

# CITIBANK N.A.

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

## Balance Sheet of the Indian branches

as at March 31, 2009

	<i>Schedules</i>	<b>As at 31.03.2009</b> (Rs.'000)	As at 31.03.2008 (Rs.'000)
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	<i>1</i>	<b>26,017,125</b>	26,017,125
Reserves & Surplus	<i>2</i>	<b>89,162,710</b>	67,496,824
Deposits	<i>3</i>	<b>516,774,572</b>	461,250,200
Borrowings	<i>4</i>	<b>185,662,999</b>	112,275,753
Other liabilities and provisions	<i>5</i>	<b>235,018,477</b>	171,470,694
<b>TOTAL</b>		<b><u>1,052,635,883</u></b>	<b><u>838,510,596</u></b>
<b>ASSETS</b>			
Cash and balance with Reserve Bank of India	<i>6</i>	<b>32,799,989</b>	46,841,199
Balances with banks and money at call and short notice	<i>7</i>	<b>127,778,997</b>	69,680,564
Investments	<i>8</i>	<b>245,193,515</b>	184,500,756
Advances	<i>9</i>	<b>399,199,368</b>	383,765,173
Fixed Assets	<i>10</i>	<b>7,314,609</b>	7,113,279
Other Assets	<i>11</i>	<b>240,349,405</b>	146,609,625
<b>TOTAL</b>		<b><u>1,052,635,883</u></b>	<b><u>838,510,596</u></b>
Contingent Liabilities	<i>12</i>	<b>10,672,685,776</b>	16,447,287,780
Bills for Collection		<b>4,697,923</b>	5,091,193
Significant Accounting Policies & Notes to Accounts	<i>18</i>		

Schedules referred to herein form an integral part of the balance sheet.

As per our report of even date attached.

**For B S R & Co.**

*Chartered Accountants*

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

Sd/-

**Sanjay Aggarwal**

*Partner*

Membership No: 040780

Sd/-

**Mark T. Robinson**

*Chief Executive Officer*

Sd/-

**Abhijit Sen**

*Chief Financial Officer*

Place : Mumbai

Date : 22 June 2009

# CITIBANK N.A.

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

## Profit and Loss Account of the Indian branches

for the year ended March 31, 2009

	<i>Schedules</i>	<b>Year ended 31.03.2009 (Rs.'000)</b>	<b>Year ended 31.03.2008 (Rs.'000)</b>
<b>I. INCOME</b>			
Interest earned	13	68,402,377	59,639,865
Other income	14	35,823,028	24,461,222
<b>TOTAL</b>		<b>104,225,405</b>	<b>84,101,087</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	24,288,418	23,114,281
Operating expenses	16	25,872,256	21,793,658
Provisions and contingencies	17	32,333,946	21,150,548
<b>TOTAL</b>		<b>82,494,620</b>	<b>66,058,487</b>
<b>III. PROFIT</b>			
Net profit for the year		21,730,785	18,042,600
<b>TOTAL</b>		<b>21,730,785</b>	<b>18,042,600</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		5,432,697	4,510,650
Transfer to Foreign Exchange Reserve		-	90,000
Transfer to Capital Reserve on sale of immovable property		60,107	281,518
Transfer to Investment Reserve		470,144	114,230
Transfer to Special Reserve		239,556	-
Transfer to remittable surplus retained for CRAR requirements		15,528,281	13,046,202
<b>TOTAL</b>		<b>21,730,785</b>	<b>18,042,600</b>

Significant Accounting Policies & Notes to Accounts

18

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

As per our report of even date attached.

**For B S R & Co.**

*Chartered Accountants*

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

Sd/-

**Sanjay Aggarwal**

*Partner*

Membership No: 040780

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**Mark T. Robinson**

*Chief Executive Officer*

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**Abhijit Sen**

*Chief Financial Officer*

Place : Mumbai

Date : 22 June 2009

**CITIBANK N.A.***(Incorporated with limited liability in U.S.A. )***Schedules forming part of the accounts of the Indian branches***as at March 31, 2009*

	(Rs.'000)	As at 31.03.2009 (Rs.'000)	As at 31.03.2008 (Rs.'000)
<b>SCHEDULE 1 - CAPITAL</b>			
<b>CAPITAL</b>			
Amount of deposit kept with RBI under Section 11 ( 2 ) ( b ) of the Banking Regulation Act, 1949 (see Schedule 18 - Note V (2))		<u>22,338,000</u>	<u>16,905,000</u>
<b>CAPITAL</b>			
Initial Capital		2,000	2,000
Interest free funds from H.O. for CRAR requirements			
Opening Balance	26,015,125		16,057,625
Additions during the year	<u>-</u>	<u>26,015,125</u>	<u>9,957,500</u>
			26,015,125
<b>TOTAL</b>		<u>26,017,125</u>	<u>26,017,125</u>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>			
<b>I. Statutory Reserve</b>			
Opening Balance	16,455,596		11,944,946
Additions during the year	<u>5,432,697</u>	<u>21,888,293</u>	<u>4,510,650</u>
			16,455,596
<b>II. Furniture &amp; Equipment Reserve</b>		28,086	28,086
<b>III. Properties Investment Reserve</b>		619,431	619,431
<b>IV. Properties Revaluation Reserve</b>			
Opening Balance	3,512,348		4,026,481
Additions during the year	66,480		-
Deductions during the year	(56,623)		(442,452)
Depreciation during the year	<u>(74,756)</u>	<u>3,447,449</u>	<u>(71,681)</u>
			3,512,348
<b>V. Investment Reserve</b>			
Opening Balance	114,230		-
Additions during the year	470,144		114,230
Transfer to the Profit and Loss account	<u>-</u>	<u>584,374</u>	<u>-</u>
			114,230
<b>VI. Capital Reserve on sale of immovable properties</b>			
Opening Balance	398,628		117,110
Additions during the year	<u>60,107</u>	<u>458,735</u>	<u>281,518</u>
			398,628
<b>VII. Foreign Exchange Reserve</b>			
Opening Balance	450,000		360,000
Additions during the year	<u>-</u>	<u>450,000</u>	<u>90,000</u>
			450,000
<b>VIII. Special Reserve (see Schedule 18 - Note V (6))</b>			
Opening Balance	-		-
Additions during the year	<u>239,556</u>	<u>239,556</u>	<u>-</u>
			-
<b>IX. Remittable Surplus retained for CRAR requirements</b>			
Opening Balance	45,918,505		32,872,303
Additions during the year	<u>15,528,281</u>	<u>61,446,786</u>	<u>13,046,202</u>
			45,918,505
<b>TOTAL</b>		<u>89,162,710</u>	<u>67,496,824</u>

**CITIBANK N.A.***(Incorporated with limited liability in U.S.A. )***Schedules forming part of the accounts of the Indian branches (Continued)***as at March 31, 2009*

