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

Balance Sheet of the Indian branches

as at March 31, 2012

	Schedules	As at 31.03.2012 (Rs. in lakhs)	As at 31.03.2011 (Rs. in lakhs)
CAPITAL & LIABILITIES			
Capital	1	374,384	374,384
Reserves & Surplus	2	1,224,045	1,121,688
Deposits	3	6,469,768	5,666,806
Borrowings	4	2,892,459	2,079,712
Other liabilities and provisions	5	1,882,097	1,916,035
TOTAL	-	12,842,753	11,158,625
ASSETS			
Cash and balance with Reserve Bank of India	6	674,213	494,852
Balances with banks and money at call and short notice	7	1,159,489	1,632,514
Investments	8	4,316,668	3,039,851
Advances	9	4,710,300	4,059,701
Fixed Assets	10	78,713	77,508
Other Assets	11	1,903,370	1,854,199
TOTAL		12,842,753	11,158,625
Contingent Liabilities	12	115,295,015	124,723,754
Bills for Collection		942,733	464,510
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

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

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

Place: Mumbai Date: 26 June 2012

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

Profit and Loss Account of the Indian branches

for the year ended March 31, 2012

		Schedules	Year ended 31.03.2012 (Rs. in lakhs)	Year ended 31.03.2011 (Rs. in lakhs)
1.	INCOME			
	Interest earned	13	776,762	626,931
	Other income	14	139,325	194,721
	TOTAL		916,087	821,652
II.	EXPENDITURE			
	Interest expended	15	288,746	222,266
	Operating expenses	16	280,144	271,700
	Provisions and contingencies	17	154,999	185,222
	TOTAL		723,889	679,188
111.	PROFIT			
	Net profit for the year		192,198	142,464
	TOTAL	9000	192,198	142,464
IV.	APPROPRIATIONS			
	Transfer to Statutory Reserve		48,050	35,616
	Transfer to/(from) Investment Reserve		11,928	-
	Transfer to Special Reserve		555	1,610
	Transfer to remittable surplus retained for CRAR requirem		-	6,238
	Balance carried over to Balance Sheet under Profit & Loss	account	131,665	99,000
	TOTAL		192,198	142,464

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. 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: 26 June 2012 Sd/Pramit Jhaveri
Chief Executive Officer

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

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

Schedules forming part of the accounts of the Indian branches as at March 31, 2012

		(Rs. in lakhs)	As at 31.03.2012 (Rs. in lakhs)	As at 31.03.2011 (Rs. in lakhs)
SCI	IEDULE 1 - CAPITAL			
Amo	ITAL unt of deposit kept with RBI under Section 11 (2) (b) of the Banking lation Act, 1949 (see Schedule 18 · Note V (1))		300,500	250,000
CAP Initia	TAL I Capital		20	20
Inter	est free funds from H.O. for CRAR requirements			
•	ing Balance tions during the year	374,364		374,364
			374,364	374,364
тот	AL		374,384	374,384
SCH	IEDULE 2 - RESERVES & SURPLUS			
I.	Statutory Reserve			
	Opening Balance Additions during the year	276,009 48,050		240,393 35,616
		10,030	324,059	276,009
11.	Furniture & Equipment Reserve		281	281
Ш.	Properties Investment Reserve		6,194	6,194
IV.	Properties Revaluation Reserve			
•••	Opening Balance	36,033		33,785
	Additions during the year Deductions during the year	-		2,983
	Depreciation during the year	(721)		(735)
			35,312	36,033
V.	Investment Reserve			
	Opening Balance Additions during the year	11,928		•
	Transfer to the Profit and Loss account			-
			11,928	-
VI.	Capital Reserve on sale of immovable properties		4,587	4,587
VII.	Foreign Exchange Reserve		4,500	4,500
VIII.	Special Reserve (see Schedule 18 - Note V (4))			
	Opening Balance	6,891		5,281
	Additions during the year	555	7,446	1,610 6,891
IX.	Remittable Surplus retained for CRAR requirements			
124,	Opening Balance	688,193		681,956
	Additions during the year	-	-mainteinean	6,237
			688,193	688,193
X.	Balance in Profit and Loss Account			
	Opening Balance Less: Remitted during the year	99,000 (89,120)		-
	Additions during the year	131,665		99,000
			141,545	99,000
	TOTAL	- *	1,224,045	1,121,688

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

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

	As at 31.03.2012 (Rs. in lakhs)	As at 31.03.2011 (Rs. in lakhs)
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i) From banks	9,863	13,430
ii) From others	1,989,381	1,784,704
-,/	1,999,244	1,798,134
II Savings Bank Deposits	1,528,282	1,350,656
III. Term Deposits		
i) From banks	47	-
· ii) From others	2,942,195	2,518,016
	2,942,242	2,518,016
TOTAL	6,469,768	5,666,806
B Deposits of branches in India	6,469,768	5,666,806
Deposits of branches outside India	-	
	6,469,768	5,666,806
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	1,500,600	700,000
ii) Other banks	83,498	175,010
iii) Other institutions and agencies	103,212	328,067
	1,687,310	1,203,077
II. Borrowings outside India	1,205,149	876,635
TOTAL	2,892,459	2,079,712
Secured borrowings included in I & II above	1,505,395	718,184
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	149,017	189,328
II. Inter - office adjustments (net)	6	19
III. Interest accrued IV. Continuent provisions against standard access (acc Schedule 18, Natural/96)	26,338	21,747
IV. Contingent provisions against standard assets (see Schedule 18 - Note V (8.6)) V. Others (including provisions)	50,174 1,656,5 6 2	50,174 1,654,767
TOTAL	1,882,097	1.016.025
· onw	1,002,097	1,916,035

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

Schedules forming part of the accounts of the Indian branches (Continued) as at March 31, 2012

		(Rs. In Lekks)	As at 31.03.2012 (Rs. in lakks)	As at 31,03,2011 (Rs. in lakhs)
	HEDULE 6 - CASH AND BALANCES ITH RESERVE BANK OF INDIA			
t.	Cash to hand (including foreign currency notes)		23,589	19,899
Ħ.	Balances with Reserve Bank of India			
	t) in Current account	376,633		474,953
	n) in Other Deposit accounts	289,666		* *************************************
			656,633	474,953
	TOTAL		674,213	494,852
SC:	HEDULE 7 - BALANCES WITH BANKS D MONEY AT CALL AND SHORT NOTICE			
1.	In India			
	i) Balances with banks			
	a) in Current accounts	14,325		13,843
	b) In Other Deposit accounts	442,600		388,060
			454,325	401,903
	ii) Money at call and short notice			
	a) With banks	15,775		to 144
	b) With other institutions			50,160
			15,775	50,160
	TOTAL († & ii)		472,100	452,063
EŁ.	Outside India	_		
	i) In Current account	88.160		
	ii) In Other Deposit accounts	599,229		204,176
	iii) Money at call and short notice	*		976,275
			687,389	1,180,451
	GRAND TOTAL (1 & II)		1,159,489	1,632,514
SCE	IEDULE 8 - INVESTMENTS			
1.	Investments in India in			
	i) Government securities ii) Other approved securities		4,236,982	2,951,506
	iii) Debentures and Bonds		-	*
	iv) Shares		5,484	
	v) Others (see Schedule 18 Note V (2))		952 73,330	952
	Net favestments			87,393
		***************************************	4,316,668	3,039,851

