currency transactions**

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss account.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognized in the Profit and Loss account.

In accordance with the RBI Circular No. DBOD No. BP.BC.76/21.04.018/2005-06 dated April 5, 2006 and AS-11 relating to "The Effects 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, including those on cancelled contracts, are recorded in the Profit and Loss account at the present value equivalent using appropriate discount rates. The notional values of these contracts are recorded as contingent liability at the closing rates.

Foreign currency swaps and forward rate agreements are marked to market using the 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 a Contingent liability.

# 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, 2011 (Continued)*

### **IV. Significant accounting policies (Continued)**

#### **3) Foreign currency transactions (Continued)**

In compliance with RBI circular no. DBOD No. BP.BC. 76/21.04.018/2005-06 dated April 5, 2006 and as required under AS-11, the Bank has marked to market the swap contracts entered into for hedging the foreign exchange risk implicit in certain foreign currency liabilities, which are swapped into Indian rupees. The unrealised profit or loss on these contracts is recorded in the Balance Sheet under "Other assets" or "Other liabilities", as the case may be. Notional values of these contracts are recorded as contingent liability.

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 corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. 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 a Contingent liability.

Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange. The profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. Margin money deposited with the exchange are included in "Other assets". The notional value of the futures contracts is recorded as Contingent liability.

Contingent liabilities on account of foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at the closing rates of exchange notified by FEDAI.

#### **4) 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 Contingent Liability.

Rupee Interest Rate Swaps, which are designated as Hedges where the underlying is not marked to market, are accounted on accrual basis pursuant to the principles of hedge accounting as permitted by RBI circular Ref.No.MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999.

Interest Rate Futures are marked to market using closing price of the relevant futures contract as published by the exchange. The profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. Margin money deposited with the exchange are included in "Other assets". The notional value of the futures contracts is recorded as Contingent liability.

# 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, 2011 (Continued)

### IV. Significant accounting policies (Continued)

#### 5) Securitisation and assignment transactions

In compliance with the 'Guidelines on Securitisation 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 securitisation 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.

In certain cases of securitisations, the Bank continues to service the loans transferred to the assignee or SPV and also provides credit enhancement in the form of cash collaterals and/or by subordination of excess interest spread to Pass Through Certificates ('PTC') holders.

The Bank also undertakes assignment of portfolios. Portfolios assigned are recorded as sales once management is satisfied that control over the underlying assets has been transferred. Gains and losses arising out of assignment deals are recorded upfront after providing for retained service costs and provision for credit losses, where warranted.

#### 6) Fixed assets and depreciation

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

Premises are revalued biennially by the management and are stated at such revalued figure. The appreciation/depreciation on premises revalued is credited/charged to 'Premises Revaluation Reserve'. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve.

Depreciation is provided on the straight-line method from the date of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account upto the month of sale. In respect of any assets where management's estimate of useful life is lower, either at the time of acquisition, or during a subsequent review, the 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.)
Leasehold land and Premises	2.00
Installations, furniture and work of art	10.00
Equipment	15.00
Telecom equipment, telephone systems, racks, structured cables, Other computer hardware and related equipments	20.00
Personal computers along with operating systems (Desktop/Laptop/Monitor/Desktop printer)	33.33
Software (Internally developed / Purchased)	10.00/20.00/33.33
LAN printers, servers, scanners, fax machines	25.00
Vehicles	25.00

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

# 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, 2011 (Continued)*

### **IV. Significant accounting policies (Continued)**

#### **6) Fixed assets and depreciation (Continued)**

The Bank has retained "Properties Investment Reserve" as at March 31, 2011 of Rs 6,194 lakhs (Previous year Rs 6,194 lakhs) and Furniture & Equipment Reserve as at March 31, 2011 of Rs 280 lakhs (Previous year Rs 280 lakhs).

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 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 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**

As per the requirements of AS-15 Employee Benefits, the Bank has determined the actuarial liability for employee benefits as per the projected unit credit method as computed by an independent actuary.

##### *(a) Provident fund*

The Bank contributes to a recognised provident fund which is a defined contribution scheme, for all its employees. The contributions are accounted for on an accrual basis and recognized in the Profit and Loss account.

##### *(b) Superannuation*

The Bank contributes to a superannuation fund in accordance with the terms of employment of a certain category of employees, which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the Profit and Loss account.

##### *(c) Gratuity*

The Bank provides for its gratuity liability which is a defined benefit scheme based on actuarial valuation of the gratuity liability at the balance sheet date carried out by an independent actuary. The contributions to the gratuity fund are managed by a trust, which invests the funds in annuity policies of the Life Insurance Corporation of India, deposits and other eligible securities.

##### *(d) Pension*

The Bank provides for its pension liability which is a defined benefit scheme based on actuarial valuation of the pension liability at the balance sheet date carried out by an independent actuary. The contributions to the pension fund are managed by a trust, which invests the funds in annuity policies of the Life Insurance Corporation of India, deposits and other eligible securities.

##### *(e) Leave encashment*

The Bank provides for its leave encashment liability for certain category of employees who are eligible for encashment of accumulated leave, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary.

# 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, 2011 (Continued)*

### **IV. Significant accounting policies (Continued)**

#### **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.

Gain arising on securitisation 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 to credit card customers based on their spends. Provision for these points is made consistently on the basis of behavioral analysis of utilisation trends and conforms to the opinion given by the Expert Advisory Committee of the ICAI.

#### **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) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

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.



# 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, 2011 (Continued)*

### **IV. Significant accounting policies (Continued)**

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

Lease transactions are accounted in accordance with AS-19 - Leases issued by the ICAI.

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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on a straight-line basis over the lease period.

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

Assets taken on finance lease are recognised as a fixed asset. 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. The assets acquired under the lease are depreciated over the lease term, which is reflective of the useful life of the leased asset.