	As at 31.03.2009 (Rs.'000)	As at 31.03.2008 (Rs.'000)
<b>SCHEDULE 3 - DEPOSITS</b>		
A. I. Demand Deposits		
i) From banks	952,261	1,570,237
ii) From others	146,744,306	135,458,810
	<u>147,696,567</u>	<u>137,029,047</u>
II Savings Bank Deposits	97,674,184	90,712,816
III. Term Deposits		
i) From banks	9,565,881	990,763
ii) From others	261,837,940	232,517,574
	<u>271,403,821</u>	<u>233,508,337</u>
<b>TOTAL</b>	<u><b>516,774,572</b></u>	<u><b>461,250,200</b></u>
B Deposits of branches in India	516,774,572	461,250,200
Deposits of branches outside India	-	-
	<u><b>516,774,572</b></u>	<u><b>461,250,200</b></u>
<b>SCHEDULE 4 - BORROWINGS</b>		
I. Borrowings in India		
i) Reserve Bank of India	-	19,000,000
ii) Other banks	11,381,888	22,646,393
iii) Other institutions and agencies	75,402,677	8,647,757
	<u>86,784,565</u>	<u>50,294,150</u>
II. Borrowings outside India	98,878,434	61,981,603
<b>TOTAL</b>	<u><b>185,662,999</b></u>	<u><b>112,275,753</b></u>
Secured borrowings included in I & II above	58,479,960	19,317,341

**SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS**

I. Bills payable	13,583,605	15,359,586
II. Inter - office adjustments (net)	2,243	8,098
III. Interest accrued	2,975,626	3,458,750
IV. Subordinated debt (see Schedule 18 - Note V (5))	950,000	950,000
V. Contingent provisions against standard assets (see Schedule 18 - Note V (7.6))	5,017,355	4,120,229
VI. Others (including provisions)	212,489,648	147,574,031
<b>TOTAL</b>	<u><b>235,018,477</b></u>	<u><b>171,470,694</b></u>

# CITIBANK N.A.

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

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

as at March 31, 2009

	(Rs.'000)	As at 31.03.2009 (Rs.'000)	As at 31.03.2008 (Rs.'000)
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>			
I. Cash in hand (including foreign currency notes)		1,433,533	1,691,882
II. Balances with Reserve Bank of India			
i) in Current account	31,366,456		45,149,317
ii) in Other Deposit accounts	-		-
		<b>31,366,456</b>	<b>45,149,317</b>
<b>TOTAL</b>		<b>32,799,989</b>	<b>46,841,199</b>

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

I. In India			
i) Balances with banks			
a) In Current accounts	2,712,272		4,153,293
b) In Other Deposit accounts	21,363,820		20,913,766
		<b>24,076,092</b>	<b>25,067,059</b>
ii) Money at call and short notice			
a) With banks	-		55,000
b) With other institutions	-		-
		-	<b>55,000</b>
<b>TOTAL ( i &amp; ii )</b>		<b>24,076,092</b>	<b>25,122,059</b>
II. Outside India			
i) In Current account	2,455,697		560,388
ii) In Other Deposit accounts	101,247,208		43,998,117
iii) Money at call and short notice	-		-
		<b>103,702,905</b>	<b>44,558,505</b>
<b>GRAND TOTAL ( I &amp; II )</b>		<b>127,778,997</b>	<b>69,680,564</b>

## SCHEDULE 8 - INVESTMENTS

I. Investments in India in			
i) Government securities		237,337,951	175,275,358
ii) Other approved securities		-	-
iii) Debentures and Bonds		2,774,774	2,500,000
iv) Shares		35,200	47,544
v) Others (see Schedule 18 Note V (3))		8,575,212	11,292,571
<b>TOTAL</b>		<b>248,723,137</b>	<b>189,115,473</b>
Gross Investments		248,723,137	189,115,473
Less : Provisions for depreciation		(3,529,622)	(4,614,717)
Net Investments		<b>245,193,515</b>	<b>184,500,756</b>

**CITIBANK N.A.***(Incorporated with limited liability in U.S.A. )***Schedules forming part of the accounts of the Indian branches (Continued)***as at March 31, 2009*

	As at 31.03.2009 (Rs.'000)	As at 31.03.2008 (Rs.'000)
<b>SCHEDULE 9 - ADVANCES</b>		
A.		
i) Bills purchased and discounted	34,697,370	40,294,830
ii) Cash credits, overdrafts and loans repayable on demand	76,370,038	67,094,992
iii) Term loans	288,131,960	276,375,351
<b>TOTAL</b>	<b>399,199,368</b>	<b>383,765,173</b>
B.		
i) Secured by tangible assets (Including advances against book debts)	161,876,836	137,242,636
ii) Supported by overseas branches of the Bank in OECD countries	48,807,217	31,320,278
iii) Covered by Bank / Government guarantees	797,961	398,436
iv) Unsecured	187,717,354	214,803,823
<b>TOTAL</b>	<b>399,199,368</b>	<b>383,765,173</b>
C. I.		
Advances in India		
i) Priority sectors	117,232,761	116,345,800
ii) Public sector	1,143,024	1,574,873
iii) Banks	4,401,917	6,005,949
iv) Others	276,421,666	259,838,551
<b>TOTAL</b>	<b>399,199,368</b>	<b>383,765,173</b>
II. Advances outside India	-	-
<b>GRAND TOTAL (C. I &amp; II )</b>	<b>399,199,368</b>	<b>383,765,173</b>

**CITIBANK N.A.***(Incorporated with limited liability in U.S.A. )***Schedules forming part of the accounts of the Indian branches (Continued)***as at March 31, 2009*

<b>SCHEDULE 10 - FIXED ASSETS</b>		<b>As at 31.03.2009 (Rs.'000)</b>	<b>As at 31.03.2008 (Rs.'000)</b>
I.	Leasehold land		
	At cost as on 1 April	740,627	740,627
	Additions during the year	-	-
	Deductions during the year	-	-
		<u>740,627</u>	<u>740,627</u>
	Depreciation to date	(151,104)	(136,291)
	<b>TOTAL</b>	<u>589,523</u>	<u>604,336</u>
II.	Premises		
	At cost as on 1 April	849,572	945,761
	Additions during the year	-	-
	Deductions during the year	(37,500)	(96,189)
		<u>812,072</u>	<u>849,572</u>
	Depreciation to date	(128,866)	(122,972)
		<u>683,206</u>	<u>726,600</u>
	Add: Premises revaluation	3,447,449	3,512,349
	<b>TOTAL</b>	<u>4,130,655</u>	<u>4,238,949</u>
III. A	Other Fixed assets (including furniture and fixtures)		
	At cost as on 1 April	6,451,648	6,179,306
	Additions during the year	570,921	537,740
	Deductions during the year	(715,636)	(265,398)
		<u>6,306,933</u>	<u>6,451,648</u>
	Depreciation to date	(4,897,418)	(4,753,330)
		<u>1,409,515</u>	<u>1,698,318</u>
III. B	Other Fixed assets (taken on lease)		
	At cost as on 1 April	491,354	413,139
	Additions during the year	182,649	230,693
	Deductions during the year	(131,274)	(152,478)
		<u>542,729</u>	<u>491,354</u>
	Depreciation to date	(211,814)	(208,823)
		<u>330,915</u>	<u>282,531</u>
	<b>TOTAL</b>	<u>1,740,430</u>	<u>1,980,849</u>
	Capital Work-in-progress	854,001	289,145
	<b>GRAND TOTAL</b>	<u>7,314,609</u>	<u>7,113,279</u>