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

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

SCI	HEDULE 9 - ADVANCES	As at 31.63.2012 (Rs. in lakhs)	As at 31.03.2011 (Rs. in lakhs)
Α.	i) Bills purchased and discounted ii) Cash credits, overdrafts and loans repayable on demand iii) Term loans	270,446 851,083 3,588,771	464,414 661,207 2,934,080
	TOTAL	4,710,300	4,059,701
В	Secured by tangible assets (Including advances against book debts) ii) Covered by Bank / Government guarantees iii) Unsecured	1,791,106 12,796 2,906,404	1,574,619 1,371 2,483,711
	TOTAL	4,710,300	4,059,701
C. 1.	Advances in India i) Priority sectors ii) Public sector iii) Banks iv) Others	1,359,775 29,513 - 3,321,012	1,330,594 24,292 - 2,704,815
	TOTAL	4,710,300	
C. 11.	Advances outside India	4,710,500	4,059,701
	GRAND TOTAL (C. I & C. II)	4,710,300	4,059,701

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

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

sc	HEDULE 10 - FIXED ASSETS	As at 31.03.2012 (Rs. In lakks)	As at 31.03.2011 (Rs. in lakhs)
I,	Leasehold land		
	At cost as on I April	m 40×	
	Additions during the year	7,406	7,406
	Deductions during the year	•	•
		7,406	
	Depreciation to date	(1,955)	7,406 (1,807)
	TOTAL	5,451	5,599
		5,401	3,399
H.	Premises		
	At cost as on 1 April	8,108	8,121
	Additions during the year	•	-
	Deductions during the year	•	(13)
	Democratistics on the	8,108	8,108
	Depreciation to date	(1,676)	(1,544)
	Add: Premises revaluation	6,432	6,564
	Add. Fremses revailables	35,312	36,033
	TOTAL	41,744	42,597
III. A	A Other Fixed assets (including furniture and fixtures)		
	At cost as on 1 April		
	Additions during the year	61,382	67,110
	Deductions during the year	8,255	10,833
		(7,677)	(16,561)
	Depreciation to date	61,960	61,382
		(38,773)	(38,405)
		23,167	22,977
III. B	Other Fixed assets (taken on lease)		
	At cost as on 1 April	8,610	6,701
	Additions during the year	2,673	3,432
	Deductions during the year	(1,968)	(1,524)
		9,315	8,609
	Depreciation to date	(4,296)	(3,553)
		5,019	5,056
	TOTAL	28,206	28,033
IV.	Capital Work-in-progress		
47.	Capital Work-III-progress	3,312	1,2 7 9
	GRAND TOTAL (I, II, IIIA, IIIB, IV)	78,713	77,508

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

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

SCHEDULE 11 - OTHER ASSETS	As at 31.03.2012 (Rs. in lakhs)	As at 31.03.2011 (Rs. in lakhs)
Due from Head office (see Schedule 18 - Note V (5)) Interest accrued	4,435 108,993	14 102.803
III. Tax paid in advance/tax deducted at source (net of provision for tax) (see Schedule 18 - Note V (6))	131,797	101,901
IV. Non-banking assets acquired in satisfaction of claims V. Deferred tax assets (net) (see Schedule 18 - Note V (13))	-	<u>.</u>
VI. Others	29,631 1,62 8, 514	28,150 1,621,331
TOTAL	1,903,370	1,854,199
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the bank not acknowledged as debts	2,983	13,322
II. Liability on account of outstanding forward exchange contracts	57,537,023	46,067,631
III. Liability on account of outstanding Rupee Interest Rate Swaps IV. Guarantees given on behalf of constituents	55,104,902	76,478,436
a) In India	1,041,766	911,681
b) Outside India	228,254	230,856
V. Acceptances, endorsements and other obligations	1,244,575	945,134
VI. Others	135,512	76,69 4
TOTAL	115,295,015	124,723,754

(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, 2012

for i	he year ended March 31, 2012		
		Year ended	Year ended
		31.03.2012	31.03.2011
S/CI	HEDULE 13 - INTEREST EARNED	(Rs. in lakhs)	(Rs. in lakhs)
SCI	HEDULE 13 - INTEREST EARNED		
I	Interest/discount on advances/bills	424,439	349,947
11	Income on investments	305,950	260,911
Ш	Interest on balances with Reserve Bank of India		•
	and other inter-bank funds	43,053	15,612
IV	Others	3,320	461
	TOTAL	776,762	626,931
SCI	HEDULE 14 - OTHER INCOME		
ı	Commission, exchange and brokerage	95,340	94,715
11	(Loss)/Profit on sale of investments (net)	(46,438)	(57,636)
111	(Loss)/Profit on sale/ write-off of fixed assets (net)	(64)	(167)
ΙV	Profit on exchange transactions	85,717	154,248
V	Miscellaneous income	4,770	3,561
	TOTAL	139,325	194,721
SCI	IEDULE 15 - INTEREST EXPENDED		
ľ	Interest on deposits	194,565	163,330
II	Interest on Reserve Bank of India/ inter-bank borrowings	62,307	32,270
111	Others	31,874	26,666
	TOTAL	288,746	222,266
SCF	IEDULE 16 - OPERATING EXPENSES		
I	Payments to and provisions for employees	106,090	101,114
H	Rent, taxes and lighting	14,189	13,193
Ш	Printing and stationery	4,580	4,980
IV	Advertisement and publicity	11,944	8,433
V	Depreciation on Bank's property	9,880	9,385
VI	Auditors' fees and expenses	96	85
VII VIII	Law charges Postage telegrams telephones etc.	2,194	1,600
IX	Postage, telegrams, telephones, etc. Repairs and maintenance	27,834	21,761
X	Insurance	8,196 5,889	7,657 5,839
ΧI	Other expenditure	89,252	97,653
	TOTAL	280,144	271,700
	EDULE 17 - PROVISIONS AND CONTINGENCIES		
I	Provision for non-performing assets / write offs (net)	32,406	56,690
11	Provision for standard assets	-	-
III	Provision for current taxation	138,951	89,688
IV V	Deferred tax charge / (benefit) (see Schedule 18 - Note V (13))	(1,481)	8,088
V VI	Provision for depreciation/(Write back of Provision) on Investments Others (see Schedule 18 - Note V (7))	(27,432)	31,903
7.1	Saleta (see Belledule 10 - 110te 1 (/))	12,555	(1,147)
	TOTAL	154,999	185,222

(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, 2012

Schedule 18

I. Background

The accompanying financial statements for the year ended March 31, 2012 comprise the accounts of Citibank N.A. – India branches ('the Bank'), a banking company under the Banking Regulation Act, 1949. Citibank N.A. is incorporated with limited liability in the United States of America.