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

The Bank creates a provision when there is a 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011

1. The Bank is required to lodge additional securities with the RBI under section 11(2)(b) of the Banking Regulation Act, 1949 amounting to Rs 35,620 lakhs for the year ended March 31, 2011 (Previous year Rs 21,510 lakhs).
2. Value of other investments stands at Nil as at March 31, 2011 (Previous year: Rs 35,357 lakhs in respect of SIDBI deposit).
3. 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.
4. The Bank has created a Special Reserve of Rs 1,610 lakhs (Previous year Rs 2,885 lakhs) pursuant to clause (viii) under sub-section (1) to section 36 of the Income Tax Act, 1961.
5. The following disclosures are made in accordance with the requirements of accounting standards and RBI guidelines in this regard.
- 5.1 Capital adequacy ratio has been computed as per Basel I and Basel II norms as required by RBI guidelines in this regard. The capital adequacy ratio as per Basel I is 18.32% (Previous year 20.76%) and under Basel II is 17.31% (Previous year 18.14%)

The capital adequacy ratio of the Bank calculated under the Basel II is set out below:

Ratio	As at March 31, 2011	As at March 31, 2010
CRAR – Tier I Capital	16.49%	17.27%
CRAR – Tier II Capital	0.82%	0.87%
Amount of subordinated debt raised as Tier II capital	Nil	Nil

### 5.2 Business ratios

Ratio	2010-2011	2009-2010
Percentage of net NPAs to net advances	1.21%	2.14%
Interest income as a percentage to working funds	6.05%	6.75%
Non-interest income as a percentage to working funds	1.85%	1.77%
Operating profit as a percentage to working funds	3.16%	3.66%
Return on assets	1.37%	0.96%
Business (deposits plus advances) per employee (Amount in Rs thousands)	174,594	197,989
Profit per employee (Amount in Rs thousands)	2,861	1,832

Note

- a) Working funds are the average of total assets.
- b) Inter-bank 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 5.3 Maturity Pattern

<i>Maturity pattern as at March 31, 2011</i>					<i>Amount in Rs lakhs</i>	
Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	28,930	1,361,182	158,671	116,741	226,139	146,036
2 to 7 days	171,340	0	410,098	910,236	976,295	40,119
8 to 14 days	102,677	0	346,416	0	37,903	10,022
15 to 28 days	188,562	430,680	272,995	0	106,165	24,122
29 days to 3 m	557,324	170,427	455,712	71,937	371,022	144,927
Over 3 months and upto 6 months	511,651	84,473	424,102	17,947	317,939	143,863
Over 6 months and upto one year	573,073	240,778	571,543	309,825	180,024	527,900
Over one year and upto 3 years	1,107,379	747,755	3,007,039	646,533	45,651	844,057
Over 3 years and upto 5 years	187,131	2,078	16,630	6,493	10,105	9,404
Over 5 years	631,634	2,478	3,600	-	751,798	1,097,159
<b>Total</b>	<b>4,059,701</b>	<b>3,039,851</b>	<b>5,666,806</b>	<b>2,079,712</b>	<b>3,023,041</b>	<b>2,987,609</b>

<i>Maturity pattern as at March 31, 2010</i>					<i>Amount in Rs lakhs</i>	
Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	24,142	1,210,698	79,994	85,366	377,685	100,457
2 to 7 days	184,879	0	571,688	130,000	830,287	21,177
8 to 14 days	137,575	0	296,325	0	89,117	20,440
15 to 28 days	247,998	363,417	206,778	0	156,310	27,946
29 days to 3 m	514,412	210,783	573,207	50,344	281,195	104,361
Over 3 months and upto 6 months	285,481	91,694	391,765	63,193	130,689	166,929
Over 6 months and upto one year	241,245	153,796	613,053	123,372	25,732	231,959
Over one year and upto 3 years	1,096,329	714,359	2,700,049	722,514	36,671	1,014,711
Over 3 years and upto 5 years	209,630	2,240	9,022	21,236	11,966	4,171
Over 5 years	723,815	63,882	3,332	7,350	619,180	827,119
<b>Total</b>	<b>3,665,507</b>	<b>2,810,870</b>	<b>5,445,213</b>	<b>1,203,375</b>	<b>2,558,832</b>	<b>2,519,271</b>

Note:

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

#### 5.4 Lending to sensitive sectors

##### A) Exposure to real estate sector

In accordance with the requirements laid down in RBI master circular on Disclosure in Financial Statements - Notes to Accounts (RBI/2010-2011/41; DBOD.BP.BC.No 3/21.04.018/2010-2011) dated July 1, 2010, following are the disclosures in respect of Exposures to Real Estate Sector.

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 5.4 Lending to sensitive sectors (Continued)

*Amount in Rs lakhs*

Category	As at March 31, 2011	As at March 31, 2010
<b>1. Direct exposure</b>		
(i) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower:	940,740	982,217
Of which individual housing loans eligible for inclusion in priority sector advances	120,016	142,228
(ii) Commercial real estate		
Lending secured by mortgages on income producing real estates	74,485	104,255
(iii) Others*	101,751	89,264
<b>2. Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	67,934	62,754
<b>Total</b>	<b>1,184,910</b>	<b>1,238,490</b>
*Others include real estate exposures such as loan on mortgage of commercial property where repayment is not from cash flows generated from leasing/sale of such property.		

#### B) Exposure to capital market

*Amount in Rs lakhs*

Category	As at March 31, 2011	As at March 31, 2010
1. Investment made in equity shares	952	652
2. Advances against shares to individuals for investment in equity shares (including IPOs / ESOPS), convertible bonds and debentures, units of equity oriented mutual funds (also includes financing for promoter's contribution for acquiring shares)	49,610	50,452
3. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers*	200,122	159,200
4. Other Financial Guarantees	2,710	11,706
<b>Total exposure to capital market</b>	<b>253,394</b>	<b>222,010</b>
5. Of (3) above, the total finance extended to stock brokers for margin trading	-	-

\*Pursuant to RBI Circular on Commitments by the Bank to effect payments on behalf of its constituents to stock exchanges; and exposures relating to irrevocable payment commitments are classified as Financial guarantees and included under capital market exposure.

