

CITIBANK N.A.

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

Balance Sheet of the Indian branches

as at March 31, 2010

	<i>Schedules</i>	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
CAPITAL & LIABILITIES			
Capital	1	37,438,375	26,017,125
Reserves & Surplus	2	97,697,629	89,162,710
Deposits	3	544,521,336	516,774,572
Borrowings	4	120,337,785	186,612,999
Other liabilities and provisions	5	154,891,817	234,068,477
TOTAL		954,886,942	1,052,635,883
ASSETS			
Cash and balance with Reserve Bank of India	6	33,997,479	32,799,989
Balances with banks and money at call and short notice	7	117,866,107	127,778,997
Investments	8	281,086,924	245,193,515
Advances	9	366,550,720	399,199,368
Fixed Assets	10	7,046,869	7,314,609
Other Assets	11	148,338,843	240,349,405
TOTAL		954,886,942	1,052,635,883
Contingent Liabilities	12	10,854,355,198	10,672,685,776
Bills for Collection		43,198,036	40,034,983
Significant Accounting Policies & Notes to Accounts	18		

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

As per our report of even date attached.

For S.R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

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

Sd/-

per Surekha Gracias

Partner

Membership No: 105488

Place : Mumbai

Date : 29 June 2010

Sd/-

Pramit Jhaveri

Chief Executive Officer

Sd/-

Abhijit Sen

Chief Financial Officer

CITIBANK N.A.

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

Profit and Loss Account of the Indian branches

for the year ended March 31, 2010

	<i>Schedules</i>	Year ended 31.03.2010 (Rs.'000)	Year ended 31.03.2009 (Rs.'000)
I. INCOME			
Interest earned	13	60,704,683	68,402,377
Other income	14	15,913,350	35,823,028
TOTAL		<u>76,618,033</u>	<u>104,225,405</u>
II. EXPENDITURE			
Interest expended	15	20,167,626	24,288,418
Operating expenses	16	23,543,155	25,872,256
Provisions and contingencies	17	24,303,387	32,333,946
TOTAL		<u>68,014,168</u>	<u>82,494,620</u>
III. PROFIT			
Net profit for the year		8,603,865	21,730,785
TOTAL		<u>8,603,865</u>	<u>21,730,785</u>
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		2,150,966	5,432,697
Transfer to Capital Reserve on sale of immovable property		-	60,107
Transfer to/(from) Investment Reserve		(584,374)	470,144
Transfer to Special Reserve		288,505	239,556
Transfer to remittable surplus retained for CRAR requirements		6,748,768	15,528,281
TOTAL		<u>8,603,865</u>	<u>21,730,785</u>

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

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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, 2010**

	(Rs.'000)	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
SCHEDULE 1 - CAPITAL			
CAPITAL			
Amount of deposit kept with RBI under Section 11 (2) (b) of the Banking Regulation Act, 1949 (see Schedule 18 - Note V (1))		<u>24,489,000</u>	<u>22,338,000</u>
CAPITAL			
Initial Capital		2,000	2,000
Interest free funds from H.O. for CRAR requirements			
Opening Balance	26,015,125		26,015,125
Additions during the year	<u>11,421,250</u>		<u>-</u>
		37,436,375	26,015,125
TOTAL		<u>37,438,375</u>	<u>26,017,125</u>
SCHEDULE 2 - RESERVES & SURPLUS			
I. Statutory Reserve			
Opening Balance	21,888,293		16,455,596
Additions during the year	<u>2,150,966</u>		<u>5,432,697</u>
		24,039,259	21,888,293
II. Furniture & Equipment Reserve		28,086	28,086
III. Properties Investment Reserve		619,431	619,431
IV. Properties Revaluation Reserve			
Opening Balance	3,447,449		3,512,348
Additions during the year	-		66,480
Deductions during the year	-		(56,623)
Depreciation during the year	<u>(68,949)</u>		<u>(74,756)</u>
		3,378,500	3,447,449
V. Investment Reserve			
Opening Balance	584,374		114,230
Additions during the year	-		470,144
Transfer to the Profit and Loss account	<u>(584,374)</u>		<u>-</u>
		-	584,374
VI. Capital Reserve on sale of immovable properties			
Opening Balance	458,735		398,628
Additions during the year	<u>-</u>		<u>60,107</u>
		458,735	458,735
VII. Foreign Exchange Reserve			
Opening Balance	450,000		450,000
Additions during the year	<u>-</u>		<u>-</u>
		450,000	450,000
VIII. Special Reserve (see Schedule 18 - Note V (5))			
Opening Balance	239,556		-
Additions during the year	<u>288,505</u>		<u>239,556</u>
		528,061	239,556
IX. Remittable Surplus retained for CRAR requirements			
Opening Balance	61,446,789		45,918,505
Additions during the year	<u>6,748,768</u>		<u>15,528,281</u>
		68,195,557	61,446,786
TOTAL		<u>97,697,629</u>	<u>89,162,710</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, 2010*

	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
i) From banks	993,322	952,261
ii) From others	164,305,236	146,744,306
	<u>165,298,558</u>	<u>147,696,567</u>
II Savings Bank Deposits	115,110,002	97,674,184
III. Term Deposits		
i) From banks	2,750,911	9,565,881
ii) From others	261,361,865	261,837,940
	<u>264,112,776</u>	<u>271,403,821</u>
TOTAL	<u><u>544,521,336</u></u>	<u><u>516,774,572</u></u>
B Deposits of branches in India	544,521,336	516,774,572
Deposits of branches outside India	-	-
	<u><u>544,521,336</u></u>	<u><u>516,774,572</u></u>
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other banks	13,276,984	11,381,888
iii) Other institutions and agencies (see Schedule 18 - Note V (4))	33,937,766	76,352,677
	<u>47,214,750</u>	<u>87,734,565</u>
II. Borrowings outside India	73,123,035	98,878,434
TOTAL	<u><u>120,337,785</u></u>	<u><u>186,612,999</u></u>
Secured borrowings included in I & II above	422,949	58,479,960
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	17,467,108	13,583,605
II. Inter - office adjustments (net)	2,771	2,243
III. Interest accrued	4,386,307	2,975,626
IV. Contingent provisions against standard assets (see Schedule 18 - Note V (6.6))	5,017,355	5,017,355
V. Others (including provisions)	128,018,276	212,489,648
TOTAL	<u><u>154,891,817</u></u>	<u><u>234,068,477</u></u>

CITIBANK N.A.