The Indian branches of the Bank as at March 31, 2012 are at:

Ahmedabad, Akola, Aurangabad, Bengaluru (M.G. Road and South End Road), Bhopal, Bhubaneshwar, 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 (Sansad Marg, Punjabi Baug, Nehru Place, South Extension and Vasant Vihar), Noida, Puducherry, Pune, Secunderabad, Surat, Vadodara and Vapi.

The Bank had initiated a process of exploring a possible relocation of some of its branches in connection with the study of viability of its branches and appropriate procedures are being taken in line with applicable regulations.

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. The disclosures presented herein confirm to the guidelines laid down in the Master Circular - Disclosure in Financial Statements - Notes to Accounts (DBOD.BP.BC No. 16/21.04.018/2011-12 dated July 1, 2011).

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 subject to the Circulars and Guidelines issued by the RBI from time to time. 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.

(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, 2012 (Continued)

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. 19/21 .04.141 / 2011-12 dated July 1, 2011 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 in line with the RBI Circular mentioned above. Carrying cost includes 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.

(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, 2012 (Continued)

IV. Significant accounting policies (Continued)

2) Advances

Advances, including purchase of loan portfolios, 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.12 /21.04.048/2011-12 dated July 1, 2011 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.12 /21.04.048/2011-12 dated July 1, 2011 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.12 /21.04.048/2011-12 dated July 1, 2011. Such provisions are reduced from advances on the balance sheet.

In cases where the Bank has exposures classified as NPA which are covered by a specific standby letter of credit, the bank has applied provisioning requirements as per the abovementioned circular without any consideration for such credit support.

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.

(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, 2012 (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 a 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 a contingent liability.

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 Special Purpose Vehicle (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.

(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, 2012 (Continued)

IV. Significant accounting policies (Continued)

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) Cash and Cash equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

7) 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.

Per the guidelines issued by the RBI on Acquisition/Leasing of Premises (IBS.1728/C.553A-87 dated November 30, 1987), the Bank has retained "Properties Investment Reserve" as at March 31, 2012 of Rs. 6,194 lakhs (Previous year Rs. 6,194 lakhs). The Bank has also retained Furniture & Equipment Reserve as at March 31, 2012 of Rs. 281 lakhs (Previous year Rs. 281 lakhs).

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

IV. Significant accounting policies (Continued)

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.

8) 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. Such provision is based on actuarial valuation of the gratuity liability as 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. Such provision is 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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

IV. Significant accounting policies (Continued)

9) 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.

10) Provision for reward points on credit cards

The Bank has a policy of awarding reward points to credit card customers based on their spends. Provisions for reward points which are pending redemption by customers is made using a model based on behavioral analysis of utilization trends. The model uses historical redemption trends to estimate the probable utilization of outstanding unredeemed reward points. The provision required is calculated basis the expected redemption determined using this model. The provisioning treatment confirms to the opinion given by the Expert Advisory Committee of the ICAI. In case of co-branded cards where rewards are offered through the partner firm, provisions are created for the entire amount due to the partner firm as per terms of the tie up arrangement and remaining unpaid as of the reporting date.

11) 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 after due consideration of relevant statutory provisions and judicial decisions on disputed issues.

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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

IV. Significant accounting policies (Continued)

12) 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.

13) 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.

14) Goodwill

Excess of consideration paid over net assets purchased in a business acquisition is recorded as Goodwill. Goodwill, if any, 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.

(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, 2012 (Continued)

- V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)
- V. Notes forming part of the financial statements for the year ended March 31, 2012
- 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. 48,050 lakhs for the year ended March 31, 2012 (Previous year Rs. 35,620 lakhs). As at March 31, 2012, the face value of securities lodged with the RBI stands at Rs. 300,500 lakhs (Previous year Rs. 250,000 lakhs).
- 2. Other investments comprise of Commercial paper amounting to Rs. 4,522 lakhs (Previous Year: Nil) and Certificates of deposits amounting to Rs.68,808 lakhs (Previous year Rs.87,393 lakhs)
- 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 an incremental Special Reserve of Rs. 555 lakhs (Previous year Rs. 1,610 lakhs) pursuant to clause (viii) under sub-section (1) to section 36 of the Income Tax Act, 1961.
- 5. The Bank had outstanding insurance claim receivables pertaining to a claim raised in respect of settlements arising from a fraud incident perpetrated by an employee in the prior year. The loss is covered under a global fraud loss insurance program administered by an internal Insurance and Risk Management (CIRM) unit within Citigroup. As per the terms of the insurance program, the entity which has incurred the loss is required to absorb a portion of the loss and the balance is covered by CIRM through a combination of self and third party insurance plans. For the claim to be reimbursed by the CIRM unit, the Citigroup entity which has incurred the loss is required to submit all the relevant legal and settlement documentation for assessment and admission of the claim internally and with third party insurers as per the terms of the cover. The claim assessment process was completed and the claim was fully admitted as of the year ending 31 March 2012. The insurance claim proceeds are being remitted to Citibank India in tranches with a portion already remitted before 31 March 2012. There was a net balance receivable of Rs. 3,327 lakhs pending settlement as of the year end which has been reported as a receivable from Head Office. The Bank has subsequent to the year end, received funds from Head Office for this balance amount in full settlement of the claim.

In addition to the claim amount for fraud loss, there is a further Rs. 367 lakhs related to legal expenses incurred in relation to fraud related settlements which is also recoverable under the insurance plan in accordance with terms of the insurance plan. The recoverable portion has been reflected as a receivable from Head Office.

- 6. Other Assets [Schedule 11 (III)] includes Rs. 46,952 lakhs towards disputed Income Tax paid by the Bank/ adjusted by the authorities. Provision for taxation is not considered necessary by the Bank in respect of above disputed demands based on various judicial decisions on such disputed issues.
 - In case of overdue receivables (not exceeding 90 days) representing positive mark to market receivables which are unpaid as of the year end, the Bank has on a prudential basis assessed the need for a provision based on an assessment of the recoverability of these receivables. As of 31 March 2012, the Bank has created a provision amounting to Rs. 13,398 lakhs for two such exposures which has been netted from Other Assets [Schedule 11 (VI)] (Previous year Nil).
- 7. Provisions and Contingencies [Schedule 17 (VI) comprises of Rs. 666 lakhs that has been released from the Profit and Loss account on account of diminution in fair value of loans, which were restructured in prior years and upgraded to standard assets subsequently (Previous year Rs. 1,146 lakhs) and Rs 13,220 lakhs towards provision for a letter of credit issuance (Previous year NIL).

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

- 8. The following disclosures are made in accordance with the requirements of accounting standards and RBI guidelines in this regard:
- 8.1 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 16.58% (Previous year 18.32%) and under Basel II is 16.03% (Previous year 17.31%).