# CITIBANK N.A.

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

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

as at March 31, 2009

	As at 31.03.2009 (Rs.'000)	As at 31.03.2008 (Rs.'000)
<b>SCHEDULE 11 - OTHER ASSETS</b>		
I. Due from Head office	474	143
II. Interest accrued	8,529,932	6,242,528
III. Tax paid in advance/tax deducted at source (net of provision for tax)	1,486,279	522,909
IV. Non-banking assets acquired in satisfaction of claims	405	741
V. Deferred tax assets (net) (see Schedule 18 - Note V (12))	3,687,656	2,082,026
VI. Others	226,644,659	137,761,278
<b>TOTAL</b>	<b>240,349,405</b>	<b>146,609,625</b>

## SCHEDULE 12 - CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts	1,314,907	1,283,967
II. Liability on account of outstanding forward exchange contracts	4,357,223,329	6,913,846,107
III. Liability on account of outstanding Rupee Interest Rate Swaps	6,175,099,633	9,403,535,869
IV. Guarantees given on behalf of constituents		
a) In India	71,055,798	54,889,697
b) Outside India	12,662,654	19,116,374
V. Acceptances, endorsements and other obligations	46,553,295	38,076,017
VI. Others	8,776,160	16,539,749
<b>TOTAL</b>	<b>10,672,685,776</b>	<b>16,447,287,780</b>



# CITIBANK N.A.

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

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

for the year ended March 31, 2009

	Year ended 31.03.2009 (Rs.'000)	Year ended 31.03.2008 (Rs.'000)
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I Interest/discount on advances/bills	49,347,034	41,209,183
II Income on investments	16,266,348	13,924,672
III Interest on balances with Reserve Bank of India and other inter-bank funds	2,771,138	4,503,286
IV Others	17,857	2,724
	*	
<b>TOTAL</b>	<b>68,402,377</b>	<b>59,639,865</b>

## SCHEDULE 14 - OTHER INCOME

I Commission, exchange and brokerage	11,253,218	9,615,681
II Profit on sale of investments (net)	6,042,349	665,627
III Profit on sale/ write-off of fixed assets (net)	133,426	665,227
IV Profit on exchange transactions	18,255,615	13,251,294
V Miscellaneous income	138,420	263,393
<b>TOTAL</b>	<b>35,823,028</b>	<b>24,461,222</b>

## SCHEDULE 15 - INTEREST EXPENDED

I Interest on deposits	19,140,418	18,209,173
II Interest on Reserve Bank of India/ inter-bank borrowings	3,609,008	3,822,335
III Others	1,538,992	1,082,773
<b>TOTAL</b>	<b>24,288,418</b>	<b>23,114,281</b>

## SCHEDULE 16 - OPERATING EXPENSES

I Payments to and provisions for employees	8,806,151	7,072,318
II Rent, taxes and lighting	1,384,050	1,201,578
III Printing and stationery	395,226	433,675
IV Advertisement and publicity	1,552,683	2,028,376
V Depreciation on Bank's property	907,387	1,035,395
VI Auditors' fees and expenses	6,591	6,360
VII Law charges	84,608	80,953
VIII Postage, telegrams, telephones, etc.	1,288,012	1,192,280
IX Repairs and maintenance	675,342	661,430
X Insurance	463,533	428,565
XI Other expenditure	10,308,673	7,652,728
<b>TOTAL</b>	<b>25,872,256</b>	<b>21,793,658</b>

## SCHEDULE 17 - PROVISIONS AND CONTINGENCIES

I Provision for non-performing assets / write offs (net)	16,071,996	6,166,653
II Provision for standard assets	897,126	740,436
III Provision for current taxation	17,962,627	14,001,560
IV Deferred tax charge / (benefit) (see Schedule 18 - Note V (12))	(1,605,630)	397,993
V Fringe benefits tax	92,922	107,550
VI Write back of provision for depreciation on Investments	(1,085,095)	(263,644)
<b>TOTAL</b>	<b>32,333,946</b>	<b>21,150,548</b>

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches** *for the year ended March 31, 2009*

### Schedule 18

#### I. Background

The accompanying financial statements for the year ended March 31, 2009 comprise the accounts of the Indian branches of Citibank N.A. ('the Bank'), which is incorporated with limited liability in the United States of America.

The Indian branches of the Bank as at March 31, 2009 are at:

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

#### II. Basis of preparation

The financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices within the banking industry in India.

#### III. Use of estimates

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

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches** *for the year ended March 31, 2009 (Continued)*

### IV. Significant accounting policies

#### 1) Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI Circular DBOD No. BP. BC. 5 / 21.04.141 / 2008-09 dated July 1, 2008 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 are classified as HFT investments. All other investments are classified as AFS investments. 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, Shares, Debentures and Bonds 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.

Investments classified as AFS are marked to market monthly and annually based on yields declared by the Fixed Income and Money Market Dealers Association ('FIMMDA') in consultation with Primary Dealers Association of India ('PDAI').

Treasury bills being discounted instruments, are valued at carrying cost including the pro rata discount accreted for the holding period.

Investments classified as HFT are marked to market daily and annually based on yields declared by FIMMDA in consultation with PDAI.

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.

##### *Transfer between categories*

Transfer of securities between categories of investments, if any, is accounted for at the acquisition cost / book value / market value, whichever is lower, as on the date of transfer. Depreciation, if any, on such transfer is fully recognised in the profit and loss account.

##### *Repurchase transactions*

Repurchase and reverse repurchase transactions are accounted for on outright sale and outright purchase basis respectively. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income/expense over the period of the transaction in the Profit and Loss account. However, depreciation in their value, if any, compared to their original cost, is recognised in the profit and loss account.