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 5.5 Movement in Non-performing assets

Particulars	Amount in Rs lakhs					
	2010-2011			2009-2010		
	Gross NPA	Provision	Net NPA	Gross NPA	Provision	Net NPA
Opening balance as on April 1	127,544	49,098	78,446	180,567	75,497	105,070
Additions during the year	107,956	28,238	79,718	239,416	55,847	183,569
Recoveries/write offs during the year	(151,633)	(42,749)	(108,884)	(292,439)	(82,246)	(210,193)
<b>Closing balance as on March 31</b>	<b>83,867</b>	<b>34,587</b>	<b>49,280</b>	<b>127,544</b>	<b>49,098</b>	<b>78,446</b>

#### 5.6 Provision on standard assets

The Bank is holding a provision towards standard assets of Rs 50,174 lakhs (Previous year Rs 50,174 lakhs)

#### 5.7 Floating Provision

In accordance with the requirements laid down in RBI master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (RBI/2010-2011/74; DBOD.No.BP.BC.21 /21.04.048/2010-2011) dated July 1, 2010, the bank has formulated a policy on floating provisions. Per the said policy, an assessment has been performed on requirements of such provisions based on which no floating provision was required as of March 31, 2011. (Previous year: NIL)

#### 5.8 Restructured loans

Pursuant to RBI Circular DBOD.No.BP.BC.21 /21.04.048/2010-2011 dated July 1, 2010, following are the disclosures in respect of outstanding restructured loans classified as non performing assets.

Restructured Advances		Amount in Rs lakhs					
		2010-2011			2009-2010		
		CDR Mechanism	SME Debt Restructuring	Others	CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured	No. of borrowers	-	-	11,504	-	-	21,500
	Amount outstanding	-	-	13,177	-	-	32,280
	Sacrifice (diminution in the fair value)	-	-	936	-	-	7,937
Sub-standard advances restructured	No. of borrowers	-	-	2,359	-	-	7,252
	Amount outstanding	-	-	1,819	-	-	4,676
	Sacrifice (diminution in the fair value)	-	-	164	-	-	1,519

# 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, 2011 (Continued)

Restructured Advances		2010-2011			2009-2010		
		CDR Mechanism	SME Debt Restructuring	Others	CDR Mechanism	SME Debt Restructuring	Others
Doubtful advances restructured	No. of borrowers	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-	-	-	-
<b>Total</b>	<b>No. of borrowers</b>	-	-	<b>13,863</b>	-	-	28,752
	<b>Amount outstanding</b>	-	-	<b>14,996</b>	-	-	36,956
	<b>Sacrifice (diminution in the fair value)</b>	-	-	<b>1,100</b>	-	-	9,456

An amount of Rs 1,402 lakhs ( Rs 2,548 lakhs) representing the provision on diminution in fair value of loans, which were restructured in prior years and upgraded to standard assets subsequently, is netted from loans & advances.

- 5.9 In accordance with the requirements laid down in RBI master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (RBI/2010-2011/74; DBOD.No.BP.BC.21 /21.04.048/2010-2011) dated July 1, 2010, following are the disclosures in respect of transactions relating to sale of financial assets to any securitisation/reconstruction company for assets reconstruction.

Particulars	2010-2011	2009-2010
(i) No. of accounts	1	-
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC (Rs lakhs)	0	-
(iii) Aggregate consideration (Rs lakhs)	405	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years (Rs lakhs)	0	-
(v) Aggregate gain/loss over net book value (Rs lakhs)	30	-

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 5.10 Details of non-performing financial assets sold:

Particulars	2010-2011	2009-2010
1. No. of accounts sold	1	-
2. Aggregate outstanding (net of provisions) (Rs lakhs)	0	-
3. Aggregate consideration received (Rs lakhs)	405	-

There were no non performing financial assets that were purchased during the year (Previous year: Nil)

#### 5.11 Investments

##### A) Value of investments

Particulars	Amount in Rs lakhs	
	As at March 31, 2011	As at March 31, 2010
(1) Gross value of investments		
(a) In India	3,132,474	2,871,589
(b) Outside India	-	-
(2) Provisions for depreciation		
(a) In India	(92,623)	(60,720)
(b) Outside India	-	-
(3) Net value of investments		
(a) In India	3,039,851	2,810,869
(b) Outside India	-	-

##### B) Provision for depreciation on investments

Particulars	Amount in Rs lakhs	
	As at March 31, 2011	As at March 31, 2010
Opening balance as on April 1	60,720	35,296
Provision made during the year	31,903	25,424
Write back of provisions during the year	-	-
Closing balance as on March 31	92,623	60,720

During the year bank has withdrawn Rs Nil (Previous year: Rs 5,844 lakhs) from Investment Reserve in accordance with RBI Circular DBOD No. BP. BC.18 / 21.04.141 / 2010-2011 dated July 1, 2010 and amendments thereto.

Investments include government securities representing face value of Rs 2,597,686 lakhs (Previous year: Rs 1,152,600 lakhs) deposited for settlement guarantee fund and Collateralised Borrowings and Lending Obligation (CBLO) with Clearing Corporation of India (CCIL); and for intra-day liquidity under Real Time Gross Settlement system (RTGS), for repo under Liquidity Adjustment Facility and to meet the requirements of section 11 (2) (b) of the Banking Regulation Act, 1949 with RBI.

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 5.12 Non-SLR investment portfolio

##### A) Issuer composition of non-SLR investments as on March 31, 2011

*Amount in Rs lakhs*

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	-	-	-	-	-
Financial institutions	-	-	-	-	-
Banks	87,393	73,595	-	-	87,393
Private corporates	952	952	-	952	952
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	-	-	-	-	-
Provisions held towards depreciation	-	-	-	-	-
Total	88,345	74,547	-	952	88,345

##### Issuer composition of non-SLR investments as on March 31, 2010

*Amount in Rs lakhs*

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	-	-	-	-	-
Financial institutions	35,357	35,357	-	35,357	35,357
Banks	-	-	-	-	-
Private corporates	25,652	25,652	-	652	652
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	-	-	-	-	-
Provisions held towards depreciation	-	-	-	-	-
Total	61,009	61,009	-	36,009	36,009

##### B) Non-performing non-SLR investments

There were no non performing non-SLR investments during the year ended March 31, 2011  
(Previous year 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 5.13 Repo and reverse repo transactions

	2010-2011				2009-2010			
	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year*	As on March 31, 2011	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year*	As on March 31, 2010
Securities sold under repos	500	539,881	144,253	Nil	60,500	367,458	19,351	Nil
Securities purchased under reverse repos	3,100	1,109,225	116,301	49,750	2,000	107,095	58,896	8,200

\* Minimum/Daily Average outstanding during the year excludes days with Nil outstanding.