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

Ratio	As at March 31, 2012	As at March 31, 2011
CRAR - Tier I Capital	15.15%	16.49%
CRAR – Tier II Capital	0.88%	0.82%
Amount of subordinated debt raised as Tier II capital	Nil	Nil

8.2 Business ratios

Ratio	2011-2012	2010-2011
Percentage of net NPAs to net advances	0.90%	1.21%
Interest income as a percentage to working funds	6.62%	6.05%
Non-interest income as a percentage to working funds	1.19%	1.85%
Operating profit as a percentage to working funds	2.96%	3.16%
Return on assets	1.64%	1.37%
Business (deposits plus advances) per employee (Amount in Rs. lakhs)	1,975	1,745
Profit per employee (Amount in Rs. lakhs)	36.03	28.61

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.

8.3 Maturity Pattern

Maturity Bucket	Loans and	Investments	Damasita	D		n Rs. lakhs
	Advances	investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilites
Day I	22,584	2,590,855	133,837	100,591	275,210	138,250
2 to 7 days	108,843	525,221	667,304	1,584,049	287,354	30,946
8 to 14 days	132,520	37,943	325,949	150,700	195,047	174,937
15 to 28 days	188,983	60,529	313,188	-	112,364	21,377
29 days to 3 months	652,316	128,975	487,094	153,057	313,244	289,782
Over 3 months and upto 6 months	693,039	46,556	379,177	107,318	456,381	304,197
Over 6 months and upto one year	519,968	130,427	766,773	526,149	139,811	7 77,977
Over one year and upto 3 years	1,044,617	697,305	3,366,594	269,653	39,116	802,609
Over 3 years and upto 5 years	229,520	3,946	23,695	942	69,494	8,033
Over 5 years	1,117,910	94,911	6,157	-	1,360,092	1,553,824
Total	4,710,300	4,316,668	6,469,768	2,892,459	3,248,114	4,101,932

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

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

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.

8.4 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 (DBOD.BP.BC No. 16 /21.04.018/2011-12) dated July 1, 2011, following are the disclosures in respect of Exposures to Real Estate Sector.

Amount in Rs. lakhs

Catalan		amount in Rs. (a)	
Category	As at March 31, 2012	As at March 31, 201	
1. Direct exposure			
(i) Residential mortgages			
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower:	1,115,581	940,94	
Of which individual housing loans eligible for inclusion in priority sector advances	90,613	108,12	
(ii) Commercial real estate			
Lending secured by mortgages on income producing real estates (iii) Others*	41,845	26,26	
2. Indirect exposure	158,335	149,766	
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	226,570	67,934	
Total	1,542,331	1,184,909	

*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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

B) Exposure to capital market

Amount in Rs lakhs

Category	As at March 31, 2012	As at March 31, 2011
Investment made in equity shares	952	952
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)	29,587	49,610
 Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers* 	163,768	200,122
4. Other Financial Guarantees	82,321	2,710
Total exposure to capital market	276,628	253,394
 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.

8.5 Movement in Non-performing assets

Amount in Rs. lakhs

Particulars		2011-2012		2010-2011		
	Gross NPA	Provision	Net NPA	Gross NPA	Provision	Net NPA
Opening balance as on April 1	83,867	34,587	49,280	127,544		
Additions during the year	70,837	41,940		107,956	28,238	79,718
Recoveries/write during the year	(70,062)	(34,261)	(35,801)	(151,633)	(42,749)	(108,884)
Closing balance as on March 31	84,642	42,266	42,376	83,867	34,587	49,280

8.6 Provision on standard assets

The Bank is holding a provision towards standard assets of Rs. 50,174 lakhs (Previous year Rs. 50,174 lakhs). The provision is in excess of the requirements basis the current asset position. The excess has

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued) been retained in accordance with the guidelines contained in the RBI Circular DBOD.BP.BC. 83 / 21.01.002/2008-09 dated November 15, 2008.

8.7 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 (DBOD.No.BP.BC.12/21.04.048/2011-12) dated July 1, 2011, the Bank has a 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, 2012. (Previous year: NIL)

8.8 Restructured loans

Pursuant to RBI Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (DBOD.No.BP.BC.12 /21.04.048/2011-12 dated July 1, 2011), following are the disclosures in respect of outstanding restructured loans classified as non performing assets.

Restru	ctured Advances		2011-2012			2010-2011	
		CDR Mechanism	SME Debt Restructuring	Others	CDR Mechanism	SME Debt Restructuring	Other
Standard	No. of borrowers		•	5,678	_	_	11,50
advances restructured	Amount outstanding	-	_	4,757	_		14,80
restructured	Sacrifice (diminution in the fair value)	-	-	124	-	-	930
Sub-standard advances	No. of borrowers	-	-	2,173	-	_	2,359
restructured	Amount outstanding	****	-	1,376	_	-	2,057
	Sacrifice (diminution in the fair value)	-	-	39	-	-	164
Doubtful advances restructured	No. of borrowers	-	-	_	-	-	
	Amount outstanding	-	-	-	-	-	_
	Sacrifice (diminution in the fair value)	-	-	-	-	-	-
Total	No. of borrowers	-	•	7,851	_	-	13,863
	Amount outstanding	-	-	6,133	-	-	16,859
	Sacrifice (diminution in the fair value)	-	-	163	-	-	1,100

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

An amount of Rs. 735 lakhs (Previous year Rs. 1,402 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.

During the year, a loan in respect of a Corporate amounting to Rs. 1,784 lakhs (Previous year NIL) has been restructured and retained as standard in compliance with the requirements laid down in RBI master circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (DBOD.No.BP.BC.12 /21.04.048/2011-12 dated July 1, 2011)

8.9 In accordance with the requirements laid down in RBI master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (DBOD.No.BP.BC.12 /21.04.048/2011-12) dated July 1, 2011, following are the disclosures in respect of transactions relating to sale of financial assets to any securitisation/reconstruction company for assets reconstruction.

Particulars	2011-2012	2010-2011
(i) No. of accounts	1	1
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC (Rs lakhs)	-	-
(iii) Aggregate consideration (Rs lakhs)	400	405
(iv) Additional consideration realized in respect of accounts transferred in earlier years (Rs lakhs)	-	-
(v) Aggregate gain/(loss) over net book value (Rs lakhs)	400	405

8.10 Details of non-performing financial assets sold:

Particulars	2011-2012	2010-2011
1. No. of accounts sold	1	2010-2011
2. Aggregate outstanding (net of provisions) (Rs lakhs)	1	1
3. Aggregate consideration received (Rs lakhs)	400	405

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

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

8.11 Investments

A) Value of investments

		Amount in Rs. lakhs
Particulars	As at March 31, 2012	As at March 31, 2011
(1) Gross value of investments		
(a) In India (b) Outside India (2) Provisions for depreciation	4,381,859 -	3,132,474
(a) In India (b) Outside India	(65,191)	(92,623)
(3) Net value of investments		
(a) In India (b) Outside India	4,316,668	3,039,851

B) Movement of provisions held towards depreciation of investments

Amount in Rs. lakhs

		Amount in KS. takh
Particulars	As at March 31, 2012	As at March 31, 2011
Opening balance as on April 1 Add: Provision made during the year Less: Write back of provisions during the year	92,623 - (27,432)	60,720 31,903
Closing balance as on March 31	65,191	92,623