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

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

as at March 31, 2010

	(Rs.'000)	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I. Cash in hand (including foreign currency notes)		1,578,494	1,433,533
II. Balances with Reserve Bank of India			
i) in Current account	32,418,985		31,366,456
ii) in Other Deposit accounts	-		-
		32,418,985	31,366,456
TOTAL		33,997,479	32,799,989

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

I. In India			
i) Balances with banks			
a) In Current accounts	1,749,582		2,712,272
b) In Other Deposit accounts	6,643,454		21,363,820
		8,393,036	24,076,092
ii) Money at call and short notice			
a) With banks	-		-
b) With other institutions	-		-
		-	-
TOTAL (i & ii)		8,393,036	24,076,092
II. Outside India			
i) In Current account	5,996,541		2,455,697
ii) In Other Deposit accounts	103,476,530		101,247,208
iii) Money at call and short notice	-		-
		109,473,071	103,702,905
GRAND TOTAL (I & II)		117,866,107	127,778,997

SCHEDULE 8 - INVESTMENTS

I. Investments in India in			
i) Government securities		274,986,024	233,808,935
ii) Other approved securities		-	-
iii) Debentures and Bonds		2,500,000	2,774,774
iv) Shares		65,200	35,200
v) Others (see Schedule 18 Note V (2))		3,535,700	8,574,607
Net Investments		281,086,924	245,193,515

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, 2010*

Sd/-

As at 31.03.2010
(Rs.'000)**As at 31.03.2009**
(Rs.'000)**SCHEDULE 9 - ADVANCES**

A.	i) Bills purchased and discounted	44,583,887	34,697,370
	ii) Cash credits, overdrafts and loans repayable on demand	56,593,650	76,370,038
	iii) Term loans	265,373,183	288,131,960
	TOTAL	366,550,720	399,199,368
B	i) Secured by tangible assets (Including advances against book debts)	168,726,386	161,876,836
	ii) Supported by overseas branches of the Bank in OECD countries	32,235,548	48,807,217
	iii) Covered by Bank / Government guarantees	2,965,520	797,961
	iv) Unsecured	162,623,266	187,717,354
	TOTAL	366,550,720	399,199,368
C. I.	Advances in India		
	i) Priority sectors	132,682,381	117,232,761
	ii) Public sector	9,667,418	1,143,024
	iii) Banks	4,111,970	4,401,917
	iv) Others	220,088,951	276,421,666
	TOTAL	366,550,720	399,199,368
II.	Advances outside India	-	-
	GRAND TOTAL (C. I & II)	366,550,720	399,199,368

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, 2010*

SCHEDULE 10 - FIXED ASSETS	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
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	(165,916)	(151,104)
TOTAL	<u>574,711</u>	<u>589,523</u>
II. Premises		
At cost as on 1 April	812,072	849,572
Additions during the year	-	-
Deductions during the year	-	(37,500)
	<u>812,072</u>	<u>812,072</u>
Depreciation to date	(142,098)	(128,866)
	<u>669,974</u>	<u>683,206</u>
Add: Premises revaluation	3,378,500	3,447,449
TOTAL	<u>4,048,474</u>	<u>4,130,655</u>
III. A Other Fixed assets (including furniture and fixtures)		
At cost as on 1 April	6,306,933	6,451,648
Additions during the year	1,241,431	570,921
Deductions during the year	(837,384)	(715,636)
	<u>6,710,980</u>	<u>6,306,933</u>
Depreciation to date	(4,749,061)	(4,897,418)
	<u>1,961,919</u>	<u>1,409,515</u>
III. B Other Fixed assets (taken on lease)		
At cost as on 1 April	542,729	491,354
Additions during the year	292,081	182,649
Deductions during the year	(164,670)	(131,274)
	<u>670,140</u>	<u>542,729</u>
Depreciation to date	(260,905)	(211,814)
	<u>409,235</u>	<u>330,915</u>
TOTAL	<u>2,371,154</u>	<u>1,740,430</u>
Capital Work-in-progress	52,530	854,001
GRAND TOTAL	<u>7,046,869</u>	<u>7,314,609</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, 2010

	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
SCHEDULE 11 - OTHER ASSETS		
I. Interest accrued	9,120,873	8,529,932
II. Tax paid in advance/tax deducted at source (net of provision for tax)	8,715,362	1,486,279
III. Non-banking assets acquired in satisfaction of claims	-	405
IV. Deferred tax assets (net) (see Schedule 18 - Note V (11))	3,623,844	3,687,656
V. Others	126,878,764	226,645,133
TOTAL	148,338,843	240,349,405

SCHEDULE 12 - CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts	1,362,281	1,314,907
II. Liability on account of outstanding forward exchange contracts	2,951,643,473	4,357,223,329
III. Liability on account of outstanding Rupee Interest Rate Swaps	7,754,789,004	6,175,099,633
IV. Guarantees given on behalf of constituents		
a) In India	74,657,714	71,055,798
b) Outside India	20,487,500	12,662,654
V. Acceptances, endorsements and other obligations	38,861,009	46,553,295
VI. Others	12,554,217	8,776,160
TOTAL	10,854,355,198	10,672,685,776