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches** *for the year ended March 31, 2009 (Continued)*

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

#### *Broken period interest*

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

#### 2) Advances

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

Classification and provisioning of advances of the Bank is carried out in accordance with the RBI Circular DBOD.No.BP.BC.20/21.04.048/2008-09 dated July 1, 2008 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 a general provision to cover potential credit losses, which are inherent in any loan portfolio but not yet identified including positive mark to market gains, in accordance with the RBI circular no. DBOD.No.BP.BC.20/21.04.048/2008-09 dated July 1, 2008 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.20/21.04.048/2008-09 dated July 1, 2008 read with circular no. DBOD.No.BP.BC.No.37 /21.04.132/2008-09 dated August 27, 2008 and amendments thereto.

#### 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 The Effect of Changes in Foreign Exchange Rates, foreign exchange trading positions including spot and forward contracts are revalued daily at the rates published by newswires and monthly at the prevailing market rates (notified by FEDAI). The resulting gains and losses are included in the Profit and Loss account at the present value equivalent using appropriate discount rates. The notional values of these contracts are recorded as contingent liability.

Foreign currency swaps and forward rate agreements are marked to market at rates notified by FEDAI. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in "Other assets" or "Other liabilities" respectively. The notional value of these swaps is recorded as a Contingent liability.

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches** *for the year ended March 31, 2009 (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 deposits, 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.

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 National Securities Clearing Corporation Limited. 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.

Forward contracts, which are designated as hedges of underlying foreign currency liabilities are accounted for as Cash Flow Hedges.

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) Securitisation and assignment transactions

The Bank securitises its commercial and consumer loans through Special Purpose Vehicles ('SPV'). The Bank also undertakes assignment of portfolios. Advances securitised and portfolios assigned are recorded as sales once management is satisfied that control over the underlying assets has been transferred.

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

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

#### 5) Rupee derivative transactions

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

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches** *for the year ended March 31, 2009 (Continued)*

### IV. Significant accounting policies (Continued)

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. The impact of such derivative instruments is correlated with the movement of underlying assets.

#### 6) Fixed assets and depreciation

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

Premises are revalued biennially by the management and are stated at such revalued figure. Depreciation on premises revalued is 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. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then 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.)
Buildings	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 (Purchased/Internally developed)	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.

The Bank has retained "Properties Investment Reserve" as at March 31, 2009 of Rs.619 million (Previous year Rs.619 million) as per the RBI guidelines.

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset 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.

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches** *for the year ended March 31, 2009 (Continued)*

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

#### 7) Retirement benefits

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

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

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

##### *(b) Superannuation*

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

##### *(c) Gratuity*

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

##### *(d) Pension*

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

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

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

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches**

*for the year ended March 31, 2009 (Continued)*

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

#### **8) Income recognition**

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

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

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

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

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

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

#### **10) Taxation**

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

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

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

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

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



# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches** *for the year ended March 31, 2009 (Continued)*

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

#### 11) Accounting for leases

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

##### *Operating leases*

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

##### *Financial leases*

Assets taken on finance lease are recognised as a fixed asset. An equivalent liability is created at the inception of the lease. Rentals paid are apportioned between finance charge and principal based on the implicit rate of return in the contract. The finance charge is shown as interest expense and the principal amount is reduced from the liability. The assets acquired under the lease are depreciated over the lease term.

#### 12) Provisions and contingencies

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

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

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

#### 13) Goodwill

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

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V. Notes forming part of the financial statements for the year ended March 31, 2009

1. No provision has been made for claims amounting to Rs.103 million (Previous year Rs.103 million) in respect of which payment is made, and in respect which the arbitration award passed against the Bank was set aside by the Mumbai High Court and the Bank has initiated recovery proceedings to recover the amounts so deposited. The Bank has been legally advised that there are good and reasonable chances of success. This amount is included in "Other Assets". However, for the purpose of calculating the capital adequacy ratio, as disclosed in Schedule 18 V (7.1), the above amount has been reduced from Tier I capital.
2. The Bank has to lodge additional securities with the RBI under section 11(2) (b) of the Banking Regulation Act, 1949 amounting to Rs.5,433 million for the year ended March 31, 2009 (Previous year Rs.4,511 million).
3. Other investments comprise of Pass Through Certificates amounting to Rs.861 million (Previous year Rs.2,985 million) and SIDBI deposit amounting to Rs.7,714 million (Previous year Rs.7,714 million).
4. 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.
5. "Other Liabilities and Provisions" includes an amount of Rs.950 million (Previous year Rs.950 million) representing subordinated debt, details of which are as below:

Date of allotment	Amount (Rs million)	Coupon rate	Coupon frequency	Final maturity
January 31, 2000	950	11.75%	Semi Annual	120 months from the date of allotment

6. The Bank has created a Special Reserve of Rs.240 million pursuant to clause (viii) under sub-section (1) to section 36 of the Income Tax Act, 1961.
7. The following disclosures are made in accordance with the RBI circular DBOD.BP.BC No. 3 / 21.04.018/2008-09 dated July 1, 2008 and amendments thereto.
- 7.1 Capital adequacy ratio has been computed as per Basel I and Basel II as required by RBI guidelines in this regard. The capital adequacy ratio as per Basel I is 14.81%. (Previous year 12.13%) and under Basel II is 13.23% (Previous year 12.00%)

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

Ratio	Amount in Rs million	
	As at March 31, 2009	As at March 31, 2008
CRAR – Tier I Capital	12.42%	11.24%
CRAR – Tier II Capital	0.81%	0.76%
Amount of subordinated debt raised as Tier II capital	950	950

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

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### 7.2 Business ratios

Ratio	2008-2009	2007-2008
Percentage of net NPAs to net advances	2.63%	1.23%
Interest income as a percentage to working funds	6.67%	7.40%
Non-interest income as a percentage to working funds	3.49%	3.04%
Operating profit as a percentage to working funds	3.72%	4.04%
Return on assets	2.12%	2.24%
Business (deposits plus advances) per employee (Amount in Rs thousands)	188,010	176,378
Profit per employee (Amount in Rs thousands)	4,512	3,773

Note

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

#### 7.3 Maturity Pattern as at March 31, 2009

Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Amount in Rs million	
					Foreign Currency Assets	Foreign Currency Liabilities
1-14 days	38,154	69,200	85,645	73,186	104,883	7,617
15-28 days	19,445	33,631	32,206	-	6,479	84
29 days – 3 months	40,910	27,495	52,990	914	17,744	4,542
Over 3 months upto 6 months	41,124	5,067	26,994	2,669	23,529	2,671
Over 6 months upto 12 months	26,453	6,166	31,464	29,742	1,362	28,486
Over 1 year upto 3 years	168,348	57,689	213,463	78,657	1,395	93,309
Over 3 years upto 5 years	19,474	3,650	355	458	3,254	30
Over 5 years	45,291	42,296	73,658	37	302,038	335,971
Total	399,199	245,194	516,775	185,663	460,684	472,710

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.