During the year, the Bank has appropriated Rs 11,928 lakhs to Investment Reserve in accordance with RBI Master Circular on Master Circular – Prudential norms for classification, valuation and operation of investment portfolio by banks (DBOD No. BP. BC. 19/21 .04.141 / 2011-12 dated July 1, 2011) and amendments thereto. Also, in accordance with these guidelines, the Bank had neither appropriated nor withdrawn any amount from this reserve during the previous year

Investments include government securities representing face value of Rs. 3,556,168 lakhs (Previous year: Rs.2,597,686 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 transactions and under Liquidity Adjustment Facility (LAF) and to meet the requirements of section 11 (2) (b) of the Banking Regulation Act, 1949 with RBI.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

8.12 Non-SLR investment portfolio

A) Issuer composition of non-SLR investments as on March 31, 2012

lssuer	Amount	Extent of private placement	Extent of below investment	Extent of 'unrated' securities	Amount in Rs. lake Extent of 'unlisted' securities
			grade' securities		
Public sector undertakings	4,904	-	_		
Financial institutions	´ -	_		-	-
Banks	68,808	49,193		-	(0.000
Private corporates	952	952	_	952	68,808
Subsidiaries/Joint Ventures	-	752	-	932	952
Others	5,022	5,022	•	-	-
Provisions held towards depreciation	-	5,0 22	-	-	5022
Total	79,686	55,167	-	952	74,782

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

Amount in Rs. lakhs Issuer Extent of 'below Extent of investment Extent of private grade' 'unrated' Extent of 'unlisted' Amount placement securities securities 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

B) Non-performing non-SLR investments

There were no non performing non-SLR investments during the year ended March 31, 2012 (Previous year Nil).

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

8.13 Repo and reverse repo transactions (excluding transactions under LAF)

	2011-2012 2010-2011					in Rs. lakh		
Securities sold	Minimum outstanding during the year*	Maximum outstanding during the year		As on March 31, 2012	Minimum outstanding during the year*		Daily average outstanding during the year*	31, 2011
under repos i. Government securities ii. Corporate debt	900	602,105	187,093	900	500	539,881	144,253	-
securities Securities purchased under reverse repos	-	-	-	-	-	•	-	-
Government securities ii. Corporate debt securities	1,000	345,720	51,240	15,000	3,100	1,109,225	116,301	49,750

^{*} Minimum/Daily Average outstanding during the year excludes days with Nil outstanding.

8.14 Derivatives

Details of outstanding notional principal, nature and terms of swaps (including swaptions):

			Amount in Rs. laki		
Туре	Item	Notional pr	Notional principal as at		
		March 31, 2012	March 31, 2011		
Trading	Interest rate swaps				
	MIBOR Overnight Index Swaps	39,556,013	59,165,216		
	MIFOR	4,524,372	3,998,572		
	GOI Securities Yield / INBMK	888,848	900,232		
	LIBOR	9,783,887	11,785,288		
	Basis swaps	124,283	218,736		
	Cross Currency swaps	,-	210,750		
	Swaptions	1,373,625	66,893		
	Cross Currency Swap	1,725,836	2,079,684		
	Forward Rate Agreements	-,-10,000	2,075,004		
Hedging	MIBOR Overnight Index Swaps	227,500	343,500		

MIBOR - Mumbai Interbank Offer Rate

MIFOR - Mumbai Interbank Forward Offer Rate

LIBOR - London Interbank Offer Rate

INBMK - Indian Benchmark rate

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

		Amount in Rs. lakh.
Losses which would be incurred if the counter-parties failed to fulfill their obligations in respect of:	March 31, 2012	March 31, 2011
Interest rate swaps	281,110	602,208
Cross Currency swaps	122,235	192,890
Forward Rate Agreements		172,070

Fair value of:	March 31, 2012	March 31, 2011
Interest rate swaps	(10,670)	(3,750)
Cross Currency swaps	(23.847)	24,721
Forward Rate Agreements	(25,647)	24,721
	*	-

- 90.40% (Previous Year 95%) of Interest rate swaps, 50.59 % (Previous year 56 %) of Cross Currency Interest Rate Swaps have been contracted with banks. As at March 31, 2012 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.

8.15 Disclosure pertaining to Exchange Traded Interest Rate Derivatives is given below

			Amount in Rs. lakhs
S.No.	Particulars	March 31, 2012	March 31, 2011
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) - 91 Day T-bill futures	75,016	-
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March (instrument-wise)	-	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Not applicable	Not applicable
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Not applicable	Not applicable

8.16 Disclosure on risk exposure on derivatives

Qualitative disclosure

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

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

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued) assets and liabilities. The Bank also undertakes exchange traded foreign currency and interest rate futures as trading member on the exchange.

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

The 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 on Disclosure in Financial Statements - Notes to Accounts ref. DBOD.BP.BC No. 16 /21.04.018/2011-12 dated July 1, 2011 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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

Amount in Rs. lakhs

		March 31,	2012	March 31,	2011
Sr.	Particular	Currency	Interest rate	Currency	Interest rate
No.		derivatives	derivatives	derivatives	derivatives
1.	Derivatives (Notional				
	principal amount)				
	a) For hedging	204,925	227,500	8,874	343,500
	b) For trading	57,332,098	54,877,402	46,058,105	76,134,936
2.	Marked to market positions				
	a) Asset (+)	1,144,244	281,110	842,951	602,208
	b) Liability (-)	-1,103,424	-291,781	-801,535	-610,130
3.	Credit exposure	2,679,173	709,977	2,050,980	1,236,233
4.	Likely impact of one				
	percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	44.18	1,312.07	0.24	2,322.67
	b) on trading derivatives	6,062.10	5,034.94	4146.36	40,546.14
5.	Maximum of 100*PV01				
	observed during the year				
	a) on hedging	44.18	2,083.42	7.10	2,322.67
	b) on trading	6,483.08	5,991.36	5,460.03	40,546.14
6.	Minimum of 100*PV01				
	observed during the year				
	a) on hedging	2.60	1,044.84	0.02	181.78
	b) on trading	3,372.56	3,922.68	1,625.92	98.68

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, 2012 is Rs. 12,626 lakhs (Previous year: Rs. 12,956 lakhs)

8.17 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, 2012 (Previous Year: Nil). Details of exposure as per Risk category classification is as under:

Amount in Rs. lakhs

	As at March 31, 2012			ch 31, 2011
Risk Category	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	41,435	-	42,786	-

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

	As at Marc	eh 31, 2012	As at March 31, 2011		
Risk Category	Exposure (net)	Provision held	Exposure (net)	Provision held	
Low	37,277	-	13,584	_	
Moderate	4,733	-	5,295	-	
High	3,889	-	5,032	_	
Very High	984	-	1,086	_	
Restricted	-	-	-	_	
Off-credit	~	-	-	_	
Total	88,318	_	67,783	_	

8.18 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. During the year ended March 31, 2012, the Bank has exceeded the single borrower limit of 10% in case of exposures to a NBFC. This was a passive breach due to INR currency depreciation leading to an increase in the INR equivalent of an exposure denominated in USD. The Bank's credit exposure to single borrowers and group borrowers are within the specified limits for the year ended March 31, 2011.