#### 5.14 Derivatives

Details of outstanding notional principal, nature and terms of swaps:

Type	Item	Notional principal as at	
		31-Mar-11	31-Mar-10
Trading	<i>Interest rate swaps/ options including swaptions</i>		
	MIBOR Overnight Index Swaps	59,165,216	39,643,459
	MIFOR	3,998,572	5,754,451
	GOI Securities Yield / INBMK	900,232	467,616
	LIBOR	11,785,288	30,729,352
	Basis swaps	218,736	542,081
	Interest Rate Options including swaptions	66,893	359,200
	Other	-	6,731
	<i>Cross Currency interest rate swaps</i>	2,079,684	2,080,727
Hedging	<i>Forward Rate Agreements</i>	-	-
	<i>MIBOR Overnight Index Swaps</i>	343,500	45,000

MIBOR – Mumbai Interbank Offer Rate

MIFOR – Mumbai Interbank Forward Offer Rate

LIBOR – London Interbank Offer Rate

	Amount in Rs lakhs	
	March 31, 2011	March 31, 2010
Losses which would be incurred if the counter-parties failed to fulfill their obligations in respect of:		
Interest rate swaps/option (including swaptions)	602,208	373,557
Cross Currency interest rate swaps	192,890	144,921
Forward Rate Agreements	-	-
Fair value of:		
Interest rate swaps/option (including swaptions)	(3,750)	17,894
Cross Currency interest rate swaps	24,721	30,945
Forward Rate Agreements	-	-

## 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, 2011 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

##### 5.14 Derivatives (Continued)

- 95% (Previous Year 97%) of Interest rate swaps, 56% (Previous year 46%) of Cross Currency Interest Rate Swaps have been contracted with banks. As at March 31, 2011 there were no outstanding Forward Rate Agreements (Previous Year Nil).
- 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.

##### 5.15 Disclosure pertaining to Exchange Traded Interest Rate Derivatives is given below

Amount in Rs lakhs			
S.No.	Particulars	March 31, 2011	March 31, 2010
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) - 10YGS7	-	5,093
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March (instrument-wise) - 10YGS7	-	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise) - 10YGS7	Not applicable	Not applicable
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise) - 10YGS7	Not applicable	Not applicable

##### 5.16 Disclosure on risk exposure on derivatives

###### Qualitative disclosure

The Derivatives business in the Bank is managed by the Treasury Front Office which comprises of sales and trading teams who enter into derivative contracts in the normal course of business. Settlement and reporting of credit risks of all deals is undertaken by the Back office. An independent Middle office is responsible for monitoring and reporting risk numbers daily to management. Further, Market Risk Management unit assigned with the responsibility for setting up market risk limits and monitoring utilizations operates independent of business. These separate units with different reporting lines ensure that market and credit risks are independently measured, monitored, and reported to ensure objectivity and transparency in risk-taking activities.

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

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

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 5.16 Disclosure on risk exposure on derivatives (Continued)

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 Treasury unit. Exposure reports are submitted to the Treasurer as well as the Head – market risk management, and any limit 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. Such derivatives credit exposure is measured and monitored using the Current Exposure Method by adding the positive mark-to-market and an estimate of the potential future exposure due to change in the market value of the contract. The Bank has processes to monitor such exposure on each of the counterparties. Appropriate credit mitigants are used, where required as trigger events, to call for collaterals or terminate a transaction and contain the risk.

The quantitative disclosure required pursuant to RBI circular ref. DBOD.BP.BC No.3 /21.04.018/2010-2011 dated July 1, 2010 and amendments thereto are given below. These disclosures also include exposure for open foreign currency futures and interest rate future contracts under the currency derivatives and interest rate derivatives category, respectively. Similarly, the notional principal amount of such open foreign currency futures contracts is included under liability on account of outstanding forward exchange contracts in Schedule 12 – Contingent Liabilities.

Amount in Rs lakhs

Sr. No.	Particular	March 31, 2011		March 31, 2010	
		Currency derivatives	Interest rate derivatives	Currency derivatives	Interest rate derivatives
1.	Derivatives (Notional principal amount)				
	a) For hedging	8,874	343,500	87,084	45,000
	b) For trading	46,058,105	76,134,936	29,429,351	77,502,890
2.	Marked to market positions				
	a) Asset (+)	842,951	602,208	715,452	375,921
	b) Liability (-)	-801,535	-610,130	-670,221	-361,604
3.	Credit exposure	2,050,980	1,236,233	1,608,734	1,047,900
4.	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	0.24	2,322.41	0.13	447.03
	b) on trading derivatives	7,298.18	29.77	1,698.41	5,419.35
5.	Maximum of 100*PV01 observed during the year				
	a) on hedging	7.10	2,322.41	33.93	695.49
	b) on trading	8,454.72	12,922.23	11,907.29	15,196.02
6.	Minimum of 100*PV01 observed during the year				
	a) on hedging	0.02	181.76	0.13	49.79
	b) on trading	2,650.58	29.77	377.46	59.85

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 5.16 Disclosure on risk exposure on derivatives (Continued)

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

The net open foreign currency position as on March 31, 2011 is Rs 12,956 lakhs (Previous year: Rs 21,407 lakhs)

#### 5.17 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 March 31, 2011 (Previous Year: Nil). Details of exposure as per Risk category classification is as under:

Amount in Rs lakhs

Risk Category	As at March 31, 2011		As at March 31, 2010	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	42,786	-	41,860	-
Low	13,584	-	7,140	-
Moderate	5,295	-	12,547	-
High	5,032	-	2,144	-
Very High	1,086	-	800	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	67,783	-	64,491	-

#### 5.18 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 for the year ended March 31, 2011.

6. 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.