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, 2010

	Year ended 31.03.2010 (Rs.'000)	Year ended 31.03.2009 (Rs.'000)
SCHEDULE 13 - INTEREST EARNED		
I Interest/discount on advances/bills	40,188,818	49,347,034
II Income on investments	17,931,963	16,266,348
III Interest on balances with Reserve Bank of India and other inter-bank funds	2,422,935	2,771,138
IV Others	160,967	17,857
TOTAL	60,704,683	68,402,377

SCHEDULE 14 - OTHER INCOME

I Commission, exchange and brokerage	8,856,246	11,253,218
II (Loss)/Profit on sale of investments (net)	(2,307,882)	6,042,349
III (Loss)/Profit on sale/ write-off of fixed assets (net)	(32,494)	133,426
IV Profit on exchange transactions	9,234,538	18,255,615
V Miscellaneous income	162,942	138,420
TOTAL	15,913,350	35,823,028

SCHEDULE 15 - INTEREST EXPENDED

I Interest on deposits	16,706,834	19,140,418
II Interest on Reserve Bank of India/ inter-bank borrowings	1,584,671	3,609,008
III Others	1,876,121	1,538,992
TOTAL	20,167,626	24,288,418

SCHEDULE 16 - OPERATING EXPENSES

I Payments to and provisions for employees	8,751,181	8,806,151
II Rent, taxes and lighting	1,153,484	1,384,050
III Printing and stationery	426,642	395,226
IV Advertisement and publicity	1,003,840	1,552,683
V Depreciation on Bank's property	806,019	907,387
VI Auditors' fees and expenses	6,500	6,591
VII Law charges	92,953	84,608
VIII Postage, telegrams, telephones, etc.	1,499,576	1,288,012
IX Repairs and maintenance	611,236	675,342
X Insurance	522,196	463,533
XI Other expenditure	8,669,528	10,308,673
TOTAL	23,543,155	25,872,256

SCHEDULE 17 - PROVISIONS AND CONTINGENCIES

I Provision for non-performing assets / write offs (net)	16,491,214	16,071,996
II Provision for standard assets	-	897,126
III Provision for current taxation	4,951,134	17,962,627
IV Deferred tax charge / (benefit) (see Schedule 18 - Note V (11))	63,812	(1,605,630)
V Fringe benefits tax	-	92,922
VI Provision for depreciation/(Write back of Provision) on Investments	2,542,419	(1,085,095)
VII Others (see Schedule 18 - Note V (6.8))	254,808	-
TOTAL	24,303,387	32,333,946

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, 2010

Schedule 18

I. Background

The accompanying financial statements for the year ended March 31, 2010 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, 2010 are at:

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

II. Basis of preparation

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

III. Use of estimates

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

Citibank N.A.

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

Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2010 (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.3 / 21.04.141 / 2009-10 dated July 1, 2009 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. The Bank follows settlement date method for accounting for its investments. For disclosure in the financial statements, the investments are classified under five categories – Government securities, Other approved securities, Debentures and Bonds, Shares and Other investments and disclosed in Schedule 8 - Investments.

Valuation

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

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

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

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

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.

Broken period interest

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

Citibank N.A.

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

Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2010 (Continued)*

IV. Significant accounting policies *(Continued)*

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. Premium paid on acquisition of portfolio 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.17 /21.04.048/2009-10 dated July 1, 2009 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 which are inherent in any loan portfolio as well as positive mark to market gains but not yet identified, in accordance with the RBI circular no. DBOD.No.BP.BC.17 /21.04.048/2009-10 dated July 1, 2009 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.17 /21.04.048/2009-10 dated July 1, 2009.

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 change 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 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, 2010 (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/clearing corporation. The profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. Margin money deposited with the exchange are included in "Other assets". The notional value of the futures contracts is recorded as Contingent liability.

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

4) Rupee derivative transactions

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

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

Interest Rate Futures are marked to market using closing price of the relevant futures contract as published by the exchange/clearing corporation. 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.

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Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2010 (Continued)*

IV. Significant accounting policies (Continued)

5) Securitisation and assignment transactions

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

In certain cases of securitisations, 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.

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

6) Fixed assets and depreciation

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

Premises are revalued biennially by the management and are stated at such revalued figure. 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.)
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.

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Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2010 (Continued)*

IV. Significant accounting policies *(Continued)*

6) Fixed assets and depreciation *(Continued)*

The Bank has retained "Properties Investment Reserve" as at March 31, 2010 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.

7) Retirement benefits

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

(a) Provident fund

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

(b) Superannuation

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

(c) Gratuity

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

(d) Pension

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

(e) Leave encashment

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

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Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2010 (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) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

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

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

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

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Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2010 (Continued)*

IV. Significant accounting policies *(Continued)*

11) Accounting for leases

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

Operating leases

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

Financial leases

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

12) Provisions and contingencies

The Bank creates a provision when there is 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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010

1. The Bank has to lodge additional securities with the RBI under section 11(2)(b) of the Banking Regulation Act, 1949 amounting to Rs.2,151 million for the year ended March 31, 2010 (Previous year Rs.5,433 million).
2. Other investments comprise of SIDBI deposit amounting to Rs.3,536 million (Previous year Rs.7,714 million) and Pass Through Certificates amounting to Rs. Nil (Previous year Rs.861 million).
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 amount of Rs.Nil (Previous year Rs.950 million) representing subordinated debt, details of which are as below is included under 'Schedule 4 Borrowings':

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

5. The Bank has created a Special Reserve of Rs.289 million (Previous year Rs. 240 million) pursuant to clause (viii) under sub-section (1) to section 36 of the Income Tax Act, 1961.
6. The following disclosures are made in accordance with the RBI circular DBOD.BP.BC No.22 /21.04.018/2009-10 dated July 1, 2009 and amendments thereto.
- 6.1 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 20.76% (Previous year 14.81%) and under Basel II is 18.14% (Previous year 13.23%)