9. 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	2011-2012	2010-2011
1. Total number of loans securitised*		
2. Book value of loans securitised*	_	-
3. Sale consideration*	_	•
4. Gain / (loss) on securitisation recognized in the Profit & Loss account*	_	_
5. Form and quantum (outstanding value) of credit enhancement		-
a. Cash Collateral	1,638	1,791
b. I/O Strip	57	53
c. Guarantee	•	J J

^{*} pertaining to deals done during the year

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

10. 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. lakh.

	Amount i	n Rs. lakhs
Particulars for FY 2011-12	Gratuity	Pension
Change in obligations	•	
Present value of defined benefits obligations as at 1 April 2011	10,326	7,873
Employer service cost	1,674	1,235
Interest cost	802	632
Curtailment cost (credit)	302	032
Settlement cost (credit)	_	_
Plan amendments	_	_
Acquisitions	_	_
Actuarial (gains)/ losses	(1,585)	927
Actual benefits payments	(1,551)	(692)
Present value of defined benefits obligations as at 31 March 2012	9,666	9,975
Change in assets		
Plan assets as at 1 April 2011	7,497	10.884
Actual / Expected return on plan assets	644	917
Actual company contributions	2,160	1,157
Actual benefits payments	(1,551)	(692)
Actuarial gains / (losses)	230	(369)
Plan assets as at 31 March 2012	8,980	11,897
Net asset (liability) recognised		
Present value of defined benefits obligations as at 31 March 2012	9,667	9,976
Fair value of plan assets as at 31 March 2011	8,980	11,898
Funded status [surplus/(deficit)]	(687)	1,922
Unrecognised past services costs	(007)	1,922
Net asset (liability) recognised in balance sheet	(687)	1,922
Components of employer expense	(007)	1,922
Current services cost	1,674	1 226
Interest cost	802	1,235
Expected return on assets	(644)	632
Curtailment cost/(credit)	(044)	(917)
Settlement cost/(credit)	~	-
Past services cost	•	-
Actuarial (gains) and losses	(1.915)	. 20.
Net cost	(1,815)	1,296
Assumptions	17	2,246
Discount rate		
Expected return on assets	8.80%	8.80%
Salary escalation rate	8.50%	8.50%
Colory Cocaration (arc	8.00%	8.00%

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

Rs. in lakhs

		Rs. in lakhs
Particulars for FY 2010-11	Gratuity	Pension
Change in obligations		
Present value of defined benefits obligations as at 1 April 2010	8,949	7,256
Employer service cost	1,483	879
Interest cost	712	613
Curtailment cost (credit)	<u>.</u>	-
Settlement cost (credit)	•	_
Plan amendments	28	139
Acquisitions	_	
Actuarial (gains)/ losses	491	(753)
Actual benefits payments	(1,336)	(261)
Present value of defined benefits obligations as at 31 March 2011	10,327	7,873
Change in assets		7,073
Plan assets as at 1 April 2010	7,742	11,915
Actual / Expected return on plan assets	643	985
Actual company contributions	1,451	317
Actual benefits payments	(1,336)	(261)
Actuarial gains / (losses)	(1,003)	(2,073)
Plan assets as at 31 March 2011	7,497	10,883
Net asset (liability) recognised	1,107	10,003
Present value of defined benefits obligations as at 31 March 2011	10,326	7,873
Fair value of plan assets as at 31 March 2011	7,497	10,884
Funded status [surplus/(deficit)]	(2,829)	3,011
Unrecognised past services costs	(2,025)	3,011
Net asset (liability) recognised in balance sheet	(2,829)	3,011
Components of employer expense	(2,027)	3,011
Current services cost	1,483	879
Interest cost	712	613
Expected return on assets	(643)	
Curtailment cost/(credit)	(043)	(985)
Settlement cost/(credit)	-	-
Past services cost	28	120
Actuarial (gains) and losses	1,494	139
Net cost	3,074	1,320
Assumptions	3,974	1, 966
Discount rate	8.40%	B 4084
Expected return on assets	8.40% 8.25%	8.40%
Salary escalation rate	- · · -	8.25%
	8.00%	8.00%

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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

11. 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. 16/21.04.018/2011-12 dated July 1, 2011 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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (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 the Bank 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			2011-2012		······································			2010-2011	Amou	nt in Rs. lakhs
	Treasury	Corporate Banking	Retail Banking	Other Banking	Total	Treasury	Corporate Banking	Retail Banking	Other Banking	Total
Revenue Unallocated	194,364	353,310	358,436	5,520	911,630	183,198	289,747	338,930	7,050	818,925
revenue		·····			4,457					2,708
Total Revenue	194,364	353,310	358,436	5,520	916,087	183,198	289,747	338,930	7,050	821,633
Result	93,053	164,912	81,190	(4,045)	339,567	84,988	131,364	32,822	(2,207)	249,675
Unallocated expenses Profit before-	**G-**				(9,899)		Sustin			(9,435)
taxes Income taxes			, and		329,668		• -			240,240
and an extendit					(137,470)					(97,776)
Net profit					192,198					142,464
		As at 31 Ma	arch 2012				As at 31 Ma	rch 2011		
Other information Segment										
assets Unallocated	7,697,619	3,125,470	1,779,517	-	12,602,606	6,564,182	2,603,264	1,783,619	-	10,951,065
assets Total assets					240,147 12,842,753				-	207,560 11,158,625
Segment liabilities Unullocated	4,313,435	3,464,974	3,465,895		11,244,305	3,531,931	3,211,980	2,917,704	٠	9,661,615
liabilities Total				-	1,598,448				_	1,497,010
liabilities					12,842,753					11,158,625

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

- 12. 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. 16 /21.04.018/2011-12 dated July 1, 2011 and amendments thereto are as under. Entities grouped under Subsidiaries of Parent represent direct and indirect subsidiaries of Citibank N.A., and entities grouped under Fellow Subsidiaries of Parent represent direct and indirect subsidiaries of Citigroup Inc.
 - a) Parent Citibank N.A. and its branches
 - b) Holding Company of Parent Citigroup Inc.
 - c) Subsidiaries of Parent

Bank Handlowy W Warszawie S.A.