Amount in Rs lakhs

Particulars	2010-2011	2009-2010
1. Total number of loans securitised*	0	2
2. Book value of loans securitised*	0	14,074
3. Sale consideration*	0	14,223
4. Gain / (loss) on securitisation recognized in the Profit & Loss account*	0	90
5. Form and quantum (outstanding value) of credit enhancement		
a. Cash Collateral	1791	1782
b. I/O Strip	53	120
c. Guarantee	0	180

\* pertaining to deals done during the year

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 7. Retirement benefits

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity and pension benefits is given below:

Amount in Rs lakhs		
Particulars	March 31, 2011	March 31, 2010
Change in obligations		
Present value of defined benefits obligations as at 1 April 2010	16,204	10,364
Employer service cost	2,362	1,753
Interest cost	1,325	793
Plan amendments	167	0
Acquisitions	0	0
Actuarial (gains)/ losses	-262	4,894
Actual benefits payments	(1,597)	(1,600)
Present value of defined benefits obligations as at 31 March 2011	18,199	16,204
Change in assets		
Plan assets as at 1 April 2010	19,657	16,811
Actual / Expected return on plan assets	1,629	1,423
Actual company contributions	1,768	2,455
Actual benefits payments	(1,597)	(1,600)
Actuarial gains / (losses)	(3,076)	568
Plan assets as at 31 March 2011	18,381	19,657
Net asset (liability) recognised		
Present value of defined benefits obligations as at 31 March 2011	18,199	16,204
Fair value of plan assets as at 31 March 2011	18,381	19,657
Funded status [surplus/(deficit)]	182	3,453
Net asset (liability) recognised in balance sheet	182	3,453
Components of employer expense		
Current services cost	2,362	1,753
Interest cost	1,325	793
Expected return on assets	(1,629)	(1,423)
Curtailment cost/(credit)	0	0
Settlement cost/(credit)	0	0
Past services cost	0	0
Actuarial (gains) and losses	2,814	4,326
Net cost	4,872	5,449
Assumptions		
Discount rate	8.40%	8.60%
Expected return on assets	8.25%	8.25%
Salary escalation rate	8.00%	8.00%

# 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, 2011 (Continued)*

### **V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)**

#### **7. Retirement benefits (Continued)**

The gratuity and pension fund assets are invested in annuity policies of the Life Insurance Corporation of India, deposits and other fixed income securities. Actuarial gains or losses are recognised as income or expense in the year they arise.

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

8. In terms of the AS-17 Segment Reporting issued by ICAI and RBI circular Ref. DBOD.No. BP.BC. 81 / 21.04.018/ 2006-07 dated April 18, 2007 read with DBOD.BP.BC No.3 /21.04.018/2010-2011 dated July 1, 2010 and amendments thereto, the following additional information is disclosed:

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

##### *Business segment*

In line with the RBI guidelines on Segment Reporting, the Bank has identified the following segments as primary reportable segments: Corporate banking, Retail banking, Treasury and Other banking business.

Under the 'Corporate banking' segment the bank provides loans and caters to foreign exchange requirements of corporate and financial institutions. Revenues of this segment consist of interest and fees earned on loans made to corporate customers and income from foreign exchange transactions with such customers. This also includes income from offering trade and transaction services to customers. The principal expenses of the segment consist of interest expense on funds used for customer lending, personnel costs, other direct overheads and allocated expenses.

Under the 'Retail banking' segment the bank serves retail customers through a branch network and other approved delivery channels. Exposures are classified under Retail banking taking into account the orientation, product, granularity and individual exposure criterion. This segment raises deposits and provides loans and advisory services to such customers. Revenues of the Retail banking 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 for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

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

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 8. Segment Reporting (Continued)

'Other Banking' segment includes all other banking operations, which are not included under Corporate banking, Retail banking and Treasury segment. Revenue from this segment consists of insurance referral fees. The principal expenses of this segment consist of personnel costs, other direct overheads and allocated expenses.

Segment Revenues include inter-segment transfer of earnings or charge from other segments on account of funds transferred at negotiated rates, which generally reflect the market rates.

Unallocated segment income, expense, assets and liabilities include items which are not allocable to other segments. These include gain/ loss on sale of fixed assets, depreciation on fixed assets, fixed assets, tax expense, advance taxes, deferred tax etc.

#### Geographic segments

As a branch of a foreign bank, the operations of Indian branches do not extend outside of India and do not have material earnings emanating from outside India. Hence, the Bank is considered to operate only in the domestic segment.

Particulars	2010-2011					2009-2010				
	Treasury	Corporate Banking	Retail Banking	Other Banking	Total	Treasury	Corporate Banking	Retail Banking	Other Banking	Total
Revenue	183,198	289,747	338,930	7,050	818,925	164,296	263,550	331,003	7,656	766,505
Unallocated revenue					2,708					(325)
<b>Total Revenue</b>	<b>183,198</b>	<b>289,747</b>	<b>338,930</b>	<b>7,050</b>	<b>821,633</b>	<b>164,296</b>	<b>263,550</b>	<b>331,003</b>	<b>7,656</b>	<b>766,180</b>
<b>Result</b>	<b>84,988</b>	<b>131,364</b>	<b>32,822</b>	<b>(2,207)</b>	<b>249,675</b>	<b>111,596</b>	<b>123,379</b>	<b>(91,444)</b>	<b>1,042</b>	<b>144,248</b>
Unallocated expenses					(9,435)					(8,060)
Profit before taxes					240,240					136,188
Income taxes					(97,776)					(50,149)
<b>Net profit</b>					<b>142,464</b>					<b>86,039</b>
<b>As at 31 March 2011</b>						<b>As at 31 March 2010</b>				
<b>Other information</b>										
Segment assets	6,564,182	2,603,264	1,783,619	-	10,951,065	5,451,386	2,129,514	1,860,737	-	9,441,637
Unallocated assets					207,560					107,232
<b>Total assets</b>					<b>11,158,625</b>					<b>9,548,869</b>
Segment liabilities	3,531,931	3,211,980	2,917,704	-	9,661,615	2,208,019	3,186,673	2,890,419	-	8,285,111
Unallocated liabilities					1,497,010					1,263,758
<b>Total liabilities</b>					<b>11,158,625</b>					<b>9,548,869</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, 2011 (Continued)*

### **V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)**

9. The disclosures relating to related parties as required by AS-18 Related Party Disclosures issued by the ICAI read along with the guidelines issued by Reserve Bank of India vide Circular No. DBOD.BP.BC No.3 /21.04.018/2010-2011 dated July 1, 2010 and amendments thereto are as under:

*a) Parent*

Citibank N.A. and its branches

*b) Holding Company of Parent*

Citigroup Inc.