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, 2010	As at March 31, 2009
CRAR – Tier I Capital	17.27%	12.42%
CRAR – Tier II Capital	0.87%	0.81%
Amount of subordinated debt raised as Tier II capital	Nil	950

6.2 Business ratios

Ratio	2009-2010	2008-2009
Percentage of net NPAs to net advances	2.14%	2.63%
Interest income as a percentage to working funds	6.75%	6.67%
Non-interest income as a percentage to working funds	1.77%	3.49%
Operating profit as a percentage to working funds	3.66%	5.27%
Return on assets	0.96%	2.12%
Business (deposits plus advances) per employee (Amount in Rs thousands)	197,989	188,010
Profit per employee (Amount in Rs thousands)	1,832	4,512

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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

6.3 Maturity Pattern as at March 31, 2010

Amount in Rs million

Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	2,414	121,070	7,999	8,537	37,769	10,046
2 to 7 days	18,488	-	57,169	13,000	83,029	2,118
8 to 14 days	13,758	-	29,633	-	8,912	2,044
15 to 28 days	24,800	36,342	20,678	-	15,631	2,795
29 days to 3 months	51,441	21,078	57,321	5,034	28,120	10,436
Over 3 months & upto 6 months	28,548	9,169	39,177	6,319	13,069	16,693
Over 6 months & upto 1 year	24,125	15,380	61,305	12,338	2,573	23,196
Over 1 year & upto 3 years	109,633	71,436	270,005	72,251	3,667	101,471
Over 3 years & upto 5 years	20,963	224	902	2,124	1,197	417
Over 5 years	72,381	6,388	332	735	61,916	82,711
Total	366,551	281,087	544,521	120,338	255,883	251,927

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.

6.4 Lending to sensitive sectors

A) Exposure to real estate sector

The exposure to real estate sector presented for the current year hereunder follows the revised classification of exposures in terms of RBI circular ref. RBI/2009-10/151 BOD.BP.BC. No. 42 / 08.12.015/ 2009-10 dated September 9, 2009 on 'Classification of Exposures as Commercial Real Estate (CRE)'. The previous year presentation follows the classification of exposures into CRE as prevailing in that year.

Amount in Rs million

Category	As at March 31, 2010
1. Direct exposure	
(i) Residential mortgages	
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower:	98,222
Of which individual housing loans eligible for inclusion in priority sector advances	14,223
(ii) Commercial real estate	
Lending secured by mortgages on income producing real estates	10,426
(iii) Others	8,926
2. Indirect exposure	
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	6,275
Total	123,849

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

6.4 Lending to sensitive sectors(Continued)

Amount in Rs million	
Category	As at March 31, 2009
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
Of which individual housing loans upto Rs.20 lakh	16,022
(ii) Commercial real estate	
Lending secured by mortgages on commercial real estates	22,210
2. Indirect exposure	
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	29,123
Total	148,976

B) Exposure to capital market

Amount in Rs million		
Category	As at March 31, 2010	As at March 31, 2009
1. Investment made in equity shares	65	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)	5,045	3,504
3. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers	15,920	16,713
4. Other financial guarantees	1,171	1,150
Total exposure to capital market	22,201	21,402
5. Of (3) above, the total finance extended to stock brokers for margin trading	-	-

6.5 Movement in Non- performing assets

Amount in Rs million						
Particulars	2009-2010			2008-2009		
	Gross NPA	Provision	Net NPA	Gross NPA	Provision	Net NPA
Opening balance as on April 1	18,057	7,550	10,507	7,916	3,199	4,718
Additions during the year	23,941	5,585	18,357	25,146	8,244	16,902
Recoveries/write offs during the year	(29,244)	(8,225)	(21,019)	(15,005)	(3,893)	(11,112)
Closing balance as on March 31	12,754	4,910	7,845	18,057	7,550	10,507

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

6.6 Provision on standard assets

The Bank is holding a provision towards standard assets of Rs.5,017 million (Previous year Rs.5,017 million)

6.7 Floating Provision

The Bank does not have any floating provision as at March 31, 2010 (Previous year: Nil).

6.8 Restructured loans

		Amount in Rs million		
		CDR Mechanism	2009-2010 SME Debt Restructuring	Others
Standard advances restructured	No. of borrowers	-	-	21,500
	Amount outstanding	-	-	3,228
	Sacrifice (diminution in the fair value)	-	-	794
Sub-standard advances restructured	No. of borrowers	-	-	7,252
	Amount outstanding	-	-	468
	Sacrifice (diminution in the fair value)	-	-	152
Doubtful advances restructured	No. of borrowers	-	-	-
	Amount outstanding	-	-	-
	Sacrifice (diminution in the fair value)	-	-	-
Total	No. of borrowers	-	-	28,752
	Amount outstanding	-	-	3,696
	Sacrifice (diminution in the fair value)	-	-	946

An amount of Rs. 255 million has been charged to 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.

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

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

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

6.11 Investments

A) Value of investments

Particulars	Amount in Rs million	
	As at March 31, 2010	As at March 31, 2009
(1) Gross value of investments		
(a) In India	287,519	248,723
(b) Outside India	-	-
(2) Provisions for depreciation		
(a) In India	(6,072)	(3,530)
(b) Outside India	-	-
(3) Net value of investments		
(a) In India	281,087	245,193
(b) Outside India	-	-

B) Provision for depreciation on investments

Particulars	Amount in Rs million	
	As at March 31, 2010	As at March 31, 2009
Opening balance as on April 1	3,530	4,615
Provision made during the year	2,542	-
Write back of provisions during the year	-	(1,085)
Closing balance as on March 31	6,072	3,530

During the year bank has withdrawn Rs.584 million (Previous year Rs.Nil) from Investment Reserve in accordance with RBI Circular DBOD No. BP. BC.3 / 21.04.141 / 2009-10 dated July 1, 2009 and amendments thereto.