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

Banco Citibank De El Salvador SA

Citibank Romania

Banco Citibank De Guatemala SA

Citibank Czech Republic

Citicorp Capital Markets Limited¹

Citicorp Clearing Services India Limited¹

Citicorp Finance India Limited¹

Citicorp Investment Bank (Singapore) Limited

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

Citicorp Maruti Finance Limited¹

Citicorp Services India Limited¹

CitiFinancial Consumer Finance India Limited¹

Citigroup Transaction Services (Malaysia) Sdn Bhd

CitiFinancial Retail Services India Limited¹

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 Limited¹

Citigroup Global Markets Mauritius Private Limited

Citigroup Technology Inc

Citishare Corporation US

CitiFinancial Inc

Citigroup Services Japan Limited

Citigroup Strategic Holding Mauritius Limited

Orbitech Limited¹

e) Key Management Personnel

Mr. Pramit Jhaveri - CEO

¹ Indicates companies incorporated in India

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

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

Nature of transactions	Parents an	d branches	Subsic	liaries	Fellow S	ubsidiaries
	2011-2012	2010-2011	2011-2012	2010-2011	2011- 2012	201 0 - 2011
Fees Paid	32,992	25,732	2,304	1,878	2,025	2,810
Interest paid on borrowing	10,843	10,934	650	499		-,
Interest paid on deposit	1,556	52	9,744	10,321	12,175	9,261
Fees Received	10,694	7,824	2,877	2,766	1,540	786
Interest Earned	1,873	2,793	10,547	14,543	_	_
Consideration received/(paid) on maturity of derivative contracts	22,158	2,626	(727)	6,187	(5,190)	-
Loans disbursed	~	-	439,419	112,000	_	-
Deposits placed	88,498,922	224,320,281	-	-		-
Time Deposits received	-	-	2,744,086	2,566,742	2,131,272	2,066,410
Borrowings	11,100,164	978,275	1,815	2,333	_	-
Portfolio purchased	-	-	76,109	73,241	_	-
Purchase of Fixed assets	~	-	1	2	11	-
Sale of Fixed assets	-	-	35	-	-	_
Capital work-in-progress	-	_	_	_	_	_

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

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

Amount in Rs. lakhs

Particulars	Parents	& Branches	Subsi	diaries	Fellow Subsidiaries	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Accounts payable/Other payables	26,046	12,386	4,526	3,678	2,146	2,932
	34,801	23,000	5,785	5,425	2,189	2,970
Accounts receivable/Other receivables	6,865	2,073	19,814	10,790	62	48
	34,812	2,083	27,909	11,858	3,097	4,264
Borrowings/Deposits	1,196,043	854,304	97,469	170,677	165,974	159,549
	2,828,454	1,466,858	356,542	394,081	325,822	308,412
Balance in current account/(Cash credit)/(Overdraft)	(25,441)	(129,767)	47,472	(37,089)	5,488	14,162
	780,449	557,322	471,955	224,897	962,851	491,323
Investment in debentures	-	-	-	25,000	*	-
Loans/Placements	600,590	954,865	52,831	106,445	-	-
	3,546,104	2,837,510	216,048	143,960	<u>-</u>	-
Positive MTM ^I	85,627	142,605	9,078	6,006	1,382	53
	195,990	179,941	17,545	9,863	1,382	753
Negative MTM ¹	48,188	53,464	13,170	439	6,544	25
	82,456	86,191	22,867	7,524	6,544	25
Non Funded Commitments ¹	289,230	328,013	131,089	125,638	489	4,258
	400,005	342,532	156,780	141,876	9,781	6,365

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.

¹Maximum balances indicate maximum of the balances as at quarter ends.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2012 (Continued)

- V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)
- 13. 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. 1,481 lakhs arising during the year ended March 31, 2012 is credited to the current year's Profit and Loss account. (Previous year: Rs. 8,088 lakhs debited to the Profit and Loss account). The cumulative amount of deferred tax benefit of Rs. 29,631 lakhs (Previous year: Rs. 28,150 lakhs) is included in Schedule 11 "Other Assets."

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

	A	mount in Rs. lakh
Description	As at March	As at March
*	31, 2012	31, 2011
Deferred tax assets		
Provision on advances	38,847	35,623
Others	1,841	1,640
Deferred tax liabilities	1,041	1,040
Depreciation	(4,701)	(6,217)
Others	(6,356)	• • •
Deferred tax asset (net)		(2,896)
	29,631	28,150

14. 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:

	Am	ount in Rs. lakhs
Gross investment as at the date of Balance Sheet	As at March	As at March
	31, 2012	31, 2011
Not later than one year	2,193	2,071
Later than one year but not later than five years	3,112	
Later than 5 years	3,112	3,350
Total	5,305	5,421
Present value of minimum lease payment as at the date of Balance Sheet		
Not later than one year	1,711	1,581
Later than one year but not later than five years	2,734	2,905
Later than 5 years	-,,,,,,	2,703
Total	4,445	4,486

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

		Amount in Rs. lakhs
Particulars	As at March	As at March
	31, 2012	31, 2011
The amount of minimum lease payments recognized in the profit and loss		7-11-1
account in respect of operating lease	5,745	4,874
The total of future minimum lease payments recognized under non-cancellable		

(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, 2012 (Continued)

Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

2,368	4,249
674	3,161
3,042	7,410
	3,042

- 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.

16. 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.

		2011-2012			2010-2011	
Particulars	Reward Points	Securitisation	Frauds	Reward Points	Securitisation	Frauds
Opening provisions	5,317	98	121	6,458	191	195
Provisions made during the year	10,099	65	1	8,457	57	12
Utilisation/write back of provisions during the year	10,322	36	6	9,598	150	86
Closing provisions	5,094	127	116	5,317	98	121

(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, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

17. 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. Manager's Cheques;
- b. Capital commitments;
- c. Commitments for settlement date accounting:
- d. 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; and
- e. Government Securities underwritten.

(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, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

18. Employee share-based payments

Citigroup Inc, the parent of the Bank has deferred compensation plans applicable to management staff in its employment in all subsidiaries across all jurisdictions. Staff of the Bank who fulfill the relevant eligibility criteria participate in the said plans. Being a branch of Citibank N.A. which is itself an unlisted entity, the distributed stocks are those of the parent which are listed on the New York Stock Exchange. The cost of such parental stock awards is charged to the Bank and is subsequently cash settled with the parent. This charge is reflected in the accounts in line with prudential accounting norms. The cost is based on applicable prices ruling on grant dates as per details provided by the parent and these are further adjusted at the period of vesting.

Accordingly, during the year, the Bank has recognized an amount of Rs. 4,352 lakhs (Previous year Rs. 6,038 lakhs) under the head "Payments to and provisions for employees", as cost of such awards granted to employees.

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

		Amount in Rs. lakh
Particulars	March 31, 2012	March 31, 2011
Number of suppliers registered with competent authorities	110	88
Principal amount remaining unpaid beyond the due date to any supplier as at the year end	19	16
Interest due thereon	•	
Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year	406	229
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	16	3
Amount of interest accrued and remaining unpaid at the end of the accounting year	16	3
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	3	3

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.

- 20. During the year ended March 31, 2012, the following penalties were levied
 - a) A penalty of Rs. 25 lakhs was imposed on the Bank by the Reserve Bank of India in July 2011 citing non-adherence to KYC/AML guidelines in relation to a fraud incident during December 2010.
 - b) A penalty of Rs. 1 thousand was imposed by the Labour Enforcement Officer in May 2011 for certain violations, based on its inspection of a branch during December 2010.