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### 7.4 Lending to sensitive sectors

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

Category	Amount in Rs million	
	As at March 31, 2009	As at March 31, 2008
1. Direct exposure		
(i) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
	97,643	71,972
Of which individual housing loans upto Rs.20 lakh	16,022	11,952
(ii) Commercial real estate		
Lending secured by mortgages on commercial real estates	22,210	17,988
2. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	29,123	4,067
Total	148,976	94,027

##### B) Exposure to capital market

Category	Amount in Rs million	
	As at March 31, 2009	As at March 31, 2008
1. Investment made in equity shares	35	35
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)	3,504	4,813
3. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	16,713	6,294
4. Other financial guarantees	1,150	-
Total exposure to capital market	21,402	11,144
5. Of (3) above, the total finance extended to stock brokers for margin trading	-	-

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### 7.5 Movement in Non- performing assets

Particulars	2008-2009			2007-2008		
	Gross NPA	Provision	Net NPA	Gross NPA	Provision	Net NPA
Opening balance as on April 1	7,916	3,199	4,718	5,300	1,939	3,361
Additions during the year	25,146	8,244	16,902	9,849	3,277	6,573
Recoveries/write offs during the year	(15,005)	(3,893)	(11,112)	(7,233)	(2,017)	(5,216)
Closing balance as on March 31	18,057	7,550	10,507	7,916	3,199	4,718

#### 7.6 Provision on standard assets

Description	Amount in Rs million	
	As at March 31, 2009	As at March 31, 2008
Provision towards standard assets	5,017	4,120

#### 7.7 Floating Provision

The Bank does not have any floating provision as at March 31, 2009 (Previous year: Nil).

#### 7.8 Restructured loans

		Amount in Rs million		
		2008-2009		
		CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured	No. of borrowers	-	-	25,705
	Amount outstanding	-	-	3,799
	Sacrifice (diminution in the fair value)	-	-	1,774
Sub-standard advances restructured	No. of borrowers	-	-	17,845
	Amount outstanding	-	-	1,442
	Sacrifice (diminution in the fair value)	-	-	-
Doubtful advances restructured	No. of borrowers	-	-	1
	Amount outstanding	-	-	16
	Sacrifice (diminution in the fair value)	-	-	-
Total	No. of borrowers	-	-	43,551
	Amount outstanding	-	-	5,257
	Sacrifice (diminution in the fair value)	-	-	1,774

Being the first year of disclosure, previous year figures are not given.

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

The details provided below in pursuance to RBI guidelines on Restructuring of Advances relate to restructured advances other than retail portfolio, to which special regulatory treatment is not applicable.

Sr. No.	Disclosures	Amount in Rs million	
		Number	Amount
1.	Application received up to March 31, 2009 for restructuring, in respect of accounts which were standard as on September 1, 2008.	1	57
2.	Of (1), proposals approved and implemented as on March 31, 2009 and thus became eligible for special regulatory treatment and classified as standard assets as on the date of the balance sheet.	-	-
3.	Of (1), proposals approved and implemented as on March 31, 2009 but could not be upgraded to the standard category.	1	57
4.	Of (1), proposals under process/implementation which were standard as on March 31, 2009.	-	-
5.	Of (1), proposals under process/implementation which turned NPA as on March 31, 2009 but are expected to be classified as standard assets on full implementation of the package.	-	-
6.	Applications under process for restructuring, but the restructuring packages have not yet been approved.	-	-

7.9 During the year, there were no transactions relating to sale of financial assets to any securitisation/reconstruction company for assets reconstruction (Previous year: Nil).

7.10 There were no non-performing financial assets that were purchased or sold during the year (Previous year: Nil).

#### 7.11 Investments

##### A) Value of investments

Particulars	Amount in Rs million	
	As at March 31, 2009	As at March 31, 2008
(1) Gross value of investments		
(a) In India	248,723	189,115
(b) Outside India	-	-
(2) Provisions for depreciation		
(a) In India	(3,530)	(4,615)
(b) Outside India	-	-
(3) Net value of investments		
(a) In India	245,193	184,500
(b) Outside India	-	-

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### B) Provision for depreciation on investments

Particulars	Amount in Rs million	
	As at March 31, 2009	As at March 31, 2008
Opening balance as on April 1	4,615	4,878
Provision made during the year	-	-
Write back of provisions during the year	(1,085)	(263)
Closing balance as on March 31	3,530	4,615

Investments include government securities representing face value of Rs.166,010 million (Previous year : Rs.120,544 million) deposited for settlement guarantee fund and CBLO with CCIL; and for intra-day liquidity under RTGS, for repo under Liquidity Adjustment Facility and to meet the requirements of section 11 (2) (b) of the Banking Regulation Act, 1949 with RBI.

#### 7.12 Non-SLR investment portfolio

##### A) Issuer composition of non-SLR investments as on March 31, 2009

Issuer	Amount	Extent of private placement	Extent of		
			'below investment grade' securities	'unrated' securities	'unlisted' securities
Public sector undertakings	275	-	-	-	-
Financial institutions	7,714	7,714	-	7,714	7,714
Banks	-	-	-	-	-
Private corporates	3,396	3,396	-	35	896
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	-	-	-	-	-
Provisions held towards depreciation	(1)	(1)	-	-	(1)
Total	11,384	11,110	-	7,749	8,609

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### Issuer composition of non-SLR investments as on March 31, 2008

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Amount in Rs million	
				Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	-	-	-	-	-
Financial institutions	7,714	7,714	-	7,714	7,714
Banks	-	-	-	-	-
Private corporates	5,533	5,533	-	48	3033
Subsidiaries/Joint Ventures	-	-	-	-	-
Others*	593	-	-	597	597
Provisions held towards depreciation	(39)	(39)	-	(12)	(27)
Total	13,801	13,208	-	8,347	11,317
* Oil bonds issued by the Central Government are included here					

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

Description	Amount in Rs million	
	2008-2009	2007-2008
Opening Balance as on April 1	12	12
Additions made during the year	-	-
Reductions during the year	(12)	-
Closing balance as on March 31	-	12
Total provision held	-	12

#### 7.13 Repo and reverse repo transactions

	Amount in Rs million			
	2008-2009		2007-2008	
	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year	As on March 31, 2009
Securities sold under repos	92	34,841	10,913	-
Securities purchased under reverse repos	940	35,896	11,904	-

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



# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### 7.14 Derivatives

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

		Amount in Rs million	
Type	Item	Notional principal as at	
		March 31, 2009	March 31, 2008
Trading	Single currency interest rate swaps		
	MIBOR Overnight Index Swaps	2,844,759	7,544,777
	MIFOR	926,585	1,220,805
	GOI Securities Yield	40,879	27,446
	MIBOR Non Overnight Index Swaps	-	1,000
	LIBOR	2,186,485	547,703
	Other	8,826	15,549
	Cross Currency interest rate swaps	237,616	187,630
	Basis swaps	120,431	14,811
	Forward Rate Agreements	6,847	8,024
	Interest Rate Options including swaptions	18,487	120
Hedging	MIBOR Overnight Index Swaps	21,800	23,300