*c) Subsidiaries of Parent*

Bank Handlowy w Warszawie

Citibank A.G. Frankfurt

Citibank Budapest Limited

Citibank China Limited

Citibank Europe Plc

Citibank Hungary

Citibank International Plc

Citibank Japan Limited

Citibank Korea Inc.

Citibank Malaysia

Citibank Overseas Investment Corporation

Citibank Taiwan Limited

Citibank Turkey

Citibank Uganda Limited

Citibank Zambia Limited

Citicorp Capital Markets Limited

Citicorp Clearing Services India Limited

Citicorp Finance India Limited

Citicorp Investment Bank (Singapore) Limited

Citicorp Maruti Finance Limited

Citicorp Services India 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, 2011 (Continued)**

**V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)**

**9. Related Party Disclosure (Continued)**

CitiFinancial Consumer Finance India Limited

Citigroup Transaction Services (Malaysia) Sdn Bhd

CitiFinancial Retail Services India Limited

*d) Fellow Subsidiaries of Parent*

Citicorp Banking Corporation, Bahrain

Citicorp Credit Services Inc. (USA)

Citicorp International Finance Corporation

Citicorp Securities Asia Pacific Limited

Citigroup Global Markets Inc, Asia

Citigroup Global Markets Inc, Australia

Citigroup Global Markets Inc, Korea

Citigroup Global Markets Inc, New York

Citigroup Global Markets Inc, Singapore

Citigroup Global Markets India Private Limited

Citigroup Global Markets Mauritius Private Limited

Citigroup Global Technology Infrastructure Inc.

Citigroup Services Japan Limited

Citigroup Strategic Holding Mauritius Limited

Orbitech Limited

*e) Key Management Personnel*

Mr. Pramit Jhaveri – CEO

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 9. Related Party Disclosure (Continued)

The transactions with related parties during the year and the balances are summarized as under:

Transactions during the year:

Amount in Rs lakhs

Nature of transactions	Parents and branches		Subsidiaries		Fellow Subsidiaries	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Fees Paid	25,732	18,472	1,878	1,210	2,810	240
Interest paid on borrowing	10,934	12,148	499	453	-	-
Interest paid on deposit	52	50	10,321	12,121	9,261	10,982
Fees Received	7,824	8,881	2,766	3,268	786	2,599
Interest Earned	2,793	1,781	14,543	14,056	-	1
Consideration received/(paid) on maturity of derivative contracts	2,626	(40,567)	6,187	8,131	-	1,323
Loans disbursed	-	-	112,000	157,500	-	-
Deposits placed	224,320,281	169,908,691	-	-	-	567
Time Deposits received	-	-	2,566,742	3,899,868	2,066,410	2,721,962
Borrowings	978,275	770,689	2,333	1,977	-	-
Portfolio purchased	-	-	73,241	177,314	-	-
Purchase of Fixed assets	-	-	2	60	-	-
Sale of Fixed assets	-	-	-	17	-	-
Capital work-in-progress	-	1,435	-	-	-	-

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### 9. Related Party Disclosure (Continued)

Outstanding balances as at year end and maximum balance during the year:

Amount in Rs lakhs

Particulars	Parents & Branches		Subsidiaries		Fellow Subsidiaries	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Accounts payable/Other payables	12,386	11,508	3,678	3,373	2,932	2,460
	<i>23,000</i>	<i>17,983</i>	<i>5,425</i>	<i>4,105</i>	2,970	3,717
Accounts receivable/Other receivables	2,073	796	10,790	5,916	48	1,210
	<i>2,083</i>	<i>961</i>	<i>11,858</i>	<i>6,777</i>	4,264	3,442
Borrowings/Deposits	854,304	648,192	170,677	301,834	159,549	161,354
	<i>1,466,858</i>	<i>1,556,372</i>	<i>394,081</i>	<i>639,258</i>	308,412	592,088
Balance in current account/(Cash credit)/(Overdraft)	(129,767)	50,464	(37,089)	35,569	14,162	13,537
	<i>557,322</i>	<i>867,433</i>	<i>224,897</i>	<i>538,596</i>	<i>491,323</i>	<i>187,780</i>
Investment in debentures	-	-	-	25,000	-	-
	-	-	25,000	25,000	-	-
Loans/Placements	954,865	1,034,838	106,445	119,882	-	-
	<i>2,837,510</i>	<i>1,966,323</i>	<i>143,960</i>	<i>161,795</i>	-	<i>41</i>

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

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

Amounts written off or written back in respect of debts due from related parties: Nil (Previous year: Nil).

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 4.5 of the above RBI guidelines, no disclosure under AS-18 is made other than reporting the relationship with the related party.

The bank has not issued any Letter of comfort as mentioned in the RBI circular ref. DBOD No. BP. BC.65 / 21.04.009/ 2007-08 dated March 4, 2008.

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

10. Deferred taxes are accounted for on the basis of AS-22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. The net impact of timing differences amounting to Rs 8,088 lakhs (Previous year: Rs 638 lakhs) arising during the year ended March 31, 2011 is debited to the current year's Profit and Loss account. The cumulative amount of deferred tax benefit of Rs 28,150 lakhs (Previous year: Rs 36,238 lakhs) is included in Schedule 11 - "Other Assets."