During the year ended March 31, 2011, the following penalties were levied

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 Foreign Exchange Management Act (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.

(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, 2012 (Continued)

- Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)
 b) A penalty of Rs. 10 lakhs was levied on the Bank by the RBI citing violations of regulatory guidelines on derivatives transactions.
- 21. As at March 31, 2012, there were no outstanding advances against security of intangible assets. (Previous year: NIL)
- 22. 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. lakl
rvature or expense	2011-2012	2010-2011
Service bureau expenses Technology Infrastructure expenses	59,368 7,989	58,120 11,597

23. In terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.BP.BC No. 16 /21.04.018/2011-12 dated July 1, 2011 the following information is disclosed:

a. Customer Complaints

Particulars	2011-2012	2010 2011
(a) No. of complaints pending at the beginning of the year		2010-2011
	153	130
(b) No. of complaints received during the year	6705	5729
(c) No. of complaints redressed during the year		
	6691	5 7 06
(d) No. of complaints pending at the end of the year	167	153

b. Awards passed by the Banking Ombudsman

2011-2012	2010 2011
Nil	2010-2011 Nil
Nil	Nil
Nil	
Nil	Nil Nil
	Nil Nil

24. 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.	N. A. C.Y.			
Sr. No.	Nature of Income	2011-2012	2010-2011	
1	For selling life insurance policies	4.076	5,017	
2	For selling non life insurance policies	497	452	
3	For selling mutual fund products	12,031	13.862	

25. The Provisioning Coverage Ratio of the Bank stands at 89.92% as on March 31, 2012 (Previous year 88.38%). In accordance with RBI circular DBOD.No.BP.BC.12 /21.04.048/2011-12 dated July 1, 2011, 'technical write-offs' upto the balance sheet date are included in the Provision Coverage Ratio.

(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, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)

26. 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. 16 /21.04.018/2011-12 dated July 1, 2011.

A. (i) Concentration of Deposits

Amount in Rs. lakhs

Particulars	As at March 21 2012	A = + M = + 21 2011
Total Deposit of twenty largest depositors	As at March 31, 2012 966,727	As at March 31, 2011 1,017,199
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank*	14.97%	17.99%

^{*} Inter-bank deposits are excluded.

(ii) Concentration of Advances

Amount in Rs. lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Total Advances to twenty largest borrowers Percentage of Advances to twenty largest borrowers to Total	5,780,438	6,526,903
Advances of the Bank	20.86%	29.27%

(iii) Concentration of Exposures

Amount in Rs. lakhs

Particulars	As at March 31, 2012	As at March 31, 2011
Total Exposure to twenty largest borrowers/customers Percentage of Exposures to twenty largest borrowers/customers to	5,955,956	6,526,903
Total Exposure of the Bank on borrowers/customers	20.80%	29.15%

(iv) Concentration of NPAs

Particulars	As at March 31, 2012	As at March 31, 2011
Total Exposure to top four NPA accounts (Net)	81,313	20,670

(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, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued) B. Sector-wise NPAs

S.No.	Sector	Percentage of Net NPAs to Net Advances in that sector	
		2011-2012	2010-2011
1	Agriculture & allied activities		-
2	Industry (Micro & small, Medium and Large)	0.05%	0.03%
3	Services	2.10%	1.35%
4	Personal Loans/Others*	1.62%	2.32%

^{*} Personal Loans/Others include credit card, personal loans, ready credit, advances against financial assets, loans extended against mortgage of property, auto loans.

C. Movement of NPAs

Particulars	2011-2012	2010-2011
Gross NPAs as on April 1	83,867	127,544
Additions (Fresh NPAs) during the year	70,837	107,956
Sub-total (A)	154,704	235,500
Less:-		
(i) Upgradations	22,147	46,900
(ii) Recoveries (excluding recoveries made from upgraded accounts)	19,335	27,426
(iii) Write-offs	28,580	77,307
Sub-total (B)	70,062	151,633
Gross NPAs as on March 31	84,642	83,867

(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, 2012 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2012 (Continued)
D. Overseas Assets, NPAs and Revenue

Amount in Rs. lakhs

Particulars	2011-2012	2010-2011
Total Assets	687,388	1,180,451
Total NPAs	· -	-
Total Revenue	1,821	2,880

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

Name of the SPV sponsored	2011-2012	2010-2011
Domestic	None	None
Overseas	None	None

27. 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 S.R. Batliboi & Co.

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

Firm Registration Number: 301003E

Chartered Accountants

Sd/-

per Surekha Gracias

Partner

Membership No: 105488

Sd/-

Pramit Jhaveri

Chief Executive Officer

Sd/-

Abhijit Sen

Chief Financial Officer

Place: Mumbai Date: 26 June 2012

CITIBANK N.A.

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

Cash Flow Statement

for the year ended March 31, 2012

	Year ended 31,03,2012	Year ended 3i.03.20ii
	(Rs. in lakhs)	(Rs. in lakhs)
Cash flow from operating activities		
Net profit for the year before tax	329,668	240,240
Adjustments for:		
Depreciation charge for the year	9,880	9,385
Loss on sale/writeoff of fixed assets	64	167
Provision for depreciation on investments	(27,432)	31,903
Provisions for non-performing assets/write offs (net)	32,407	56,690
Provision for/(Write back of) Restructure Advances	12,555	(i,146.56)
Increase in investments	(1,249,385)	(260,584)
(Increase)/Decrease in advances	(695,560)	(449,738)
Increase/(Decrease) in borrowings	812,747	876,334
Increase in deposits	802,961	221,593
(Increase)/Decrease in other assets	(23,685)	(378,904)
Increase/(Decrease) in other liabilities and provisions	(33,938)	287,953
Direct taxes paid	(162,955)	(10,524)
Net cash flow from/(used in) operating activities	(192,673)	623,369
Cash flow from investing activities		
Purchase of fixed assets	(12,962)	(15,018)
Proceeds from sale of fixed assets	1,092	675
Purchase of long term investments	-	(300)
Net cash used in investing activities	(11,870)	(14,644)
Cash flow from financing activities		
Remittance to Head Office	(89,120)	
Repayment of subordinated debt	(02,120)	•
• •	-	
Net cash generated from financing activities	(89,120)	
Net increase/(decrease) in cash and cash equivalents	(293,663)	608,725
Cash and cash equivalents as at beginning of the year*	2,127,365	1,518,640
Cash and cash equivalents as at end of the year*	1,833,703	2,127,365

^{*} Cash and cash equivalents include cash, balances with RBI & other banks and money at cail 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

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

Sd/-

per Surekha Gracias

Partner

Membership No: 105488

Place: Mumbai Date: 26 June 2012 Sd/-**Pramit 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 2012, 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.
- 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 guidelines issued by the Reserve Bank of India in so far as they apply to the Bank;
- g) In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Banking Regulation Act, 1949 and 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 2012;
- 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. Chartered Accountants Firm Registration number: 301003E

Sd/per Surekha Gracias Partner Membership No.: 105488

Mumbai 26 June 2012