MIBOR – Mumbai Interbank Offer Rate

MIFOR – Mumbai Interbank Forward Offer Rate

LIBOR – London Interbank Offer Rate

Losses which would be incurred if the counter-parties failed to fulfill their obligations in respect of:	March 31, 2009	March 31, 2008
Interest rate swaps	62,806	69,379
Cross Currency interest rate swaps	7,950	12,951
Forward Rate Agreements	11	8
Interest rate options	342	-

Fair value of:	March 31, 2009	March 31, 2008
Interest rate swaps	10,185	4,307
Cross Currency interest rate swaps	(6,965)	3,570
Forward Rate Agreements	11	-
Interest rate options	305	-

- 98% (Previous Year 91%) of Interest rate swaps, 41 % (Previous year 58 %) of Cross Currency Interest Rate Swaps, 50% (Previous year 50%) of Interest rate options and 50% (Previous Year 50%) of forward rate agreements have been contracted with banks<sup>[g1]</sup>.
- 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.

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches**

*for the year ended March 31, 2009 (Continued)*

### **V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)**

#### **7.15 Exchange traded derivatives**

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

#### **7.16 Disclosure on risk exposure on derivatives**

##### *Qualitative disclosure*

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

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

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. The Bank has processes to monitor such exposure on each of the counterparties on a daily basis. Appropriate credit mitigants are used, where required as trigger events, to call for collaterals or terminate a transaction and contain the risk.

The quantitative disclosure required pursuant to RBI circular ref. DBOD.BP.BC No. 3 / 21.04.018/2008-09 dated July 1, 2008 and amendments thereto are given below. These disclosures also include exposure for open foreign currency futures contracts under the currency derivatives category. 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.

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

Quantitative disclosure as at March 31, 2009

Sr. No.	Particular	Amount in Rs million	
		Currency derivatives	Interest rate derivatives
1.	Derivatives (Notional principal amount)		
	a) For hedging	6,569	21,800
	b) For trading	4,345,655	6,153,300
2.	Marked to market positions		
	a) Asset (+)	147,323	63,159
	b) Liability (-)	(130,956)	(52,658)
3.	Credit exposure	276,124	113,157
4.	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	21	83
	b) on trading derivatives	1,209	2,660
5.	Maximum of 100*PV01 observed during the year		
	a) on hedging	50	168
	b) on trading	1,852	2,660
6.	Minimum of 100*PV01 observed during the year		
	a) on hedging	0.5	51
	b) on trading	768	929

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

#### 7.17 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, 2009 (Previous Year: Nil). Details of exposure as per Risk category classification is as under:

Risk Category	As at March 31, 2009		As at March 31, 2008	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	13,617	-	13,209	-
Low	2,210	-	3,402	-
Moderate	367	-	178	-
High	15	-	4	-
Very High	55	-	19	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	16,264	-	16,812	-

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### 7.18 Details of Single borrower limit, Group borrower limit exceeded by the Bank:

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

a. Reliance Industries Limited

b. Wipro Limited

The Bank has obtained appropriate letters from the obligors and the excesses have been ratified by the Local Operations Management Committee of the Bank.

#### 8. 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.

<i>Amount in Rs million</i>		
Particulars	2008-2009	2007-2008
1. Total number of loans securitised	4	15
2. Book value of loans securitised	3,008	7,250
3. Sale consideration	3,017	7,217
4. Gain / (loss) on securitisation recognized in the Profit & Loss account*	4	(37)
5. Form of credit enhancement	-	-
6. Quantum of credit enhancement	-	-

\* on the deals done during the year

#### 9. 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:

<i>Amount in Rs million</i>		
Particulars	March 31, 2009	March 31, 2008
<b>Change in obligations</b>		
Present value of defined benefits obligations as at beginning of the year	1,037	1,351
Employer service cost	146	231
Interest cost	84	107
Actuarial (gains) / losses	(83)	(474)
Actual benefits payments	(147)	(178)
Present value of defined benefits obligations as at end of the year	1,037	1,037

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### Retirement benefits (Continued)

Particulars	March 31, 2009	March 31, 2008
<b>Change in assets</b>		
Plan assets as at beginning of the year	1,590	1,204
Expected return on plan assets	133	103
Contributions made by the Bank	194	258
Benefits paid during the year	(147)	(178)
Actuarial gains / (losses)	(88)	203
Plan assets as at end of the year	1,682	1,590
<b>Net asset recognised</b>		
Present value of defined benefits obligations as at end of year	1,037	1,037
Fair value of plan assets as at year end	1,682	1,590
Funded status [surplus]	645	553
Net asset recognised in Balance Sheet	645	553
<b>Components of employer expense</b>		
Current services cost	146	231
Interest cost	84	107
Expected return on assets	(133)	(103)
Actuarial (gains) / losses	5	(678)
Net credit / (charge) to Profit and Loss account	102	(443)
<b>Assumptions:</b>		
Discount rate	8.30%	8.70%
Expected return on assets	8.25%	8.25%
Salary escalation rate	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 eligible securities.

The estimates of future salary increases, considered in actuarial valuation, take into consideration inflation, seniority, promotion and other relevant factors.

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches** *for the year ended March 31, 2009 (Continued)*

### **V Notes forming part of the financial statements for the year ended March 31, 2009** *(Continued)*

10. In terms of the AS-17 Segment Reporting issued by ICAI and RBI circular Ref. DBOD.No. BP.BC. 81 / 21.04.018/ 2006-07 dated April 18, 2007 read with DBOD.BP.BC No. 3 / 21.04.018/2008-09 dated July 1, 2008 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.

Corporate banking segment provides loans and caters to foreign exchange requirements of corporate and institutional clients. Revenues of this segment consist of interest and fees earned on loans made to corporate customers and income from dealing in foreign exchange. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, personnel costs, other direct overheads and allocated expenses.

Retail banking segment 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 from customers and makes loans and provides 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.

Treasury segment 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 and income from derivative transactions. 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.

Others banking business 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 and underwriting commission from Primary dealership business. The principal expenses of this segment consist of personnel costs, other direct overheads and allocated expenses.