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

Description	Amount in Rs lakhs	
	As at March 31, 2011	As at March 31, 2010
<i>Deferred tax assets</i>		
Provision on advances	35,623	40,393
Others	1,640	2,367
<i>Deferred tax liabilities</i>		
Depreciation	(6,217)	(4,292)
Others	(2,896)	(2,230)
<b>Deferred tax asset (net)</b>	<b>28,150</b>	<b>36,238</b>

11. Assets taken on financial lease comprise of 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 lakhs	
	As at March 31, 2011	As at March 31, 2010
Not later than one year	2,071	1,775
Later than one year but not later than five years	3,350	2,807
Later than 5 years	-	-
<b>Total</b>	<b>5,421</b>	<b>4,582</b>
Present value of minimum lease payment as at the date of Balance Sheet		
Not later than one year	1,581	1,363
Later than one year but not later than five years	2,905	2,432
Later than 5 years	-	-
<b>Total</b>	<b>4,486</b>	<b>3,795</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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

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

Particulars	Amount in Rs lakhs	
	As at March 31, 2011	As at March 31, 2010
The amount of minimum lease payments recognized in the profit and loss account in respect of operating lease	4,874	3,553
The total of future minimum lease payments recognized under non-cancellable operating leases:		
Not later than one year	4,249	2,788
Later than one year but not later than five years	3,161	2,681
Later than 5 years	-	-
<b>Total</b>	<b>7,410</b>	<b>5,469</b>

- The Bank 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.

### 13. Provisions and contingencies

As per AS-29 on Provisions, Contingent liabilities and Contingent assets given below are movements in provision for credit card reward points, securitisation transactions and fraud cases during the year.

Particulars	2010-2011			2009-2010		
	Reward Points	Securitisation	Frauds	Reward Points	Securitisation	Frauds
Opening provisions	3,402	177	195	4,145	142	182
Provisions made during the year	4,320	14	12	3,324	35	79
Utilisation/write back of provisions during the year	4,639	-	86	4,067	-	66
<b>Closing provisions</b>	<b>3,083</b>	<b>191</b>	<b>121</b>	<b>3,402</b>	<b>177</b>	<b>195</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, 2011 (Continued)*

### **V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)**

#### **14. 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 pre-determined 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 obligations*

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. Pursuant to RBI circular RBI/2010-2011/220/DBOD.Dir.BC.46 /13.03.00/2010-2011 dated September 30, 2010, commitments by the Bank to effect payments on behalf of its constituents to stock exchanges are reflected as financial guarantees.

##### *iii) Other contingent items*

This includes:

- a. Credit enhancement in respect of securitized loans to which the assignee or the special purpose vehicle has recourse;
- b. Manager's Cheques;
- c. Capital commitments;
- d. Commitments for settlement date accounting; and
- e. 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, 2011 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

##### 15. Employee share-based payments

The eligible employees of the Bank have been granted options/awards of equity shares of the ultimate holding company, Citigroup Inc. under Citigroup Capital Accumulation Plans ('plans'). As per the plans, the options in / awards of equity shares vest in a graded manner over a period of four years from the date of the grant.

During the year, the Bank has recognized an amount of Rs 6,038 million (Previous year Rs 3,163 million) under the head "Payments to and provisions for employees", as compensation cost on account of share-based payments.

16. The following disclosures are made under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from October 2, 2006.

Particulars	Amount in Rs lakhs	
	March 31, 2011	March 31, 2010
Number of suppliers registered with competent authorities	88	88
Principal amount remaining unpaid beyond the due date to any supplier as at the year end	16.21	4.43
Interest due thereon	-	-
Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year	229	295
Amount of interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under this Act	2.72	2.88
Amount of interest accrued and remaining unpaid at the end of the accounting year	2.72	2.88
Amount of further interest remaining due and payable even in the succeeding years, till actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Income Tax Act, 1961	2.88	6.18

The disclosure is based on the information and records available with the bank in respect of the Micro, Small and Medium Enterprises who have registered with the competent authorities.

17. During the year ended March 31, 2011, the following penalties were levied (Previous year Nil):

a) A penalty of Rs 10 thousand was imposed on the Bank by the Reserve Bank of India in May, 2010 on a FEMA related contravention. The penalty was charged for a contravention of FEMA guidelines on the process of obtaining customer declarations in relation to booking of forward contracts with corporates for hedging their foreign exchange purposes on a past performance basis.

b) A penalty of Rs 10 lakhs was levied on the Bank by the RBI citing violations of regulatory guidelines on derivatives transactions.

## 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, 2011 (Continued)

#### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

18. As at March 31, 2011, there were no outstanding advances against security of intangible assets. (Previous year: NIL)
19. 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:

Nature of expense	Amount in Rs lakhs	
	2010-2011	2009-2010
Service bureau expenses	58,120	64,293
Technology Infrastructure expenses	11,597	10,618

20. In terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.BP.BC No.3 /21.04.018/2010-2011 dated July 1, 2010 the following information is disclosed:

a. Customer Complaints

Particulars	2010-2011	2009-2010
(a) No. of complaints pending at the beginning of the year	130	108
(b) No. of complaints received during the year	5729	7,945
(c) No. of complaints redressed during the year	5706	7,923
(d) No. of complaints pending at the end of the year	153	130

b. Awards passed by the Banking Ombudsman

Particulars	2010-2011	2009-2010
(a) No. of unimplemented Awards at the beginning of the year	Nil	1
(b) No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
(c) No. of Awards implemented during the year	Nil	1
(d) No. of unimplemented Awards at the end of the year	Nil	Nil

21. The Bank carries out agency business for selling certain life, general insurance and mutual fund products. In terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.No.FSD.BC. 67 /24.01.001/2009-2010 dated January 7, 2010 the information with regard to commission income earned by the bank is given hereunder:

		Amount in Rs lakhs	
Sr. No.	Nature of Income	2010-2011	2009-2010
1	For selling life insurance policies	5,394	6,560
2	For selling non life insurance policies	1,656	440
3	For selling mutual fund products	17,869	13,630

22. The Provisioning Coverage Ratio of the bank stands at 88.38% as on March 31, 2011 (Previous year 85.10%). In accordance with RBI circular DBOD.No.BP.BC.87/21.04.048/2010-2011, 'technical write-offs' upto the balance sheet date are included in the Provision Coverage 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

23. The following disclosures in respect of Concentration of Deposits, Advances, Exposures and NPAs are made in terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.BP.BC.No. 3 /21.04.018/2010-2011 dated July 1, 2010.