Investments include government securities representing face value of Rs.115,260 million (Previous year : Rs.166,010 million) deposited for settlement guarantee fund and Collateralised Borrowings and Lending Obligation (CBLO) with Clearing Corporation of India (CCIL); and for intra-day liquidity under Real Time Gross Settlement system (RTGS), for repo under Liquidity Adjustment Facility and to meet the requirements of section 11 (2) (b) of the Banking Regulation Act, 1949 with RBI.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

6.12 Non-SLR investment portfolio

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

Amount in Rs million					
Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	-	-	-	-	-
Financial institutions	3,536	3,536	-	3,536	3,536
Banks	-	-	-	-	-
Private corporates	2,565	2,565	-	65	65
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	-	-	-	-	-
Provisions held towards depreciation	-	-	-	-	-
Total	6,101	6,101	-	3,601	3,601

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

Amount in Rs million					
Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of '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

B) Non-performing non-SLR investments

Amount in Rs million		
Description	2009-2010	2008-2009
Opening Balance as on April 1	-	12
Additions made during the year	-	-
Reductions during the year	-	(12)
Closing balance as on March 31	-	-
Total provision held	-	-

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

6.13 Repo and reverse repo transactions

Amount in Rs million

	2009-2010				2008-2009			
	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year*	As on March 31, 2010	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	5,829	38,368	19,987	-	92	34,841	10,913	
Securities purchased under reverse repos	185	10,740	5,952	753	940	35,896	11,904	

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

6.14 Derivatives

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

Amount in Rs million

Type	Item	Notional principal as at	
		March 31, 2010	March 31, 2009
Trading	<i>Interest rate swaps/ options including swaptions</i>		
	MIBOR Overnight Index Swaps	3,964,346	2,844,759
	MIFOR	575,445	926,585
	GOI Securities Yield / INBMK	46,762	40,879
	LIBOR	3,072,935	2,186,485
	Basis swaps	54,208	120,431
	Interest Rate Options including swaptions	35,920	18,487
	Other	673	8,826
	<i>Cross Currency interest rate swaps</i>	208,073	237,616
	<i>Forward Rate Agreements</i>	-	6,847
Hedging	<i>MIBOR Overnight Index Swaps</i>	4,500	21,800

MIBOR – Mumbai Interbank Offer Rate

MIFOR – Mumbai Interbank Forward Offer Rate

LIBOR – London Interbank Offer Rate

Amount in Rs million

Losses which would be incurred if the counter-parties failed to fulfill their obligations in respect of:	March 31, 2010	March 31, 2009
Interest rate swaps/option (including swaptions)	37,356	63,148
Cross Currency interest rate swaps	14,492	7,950
Forward Rate Agreements	-	11

Amount in Rs million

Fair value of:	March 31, 2010	March 31, 2009
Interest rate swaps/option (including swaptions)	1,789	10,490
Cross Currency interest rate swaps	3,095	(6,965)
Forward Rate Agreements	-	11

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Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2010 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2010 *(Continued)*

6.14 *Derivatives (Continued)*

- 97% (Previous Year 98%) of Interest rate swaps, 46 % (Previous year 41 %) of Cross Currency Interest Rate Swaps have been contracted with banks. As at March 31, 2010 there were no outstanding Forward Rate Agreements (Previous Year 50% of forward rate agreements had been contracted with banks).
- 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.

6.15 *Disclosure pertaining to Exchange Traded Interest Rate Derivatives is given below*

<i>Amount in Rs million</i>			
S.No.	Particulars	March 31, 2010	March 31, 2009
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) - 10YGS7	509	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March (instrument-wise) - 10YGS7	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise) - 10YGS7	Not applicable	Not applicable
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise) - 10YGS7	Not applicable	Not applicable

6.16 *Disclosure on risk exposure on derivatives*

Qualitative disclosure

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

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

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

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

6.16 Disclosure on risk exposure on derivatives (Continued)

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

All limits are monitored on a daily basis by the Treasury unit. Exposure reports are submitted to the Treasurer as well as the Head – market risk management, and any limit excesses are brought to the notice of the management immediately for further action.

In any derivative transaction undertaken with the counterparty, the Bank is exposed to the risk of the replacing the contract at a loss if the counterparty were to default. Such derivatives credit exposure is measured and monitored using the Current Exposure Method by adding the positive mark-to-market and an estimate of the potential future exposure due to change in the market value of the contract. The Bank has processes to monitor such exposure on each of the counterparties. Appropriate credit mitigants are used, where required as trigger events, to call for collaterals or terminate a transaction and contain the risk.

The quantitative disclosure required pursuant to RBI circular ref. DBOD.BP.BC No.22 /21.04.018/2009-10 dated July 1, 2009 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.

Quantitative disclosure as at March 31, 2010

Amount in Rs million			
Sr. No.	Particular	Currency derivatives	Interest rate derivatives
1.	Derivatives (Notional principal amount)		
	a) For hedging	8,708	4,500
	b) For trading	2,942,935	7,750,289
2.	Marked to market positions		
	a) Asset (+)	71,545	37,592
	b) Liability (-)	(67,022)	(36,160)
3.	Credit exposure	160,873	104,790
4.	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	0.01	45
	b) on trading derivatives	170	542
5.	Maximum of 100*PV01 observed during the year		
	a) on hedging	3	70
	b) on trading	1,191	1,520
6.	Minimum of 100*PV01 observed during the year		
	a) on hedging	0.01	5
	b) on trading	38	6

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

6.16 Disclosure on risk exposure on derivatives (Continued)

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

The net open foreign currency position as on March 31, 2010 is Rs.2,141 million (Previous year Rs.1,786 million)

6.17 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, 2010 (Previous Year: Nil). Details of exposure as per Risk category classification is as under:

Amount in Rs million

Risk Category	As at March 31, 2010		As at March 31, 2009	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	8,526	-	13,617	-
Low	1,042	-	2,210	-
Moderate	1,312	-	367	-
High	214	-	15	-
Very High	80	-	55	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	11,174	-	16,264	-

6.18 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.