Segment revenue includes earnings from external customers and earnings from funds transferred to other segments. Funds are transferred between segments 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*

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

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### Segment reporting (Continued)

Amounts in Rs million

Particulars	2008-2009					2007-2008				
	Treasury	Corporate Banking	Retail Banking	Other Banking	Total	Treasury	Corporate Banking	Retail Banking	Other Banking	Total
Revenue	40,596	22,558	40,113	825	104,092	28,446	20,699	33,472	819	83,436
Less: Inter-segment revenue	(7,665)	7,729	(64)	-	-	(7,978)	5,599	2,379	-	-
Unallocated revenue					133					665
Total Revenue	32,931	30,287	40,049	825	104,225	20,468	26,298	35,851	819	84,101
Result	25,779	11,562	1,401	213	39,088	14,537	9,873	8,186	324	33,585
Unallocated expenses					(907)					(1,035)
Profit before taxes					38,181					32,550
Income taxes					(16,450)					(14,507)
Net profit					21,731					18,043
	As at March 31, 2009					As at March 31, 2008				
Segment assets	617,660	199,811	224,163	-	1,041,634	425,813	187,415	215,565	-	828,793
Unallocated assets					11,002					9,718
Total assets					1,052,636					838,511
Segment liabilities	366,343	336,929	235,526	-	938,798	261,775	292,777	190,444	-	744,996
Unallocated liabilities					113,838					93,515
Total liabilities					1,052,636					838,511

11. The disclosures relating to related parties as required by AS-18 Related Party Disclosures issued by the ICAI read along with the guidelines issued by Reserve Bank of India vide Circular No. DBOD.BP.BC No. 3 / 21.04.018/2008-09 dated July 1, 2008 and amendments thereto are as under:

a) Parent

Citibank N.A. and its branches

b) Holding Company of Parent

Citigroup Inc.

# Citibank N.A.

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

## **Schedules forming part of the financial statements of the Indian branches** *for the year ended March 31, 2009 (Continued)*

### **V Notes forming part of the financial statements for the year ended March 31, 2009** *(Continued)*

#### *c) Subsidiaries of Parent*

Associates International Holding Corporation  
Bank Handlowy w Warszawie S.A.  
Citibank Anonim Sirketi, Turkey  
Citibank Berhad, Malaysia  
Citibank Canada  
Citibank Europe Plc  
Citibank International Plc and its branches  
Citibank Japan Limited  
Citibank Korea Inc  
Citibank Limited Australia  
Citibank Privatkunden AG & Co. KgaA  
Citicorp Capital Markets Limited  
Citicorp Clearing Services India Limited  
Citicorp Finance (India) Limited  
Citicorp Investment Bank (Singapore) Limited  
Citicorp Leasing Thailand Limited  
Citicorp Maruti Finance Limited  
Citicorp Overseas Investment Corporation  
CitiFinancial Consumer Finance India Limited  
CitiFinancial Home Finance India Limited  
CitiFinancial Insurance Services India Limited  
CitiFinancial Retail Services India Limited  
Koram Bank Co. Limited.  
Zao Citibank Russia

#### *d) Fellow Subsidiaries of Parent*

Citibank Global Markets Inc  
Citicorp Banking Corporation, Bahrain  
Citicorp Brokerage (India) Limited  
Citicorp Data Systems Inc.  
Citicorp International Finance Corporation  
Citicorp North America Inc  
Citicorp Securities Asia Pacific Limited  
Citicorp Technology Holdings Inc.  
Citigroup Financial Products Inc  
Citigroup Global Markets India Private Limited  
Citigroup Global Markets Limited, UK  
Citigroup Global Markets Mauritius Private Limited  
Citigroup Global Services LLC  
Citigroup Global Technology Infrastructure Inc.



# Citibank N.A.

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## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

Citigroup Strategic Holdings Mauritius Limited  
Citigroup Global Services Limited (Till December 31, 2008)  
Citigroup Technology Solutions Limited (Till January 20, 2009)  
Citigroup Transaction Services (M) Sdn Bhd  
Citigroup Wealth Advisors India Private Limited  
CitiMortgage Inc.  
Diners Club International Limited  
Orbitech Limited

#### e) Key Management Personnel

Mr. Sanjay Nayar-CEO (upto January 31, 2009)  
Mr. N. Rajashekaran – Acting CEO (from February 1, 2009 to February 25, 2009)  
Mr. Mark T. Robinson – CEO (February 26, 2009 onwards)

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

Transactions during the year:

Nature of Transaction	Amount in Rs million					
	Parent and Branches		Subsidiaries		Fellow subsidiaries	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Fees paid	367	305	167	116	1,727	2,249
Interest paid – borrowings	2,066	1,781	5	-	-	-
Interest paid on deposits	1	-	1,507	409	1,783	2,009
Lease expenses	-	-	42	44	-	-
Technology support charges paid	1,177	802	-	-	61	24
Royalty paid	-	-	12	12	-	-
Fees received	221	271	251	204	1,450	324
Interest earned	285	757	1,056	193	7	0
Recovery of expenses	27	3	71	63	19	17
Secondment charges received	-	-	62	49	33	50
Technology support charges received	6	3	61	50	42	87
Consideration received/(paid) on maturity of derivative contracts	2,231	(1,068)	62	161	259	-
Loans disbursed	-	-	8,648	7,641	3,092	121
Deposits placed	6,102,222	5,943,326	-	-	57	27
Investment in Debentures	-	-	2,500	2,500	-	-
Portfolio purchase	-	-	27,305	-	-	-
Fixed asset purchased	-	-	3	-	-	-
Fixed asset sold	-	-	9	-	-	-
Capital work-in-progress	180	108	-	-	-	-
Borrowings	1,013,132	589,920	169	201	-	-
Time deposits received	-	-	296,448	138,107	260,971	162,198

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

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

	<i>Amount in Rs million</i>					
	Parent and Branches		Subsidiaries		Fellow Subsidiaries	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Accounts payable	454	1,182	502	207	459	1,253
	<i>7223</i>	<i>6,658</i>	<i>502</i>	<i>528</i>	<i>459</i>	<i>1,253</i>
Accounts receivable	67	8	90	175	606	306
	<i>125</i>	<i>146</i>	<i>303</i>	<i>1,036</i>	<i>696</i>	<i>329</i>
Borrowings / Deposits	92,844	59,177	26,870	19,558	20,068	54,608
	<i>147,555</i>	<i>59,177</i>	<i>133,218</i>	<i>19,558</i>	<i>23,042</i>	<i>63,835</i>
Balance in current account/ (Cash credit)/(Overdraft)	(3,525)	(1,937)	(1,969)	(735)	(5,112)	(4,733)
	<i>(252,062)</i>	<i>(38,934)</i>	<i>(15,095)</i>	<i>(9,395)</i>	<i>(20,011)</i>	<i>(28,282)</i>
Investment in debentures	-	-	2500	2,500	-	-
	-	-	<i>2500</i>	<i>2,500</i>	-	-
Loans / Placements	93,071	42,462	6,701	6,912	-	70
	<i>330,944</i>	<i>51,584</i>	<i>9,600</i>	<i>7,261</i>	-	<i>247</i>

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

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

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

There is only one related party entity in the category of 'Key Management Personnel' and keeping in view the secrecy clauses and in terms of para 4.5 of the above RBI guidelines, no disclosure under AS-18 is made other than reporting the relationship with the related party.