A. (i) Concentration of Deposits

Amount in Rs lakhs		
Particulars	As at March 31, 2011	As at March 31, 2010
Total Deposit of twenty largest depositors	1,017,199	1,095,769
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank*	17.99%	20.26%

Excludes Inter-bank Deposit

\* Inter-bank deposits are excluded.

(ii) Concentration of Advances

Amount in Rs lakhs		
Particulars	As at March 31, 2011	As at March 31, 2010
Total Advances to twenty largest borrowers	6,526,903	5,699,758
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	29.27%	28.51%

(iii) Concentration of Exposures

Amount in Rs lakhs		
Particulars	As at March 31, 2011	As at March 31, 2010
Total Exposure to twenty largest borrowers/customers	6,526,903	5,699,758
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	29.15%	28.42%

(iv) Concentration of NPAs

Amount in Rs lakhs		
Particulars	As at March 31, 2011	As at March 31, 2010
Total Exposure to top four NPA accounts (Net)	11,852	6,452

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### B. Sector-wise NPAs

S.No.	Sector	Percentage of Net NPAs to Net Advances in that sector	
		2010-2011	2009-2010
1	Agriculture & allied activities	-	-
2	Industry (Micro & small, Medium and Large)	0.03%	0.39%
3	Services	1.35%	0.37%
4	Personal Loans	1.29%	4.37%
5	Others *	2.42%	4.10%

\* Others include credit card, advances against financial assets, loans extended against mortgage of property, auto loans.

#### C. Movement of NPAs

Amount in Rs lakhs

Particulars	2010-2011	2009-2010
Gross NPAs as on April 1, 2010	127,544	180,567
Additions (Fresh NPAs) during the year	107,956	239,417
Sub-total (A)	235,500	419,984
Less:-		
(i) Upgradations	46,900	20,018
(ii) Recoveries (excluding recoveries made from upgraded accounts)	27,426	64,893
(iii) Write-offs	77,307	207,529
Sub-total (B)	151,633	292,440
Gross NPAs as on March 31, 2011	83,867	127,544

# 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, 2011 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2011 (Continued)

#### D. Overseas Assets, NPAs and Revenue

Amount in Rs lakhs

Particulars	2010-2011	2009-2010
Total Assets	1,180,451	1,094,731
Total NPAs	-	-
Total Revenue	2,880	1,789

#### E. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	2010-2011	2009-2010
Domestic	None	None
Overseas	None	None

24. 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

Pramit Jhaveri  
Chief Executive Officer

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, 2011

	Year ended 31.03.2011 (Rs.Lakh)	Year ended 31.03.2010 (Rs.Lakh)
<b><u>Cash flow from operating activities</u></b>		
Net profit for the year before tax	240,240	136,188
<b><u>Adjustments for:</u></b>		
Depreciation charge for the year	9,385	8,060
Loss on sale/writeoff of fixed assets	167	325
Provision for depreciation on investments	31,903	25,424
Provisions for non-performing assets/write offs (net)	56,690	164,912
Provision for/(Write back of) Restructure Advances	(1,147)	-
Increase in investments	(260,584)	(384,048)
(Increase)/Decrease in advances	(449,738)	161,584
Increase/(Decrease) in borrowings	876,334	(653,242)
Increase in deposits	221,593	277,468
(Increase)/Decrease in other assets	(378,904)	919,467
Increase/(Decrease) in other liabilities and provisions	287,953	(727,138)
Direct taxes paid	(10,524)	(114,140)
<b>Net cash flow from/(used in) operating activities</b>	<b>623,369</b>	<b>(185,149)</b>
<b><u>Cash flow from investing activities</u></b>		
Purchase of fixed assets	(15,018)	(7,320)
Proceeds from sale of fixed assets	675	923
Purchase of long term investments	(300)	(300)
<b>Net cash used in investing activities</b>	<b>(14,644)</b>	<b>(6,697)</b>
<b><u>Cash flow from financing activities</u></b>		
Influx of capital	-	114,210
Repayment of subordinated debt	-	(9,500)
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>104,710</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>608,725</b>	<b>(87,150)</b>
<b>Cash and cash equivalents as at beginning of the year*</b>	<b>1,518,640</b>	<b>1,605,790</b>
<b>Cash and cash equivalents as at end of the year*</b>	<b>2,127,365</b>	<b>1,518,640</b>

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

As per our report of even date attached.

For S.R. Batliboi & Co.  
Firm Registration Number: 301003E  
Chartered Accountants

Sd/-  
per Surekha Gracias  
Partner  
Membership No: 105488  
Place : Mumbai  
Date : 15 June 2011

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

Sd/-  
Pranik Jhaveri  
Chief Executive Officer

Sd/-  
Abhijit Sen  
Chief Financial Officer

**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS  
UNDER SECTION 30 OF THE BANKING REGULATION ACT, 1949**

**The Chief Executive Officer  
Citibank N.A. – India Branches**

1. We have audited the attached balance sheet of Citibank N.A. – India Branches (the 'Bank') as at 31 March 2011, the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit of the Bank provides a reasonable basis for our opinion.
3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.
4. We report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;
  - b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;
  - c) The financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited nine branches for the purpose of our audit;
  - d) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
  - e) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - f) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, read with Notification No. DBOD.No.BP.BC.76/21.04.018 / 2004-05 dated March 15, 2005 issued by the Reserve Bank of India insofar as they apply to the Bank;

**Citibank N.A. - India Branches**  
**Auditor's report on the financial statements**

- g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India;
- i. in case of the balance sheet, of the state of the affairs of the Bank as at 31 March 2011;
  - ii. in case of the profit and loss account, of the profit for the year ended on that date; and
  - iii. in case of cash flow statement, of the cash flows for the year ended on that date.

**For S.R. BATLIBOI & CO.**  
**Firm Registration number: 301003E**  
Chartered Accountants

**per Surekha Gracias**  
Partner  
Membership No.: 105488

Mumbai  
15 June 2011