- Reliance Industries Limited
- 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.

7. 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 million

Particulars	2009-2010	2008-2009
1. Total number of loans securitised*	2	4
2. Book value of loans securitised*	1,407	3,008
3. Sale consideration*	1,422	3,017
4. Gain / (loss) on securitisation recognized in the Profit & Loss account*	9	4
5. Form and quantum (outstanding value) of credit enhancement		
a. Cash Collateral	178	184
b. I/O Strip	12	11
c. Guarantee	18	18

* 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, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

8. 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 million

Particulars	March 31, 2010	March 31, 2009
Change in obligations		
Present value of defined benefits obligations as at beginning of the year	1,037	1,037
Employer service cost	175	146
Interest cost	79	84
Actuarial (gains) / losses	489	(83)
Actual benefits payments	(160)	(147)
Present value of defined benefits obligations as at end of the year	1,620	1,037
Change in assets		
Plan assets as at beginning of the year	1,682	1,590
Expected return on plan assets	142	133
Contributions made by the Bank	245	194
Benefits paid during the year	(160)	(147)
Actuarial gains / (losses)	57	(88)
Plan assets as at end of the year	1,966	1,682
Net asset recognised		
Present value of defined benefits obligations as at end of year	1,620	1,037
Fair value of plan assets as at year end	1,966	1,682
Funded status [surplus]	345	645
Net asset recognised in Balance Sheet	345	645
Components of employer expense		
Current services cost	175	146
Interest cost	79	84
Expected return on assets	(142)	(133)
Actuarial (gains) / losses	433	5
Net credit / (charge) to Profit and Loss account	545	102
Assumptions:		
Discount rate	8.60%	8.30%
Expected return on assets	8.25%	8.25%
Salary escalation rate	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, 2010 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2010 *(Continued)*

8. *Retirement benefits (Continued)*

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

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

9. 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.22 /21.04.018/2009-10 dated July 1, 2009 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 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.

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 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.

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 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.

'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 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 or charge from other segments on account of funds transferred at negotiated rates, which generally reflect the market rates.

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V. Notes forming part of the financial statements for the year ended March 31, 2010 *(Continued)*

9. *Segment Reporting (Continued)*

Geographic segments

Amount in Rs million

Particulars	2009-2010					2008-2009				
	Treasury	Corporate Banking	Retail Banking	Other Banking	Total	Treasury	Corporate Banking	Retail Banking	Other Banking	Total
Revenue	29,062	18,011	28,813	766	76,651	40,596	22,558	40,113	825	104,092
Inter-segment transfers	(9,555)	8,344	1,210	-	-	(7,665)	7,729	(64)	-	-
Unallocated revenue					(32)					133
Total Revenue	19,507	26,355	30,023	766	76,618	32,931	30,287	40,049	825	104,225
Result	11,160	12,338	(9,144)	104	14,425	25,779	11,562	1,401	213	39,088
Unallocated expenses					(806)					(907)
Profit before taxes					13,619					38,181
Income taxes					(5,015)					(16,450)
Net profit					8,604					21,731
As at March 31, 2010					As at March 31, 2009					
Segment assets	545,139	212,951	186,074	-	944,164	617,660	199,811	224,163	-	1,041,634
Unallocated assets					10,723					11,002
Total assets					954,887					1,052,636
Segment liabilities	220,802	318,667	289,042	-	828,511	366,343	336,929	235,526	-	938,798
Unallocated liabilities					126,376					113,838
Total liabilities					954,887					1,052,636

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Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2010 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2010 *(Continued)*

10. 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.22 /21.04.018/2009-10 dated July 1, 2009 and amendments thereto are as under:

a) Parent

Citibank N.A. and its branches

b) Holding Company of Parent

Citigroup Inc.

c) Subsidiaries of Parent

Bank Handlowy w Warszawie S.A.

Citibank Anonim Sirketi, Turkey

Citibank Budapest Limited

Citibank Canada

Citibank China Limited

Citibank Europe Plc

Citibank International Plc

Citibank Japan Limited

Citibank Korea Inc

Citibank Limited, Australia

Citibank Malaysia

Citibank Overseas Investment Corporation

Citibank Privatkunden AG & Co. KgaA

Citibank Taiwan Limited

Citibank Tanzania Limited

Citibank Uganda Limited

Citibank Zambia Limited

Citicorp Capital Markets Limited

Citicorp Clearing Services India Limited

Citicorp Finance (India) Limited

Citicorp Investment Bank (Singapore) Limited

Citicorp Maruti Finance Limited

Citicorp Services India Limited

CitiFinancial Consumer Finance India Limited

CitiFinancial Retail Services India Limited

Citigroup Transaction Services (Malaysia) Sdn Bhd

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

10. Related Party Disclosure (Continued)

d) Fellow Subsidiaries of Parent

Citicorp Banking Corporation, Bahrain
Citicorp Credit Services, Inc. (USA)
Citicorp Data Systems Inc.
Citicorp International Finance Corporation
Citicorp North America Administrative Services, Inc.
Citicorp Securities Asia Pacific Limited
Citigroup Global Markets India Private Limited
Citigroup Global Markets Mauritius Private Limited
Citigroup Global Technology Infrastructure Inc.
Citigroup Strategic Holding Mauritius Limited
Court Square Capital Limited
Orbitech Limited

e) Key Management Personnel *

Mr. Mark T. Robinson – CEO

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

Transactions during the year:

Amount in Rs million

Nature of Transaction	Parent and Branches		Subsidiaries		Fellow Subsidiaries	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Fees Paid	1,847	1,544	121	179	24	2,231
Interest paid on Borrowing	1,215	2,066	45	47	-	-
Interest paid on Deposit	5	1	1,212	1,507	1,098	1,783
Fees Received	888	254	327	445	260	1,101
Interest Earned	178	285	1,406	1,056	-	7
Consideration received/(paid) on maturity of derivative contracts	(4,057)	2,231	813	62	132	259
Loans Disbursed	-	-	15,750	8,648	-	3,092
Deposits Placed	16,990,869	6,102,222	-	-	-	57
Time Deposits Received	-	-	413,896	296,448	330,621	260,971
Borrowings	297,926	1,013,132	198	169	-	-
Portfolio Purchased	-	-	17,731	17,254	-	-
Purchase of Fixed Assets	-	-	6	3	-	-
Sale of Fixed Assets	-	-	2	9	-	-
Capital work-in-progress	143	180	-	-	-	-

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

10. Related Party Disclosure (Continued)

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

Amount in Rs million

Particulars	Parents & Branches		Subsidiaries		Fellow Subsidiaries	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Accounts payable/Other payables	1,151	454	337	502	246	459
	<i>1,798</i>	<i>1,449</i>	<i>410</i>	<i>502</i>	<i>372</i>	<i>459</i>
Accounts receivable/Other receivables	80	65	592	90	121	188
	<i>96</i>	<i>125</i>	<i>678</i>	<i>303</i>	<i>344</i>	<i>696</i>
Borrowings/Deposits	64,819	92,844	30,183	26,870	16,135	20,068
	<i>155,637</i>	<i>147,555</i>	<i>63,926</i>	<i>133,218</i>	<i>59,209</i>	<i>23,042</i>
Balance in current account/(Cash credit)/(Overdraft)	5,046	3,525	3,557	1,969	1,354	5,112
	<i>86,743</i>	<i>(145,679)</i>	<i>53,860</i>	<i>15,095</i>	<i>18,778</i>	<i>20,045</i>
Investment in debentures	-	-	2,500	2,500	-	-
	-	-	<i>2,500</i>	<i>2,500</i>	-	-
Loans/Placements	103,484	93,071	11,988	6,701	-	-
	<i>196,632</i>	<i>120,529</i>	<i>16,179</i>	<i>9,600</i>	<i>4</i>	-

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

* Mr. Mark T. Robinson has since resigned from the services of Citibank and Mr. Pramit Jhaveri was appointed as CEO in his place with due approval from the Reserve Bank of India

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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

11. 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.64 million (Previous year: benefit of Rs.1,606 million) arising during the year ended March 31, 2010 is debited to the current year's Profit and Loss account. The cumulative amount of deferred tax benefit of Rs.3,624 million (Previous year: Rs.3,688 million) is included in Schedule 11 - "Other Assets."

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

Description	Amount in Rs million	
	As at March 31, 2010	As at March 31, 2009
<i>Deferred tax assets</i>		
Provision on advances	4,039	3,887
Others	237	162
<i>Deferred tax liabilities</i>		
Depreciation	(429)	(260)
Others	(223)	(101)
Deferred tax asset (net)	3,624	3,688

12. 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, 2010	As at March 31, 2009
Not later than one year	177	150
Later than one year but not later than five years	281	225
Later than 5 years	-	-
Total	458	375
Present value of minimum lease payment as at the date of Balance Sheet		
Not later than one year	136	117
Later than one year but not later than five years	243	197
Later than 5 years	-	-
Total	379	314

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

13. 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:

	As at March 31, 2010	As at March 31, 2009
The amount of minimum lease payments recognized in the profit and loss account in respect of operating lease	355	101
The total of future minimum lease payments recognized under non-cancellable operating leases:		
Not later than one year	279	109
Later than one year but not later than five years	268	117
Later than 5 years	-	-
Total	547	226

- 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.

14. 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.

	2009-2010			2008-2009		
	Reward points	Securitisation	Frauds	Reward points	Securitisation	Frauds
Opening balance	414	14	18	372	21	17
Provision made during the year	316	-	8	367	6	5
Utilisation / Write back of provision during the year	(407)	-	(7)	(325)	(13)	(4)
Closing balance	323	14	19	414	14	18

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

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

Amount in Rs million				
	2009-2010		2008-2009	
	Average	Peak	Average	Peak
Net borrowings/(placement) in call	586	10,000	(1,979)	(19,300)

16. 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.

iii) Other contingent items

This includes:

- Credit enhancement in respect of securitized loans to which the assignee or the special purpose vehicle has recourse;
- Manager's Cheques;
- Capital commitments;
- Commitments for settlement date accounting;
- Commitments by the Bank to effect payments on behalf of its constituents to stock exchanges; and
- 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.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

17. 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.316 million (Previous year Rs.287 million) under the head "Payments to and provisions for employees", as compensation cost on account of share-based payments.

18. 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, 2010	March 31, 2009
Number of suppliers registered with competent authorities	88	89
Principal amount remaining unpaid beyond the due date to any supplier as at the year end	0.4	-
Interest due thereon	-	-
Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year	30	32
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	0.3	0.6
Amount of interest accrued and remaining unpaid at the end of the accounting year	0.3	0.6
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	0.6	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.