- 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.1,606 million (Previous year: charge of Rs.398 million) arising during the year ended March 31, 2009 is credited to the current year's Profit and Loss account. The cumulative amount of deferred tax benefit of Rs.3,688 million (Previous year: Rs.2,082 million) is included in Schedule 11 - "Other Assets."

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

Description	<i>Amount in Rs million</i>	
	As at March 31, 2009	As at March 31, 2008
<i>Deferred tax assets</i>		
Provision for doubtful advances	3,887	2,263
Others	162	141
<i>Deferred tax liabilities</i>		
Depreciation	(260)	(322)
Others	(101)	-
Deferred tax asset (net)	3,688	2,082

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

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

Gross investment as at the date of Balance Sheet	Amount in Rs million	
	As at March 31, 2009	As at March 31, 2008
Not later than one year	150	137
Later than one year but not later than five years	225	236
Later than 5 years	-	-
Total	375	373
Present value of minimum lease payment as at the date of Balance Sheet		
Not later than one year	117	108
Later than one year but not later than five years	197	209
Later than 5 years	-	-
Total	314	317

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

	Amount in Rs million	
	As at March 31, 2009	As at March 31, 2008
The amount of minimum lease payments recognized in the profit and loss account in respect of operating leases amount to	101	137
The total of future minimum lease payments recognized under non-cancellable operating leases		
Not later than one year	109	41
Later than one year but not later than five years	117	68
Later than 5 years	-	-
Total	226	109

- 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.

### 15. Provisions and contingencies

As per AS-29, 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.

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### Movement in provisions for the year ended March 31, 2009

	2008-2009			2007-2008		
	Reward points	Securitisation	Frauds	Reward points	Securitisation	Frauds
Opening balance	372	21	17	310	25	3
Provision made during the year	367	6	5	217	9	24
Utilisation /Write back of provision during the year	(325)	(13)	(4)	(155)	(13)	(10)
Closing balance	414	14	18	372	21	17

#### 16. Additional disclosure in respect of the primary dealership activities carried out by the Bank:

	Amount in Rs million	
	Average	Peak
Net borrowings/ (placement) in call	(1,979)	(19,300)

#### 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.

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

#### iii) Other contingent items

This includes:

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

#### 18. Employee share-based payments:

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

During the year, the Bank has recognized an amount of Rs.287 million (Previous year Rs.356 million) under the head "Payments to and provisions for employees", as compensation cost on account of share-based payments.

#### 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 million	
	March 31, 2009	March 31, 2008
Number of suppliers registered with competent authorities	89	21
Principal amount remaining unpaid beyond the due date to any supplier as at the year end	-	-
Interest due thereon	-	-
Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year	3	8
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	0.6	0.06
Amount of interest accrued and remaining unpaid at the end of the accounting year	0.6	0.06
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	0.06	-

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.

# Citibank N.A.

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

## Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2009 (Continued)

### V Notes forming part of the financial statements for the year ended March 31, 2009 (Continued)

20. During the year ended March 31, 2009, no penalties were imposed on the Bank by RBI pursuant to provisions of section 46(4) of the Banking Regulation Act, 1949. (Previous year: Nil<sub>[g2]</sub>).
21. 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:

Amounts in Rs. million		
Nature of expense	2008-2009	2007-2008
Service bureau expenses	6,320	4,721
Technology Infrastructure expenses	1,439	448

22. In terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.BP.BC No. 3 / 21.04.018/2008-09 dated July 1, 2008 the following information is disclosed:

#### A Customer Complaints

Particulars	2008-2009	2007-2008
(a) No. of complaints pending at the beginning of the year	93	221
(b) No. of complaints received during the year	15,378	19,895
(c) No. of complaints redressed during the year	15,363	20,023
(d) No. of complaints pending at the end of the year	108	93

#### B. Awards passed by the Banking Ombudsman

Particulars	2008-2009	2007-2008
(a) No. of unimplemented Awards at the beginning of the year	1	1
(b) No. of Awards passed by the Banking Ombudsmen during the year	0	2
(c) No. of Awards implemented during the year	0	2
(d) No. of unimplemented Awards at the end of the year	1	1

23. 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.
24. Previous year figures have been regrouped and reclassified, wherever necessary, to conform to the current year's presentation.

Signatures to schedules 1 to 18

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

Sd/-  
Mark T. Robinson  
Chief Executive Officer

Sd/-  
Abhijit Sen  
Chief Financial Officer

# CITIBANK N.A.

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

## Cash Flow Statement

for the year ended March 31, 2009

	Year ended 31.03.2009 (Rs.million)	Year ended 31.03.2008 (Rs.million)
<b><u>Cash flow from operating activities</u></b>		
Net profit for the year before tax	38,181	32,550
<b><u>Adjustments for:</u></b>		
Depreciation charge for the year	907	1,035
Profit/ (Loss) on sale of fixed assets	(133)	(665)
Provision for / (Write back of) depreciation on investments	(1,085)	(264)
Provisions for non-performing assets / write offs (net)	16,969	6,907
Decrease/ (Increase) in investments	(59,620)	(24,026)
Decrease/ (Increase) in advances	(31,506)	(61,321)
Decrease/ (Increase) / (decrease) in borrowings	73,387	(14,488)
Decrease/ (Increase) in deposits	55,524	82,500
Decrease/ (Increase) in other assets	(92,134)	(70,233)
Decrease/ (Increase) in other liabilities and provisions	63,345	77,949
Direct taxes paid	(18,750)	(13,370)
<b>Net cash flow from operating activities</b>	<b>45,085</b>	<b>16,576</b>
<b><u>Cash flow from investing activities</u></b>		
Purchase of fixed assets	(1,318)	(959)
Proceeds from sale of fixed assets	278	940
Sale of long term investments	12	-
<b>Net cash used in investing activities</b>	<b>(1,028)</b>	<b>(19)</b>
<b><u>Cash flow from financing activities</u></b>		
Infusion of capital	-	9,958
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>9,958</b>
<b>Net increase in cash and cash equivalents</b>	<b>44,057</b>	<b>26,515</b>
<b>Cash and cash equivalents* as at beginning of the year</b>	<b>116,522</b>	<b>90,007</b>
<b>Cash and cash equivalents* as at end of the year</b>	<b>160,579</b>	<b>116,522</b>

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

As per our report of even date attached.

**For B S R & Co.**

*Chartered Accountants*

Sd/-

**Sanjay Aggarwal**  
*Partner*

Membership No: 040780

Place : Mumbai

Date : 22 June 2009

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

Sd/-

**Mark T. Robinson**  
*Chief Executive Officer*

Sd/-

**Abhijit Sen**  
*Chief Financial Officer*