19. During the year ended March 31, 2010, 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).
20. As at March 31, 2010, there were no outstanding advances against security of intangible assets.
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:

Nature of expense	Amount in Rs. million	
	2009-2010	2008-2009
Service bureau expenses	6,429	6,320
Technology Infrastructure expenses	1,062	1,439

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

22. In terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.BP.BC No.22 /21.04.018/2009-10 dated July 1, 2009 the following information is disclosed:

a. Customer Complaints

Particulars	2009-2010	2008-2009
(a) No. of complaints pending at the beginning of the year	108	93
(b) No. of complaints received during the year	7,945	15,378
(c) No. of complaints redressed during the year	7,923	15,363
(d) No. of complaints pending at the end of the year	130	108

b. Awards passed by the Banking Ombudsman

Particulars	2009-2010	2008-2009
(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	Nil	Nil
(c) No. of Awards implemented during the year	1	Nil
(d) No. of unimplemented Awards at the end of the year	Nil	1

23. 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 /24.01.001/2009-10 dated January 7, 2010 the information with regard to commission income earned by the bank is given hereunder:

Amount in Rs. million

Sr. No.	Nature of Income	2009-2010
1	For selling life insurance policies	656
2	For selling non life insurance policies	44
3	For selling mutual fund products	1,363

24. The Provisioning Coverage Ratio of the bank stands at 85.10% as on March 31, 2010. In accordance with RBI circular DBOD.No.BP.PC.64/21.04.048/2009-10, 'technical write-offs' upto the balance sheet date are included in the Provision Coverage Ratio.
25. In terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.BP.BC.No. 79 /21.04.018/2009-10 dated March 15, 2010 the following additional disclosures are being made for the year ended March 31, 2010

A. (i) Concentration of Deposits

Amount in Rs. million

Particulars	2009-2010
Total Deposits* of twenty largest depositors	109,577
Percentage of Deposits* of twenty largest depositors to Total Deposits of the bank	20.26%

* Inter-bank deposits are excluded.

(ii) Concentration of Advances

Amount in Rs. million

Particulars	2009-2010
Total Advances of twenty largest borrowers	422,736
Percentage of Advances of twenty largest borrowers to Total Advances of the bank	22.96%

Citibank N.A.

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

25. Additional Disclosures (Continued)

(iii) Concentration of Exposures

Amount in Rs. million

Particulars	2009-2010
Total Exposure of twenty largest borrowers/customers	422,736
Percentage of Exposures of twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	22.89%

(iv) Concentration of NPAs

Amount in Rs. million

Particulars	2009-2010
Total Exposure to top four NPA accounts (Net)	645

B. Sector-wise NPAs

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

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

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Schedules forming part of the financial statements of the Indian branches for the year ended March 31, 2010 (Continued)

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

C. Movement of NPAs

Amount in Rs. million

Particulars	2009-2010
Gross NPAs* as on April 1, 2009	18,057
Additions (Fresh NPAs) during the year	23,942
Sub-total (A)	41,998
Less:-	
(i) Upgradations	2,002
(ii) Recoveries (excluding recoveries made from upgraded accounts)	6,489
(iii) Write-offs	20,753
Sub-total (B)	29,244
Gross NPAs as on March 31, 2010	12,754

*Gross NPAs as per item 2 of Annex to DBOD Circular DBOD.BP.BC.No. 46/21.04.048/2009-10 dated September 24, 2009

D. Overseas Assets, NPAs and Revenue

Amount in Rs. million

Particulars	2009-2010
Total Assets	109,473
Total NPAs	-
Total Revenue	179

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

Amount in Rs. million

Name of the SPV sponsored	
Domestic	None
Overseas	None

Citibank N.A.

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Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2010 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2010 (Continued)

26. 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/-

Pramit Jhaveri

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, 2010

	Year ended 31.03.2010 (Rs.million)	Year ended 31.03.2009 (Rs.million)
<u>Cash flow from operating activities</u>		
Net profit for the year before tax	13,619	38,181
<u>Adjustments for:</u>		
Depreciation charge for the year	806	907
Loss/(Profit) on sale/writeoff of fixed assets	32	(133)
Provision for/(Write back of) depreciation on investments	2,542	(1,085)
Provisions for non-performing assets/write offs (net)	16,491	16,969
(Increase) in investments	(38,405)	(59,620)
Decrease/(Increase) in advances	16,158	(31,506)
(Decrease)/Increase in borrowings	(65,324)	73,387
Increase in deposits	27,747	55,524
Decrease/(Increase) in other assets	91,947	(92,134)
(Decrease)/Increase in other liabilities and provisions	(72,714)	63,345
Direct taxes paid	(11,414)	(18,750)
Net cash flow from operating activities	(18,515)	45,085
<u>Cash flow from investing activities</u>		
Purchase of fixed assets	(732)	(1,318)
Proceeds from sale of fixed assets	92	278
(Purchase)/Sale of long term investments	(30)	12
Net cash used in investing activities	(670)	(1,028)
<u>Cash flow from financing activities</u>		
Infusion of capital	11,421	-
Repayment of subordinated debt	(950)	-
Net cash generated from financing activities	10,471	-
Net (decrease)/increase in cash and cash equivalents	(8,715)	44,057
Cash and cash equivalents* as at beginning of the year	160,579	116,522
Cash and cash equivalents* as at end of the year	151,864	160,579

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

As per our report of even date attached.

For S.R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

Sd/-

per Surekha Gracias

Partner

Membership No: 105488

Place : Mumbai

Date : 29 June 2010

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

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. – Indian Branches**

1. We have audited the attached balance sheet of Citibank N.A. – Indian Branches (the 'Bank') as at 31 March 2010, 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956 ('the Companies Act').
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) 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;
 - d) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - e) 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 insofar as they apply to the Bank;

Citibank N.A. – Indian Branches
Auditor's report on the financial statements

5. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 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:
- a) in the case of the balance sheet, of the state of the affairs of the Bank as at 31 March 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

Sd/-
per Surekha Gracias
Partner
Membership No.: 105488

Mumbai
29 June 2010