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

Balance Sheet of the Indian branches
as at March 31, 2013

	Schedules	**31-Mar-13 (Rs in lakhs)**	31-Mar-12 (Rs in lakhs)
CAPITAL & LIABILITIES			
Capital	*1*	**374,384**	374,384
Reserves & Surplus	*2*	**1,363,551**	1,224,045
Deposits	*3*	**6,655,938**	6,469,768
Borrowings	*4*	**3,185,598**	2,892,459
Other liabilities and provisions	*5*	**1,258,628**	1,882,097
TOTAL		**12,838,099**	12,842,753
ASSETS			
Cash and balance with Reserve Bank of India	*6*	**478,438**	674,213
Balances with banks and money at call and short notice	*7*	**1,424,454**	1,159,489
Investments	*8*	**4,407,662**	4,316,668
Advances	*9*	**5,203,554**	4,710,300
Fixed Assets	*10*	**173,454**	78,713
Other Assets	*11*	**1,150,537**	1,903,370
TOTAL		**12,838,099**	12,842,753
Contingent Liabilities	*12*	**98,300,937**	115,295,015
Bills for Collection		**1,217,870**	942,733
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. LLP
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 : 27 June 2013

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
as at March 31, 2013

		Schedules	**Year ended 31-Mar-13 (Rs in lakhs)**	Year ended 31-Mar-12 (Rs in lakhs)
I.	**INCOME**			
	Interest earned	*13*	**891,614**	776,762
	Other income	*14*	**199,722**	139,326
	TOTAL		**1,091,336**	916,088
II.	**EXPENDITURE**			
	Interest expended	*15*	**373,818**	288,746
	Operating expenses	*16*	**289,476**	280,144
	Provisions and contingencies	*17*	**156,208**	154,999
	TOTAL		**819,502**	723,889
III.	**PROFIT**			
	Net profit for the year		**271,834**	192,199
	TOTAL		**271,834**	192,199
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		**67,959**	48,050
	Transfer to Foreign Exchange Reserve		**7,425**	-
	Transfer to Capital Reserve on sale of immovable property		**1,906**	-
	Transfer to Furniture & Equipment Reserve		**-**	-
	Transfer to/(from) Investment Reserve		**23,755**	11,928
	Transfer to Special Reserve		**42**	555
	Transfer to remittable surplus retained for CRAR requirements		**-**	-
	Balance carried over to Balance Sheet under Profit and Loss account		**170,747**	131,666
	TOTAL		**271,834**	192,199
	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. LLP
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 : 27 June 2013

Sd/-
Pramit Jhaveri
Chief Executive Officer

Sd/-
Abhijit Sen
Chief Financial Officer

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

Schedules forming part of the accounts of the Indian branches
as at March 31, 2013

		As at 31.03.2013 (Rs in lakhs)	As at 31.03.2012 (Rs in lakhs)
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))		375,500	300,500
CAPITAL			
Initial Capital		20	20
Interest free funds from H.O. for CRAR requirements			
Opening Balance	374,364		374,364
Additions during the year	-		-
		374,364	374,364
TOTAL		374,384	374,384

			As at 31.03.2013 (Rs in lakhs)	As at 31.03.2012 (Rs in lakhs)
SCHEDULE 2 - RESERVES & SURPLUS				
I.	**Statutory Reserve**			
	Opening Balance	324,058		276,009
	Additions during the year	67,959		48,050
			392,017	324,059
II.	**Furniture & Equipment Reserve**		281	281
III.	**Properties Investment Reserve**		6,194	6,194
IV.	**Properties Revaluation Reserve**			
	Opening Balance	35,312		36,033
	Additions during the year	8,131		-
	Deductions during the year	-		-
	Depreciation during the year	(869)		(721)
			42,575	35,312
V.	**Investment Reserve**			
	Opening Balance	11,928		-
	Additions during the year	23,755		11,928
	Transfer to the Profit and Loss account	-		-
			35,683	11,928
VI.	**Capital Reserve on sale of immovable properties**			
	Opening Balance	4,587		4,587
	Additions during the year	1,906		-
			6,493	4,587
VII.	**Foreign Exchange Reserve**			
	Opening Balance	4,500		4,500
	Additions during the year	7,425		
			11,925	4,500
VIII.	**Special Reserve (see Schedule 18 - Note V (4))**			
	Opening Balance	7,446		6,891
	Additions during the year	42		555
			7,488	7,446
IX.	**Remittable Surplus retained for CRAR requirements**			
	Opening Balance	688,193		688,193
	Additions during the year	-		-
			688,193	688,193
X.	**Balance in Profit and Loss Account**			
	Opening Balance	141,545		99,000
	Less: Remitted during the year	(139,590)		(89,120)
	Additions during the year	170,747		131,665
			172,702	141,545
	TOTAL		1,363,551	1,224,045

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, 2013

		As at 31.03.2013 (Rs in lakhs)	As at 31.03.2012 (Rs in lakhs)
SCHEDULE 3 - DEPOSITS			
A. I.	Demand Deposits		
	i) From banks	**14,688**	19,906
	ii) From others	**1,854,486**	1,979,338
		1,869,174	1,999,244
II	Savings Bank Deposits	**1,650,157**	1,528,282
III.	Term Deposits		
	i) From banks	**51**	47
	ii) From others	**3,136,556**	2,942,195
		3,136,607	2,942,242
	TOTAL	**6,655,938**	**6,469,768**
B	Deposits of branches in India	**6,655,938**	6,469,768
	Deposits of branches outside India	**-**	-
		6,655,938	6,469,768
SCHEDULE 4 - BORROWINGS			
I.	Borrowings in India		
	i) Reserve Bank of India	**1,041,000**	1,500,600
	ii) Other banks	**70,066**	83,498
	iii) Other institutions and agencies	**691,377**	103,212
		1,802,443	1,687,310
II.	Borrowings outside India	**1,383,155**	1,205,149
	TOTAL	**3,185,598**	**2,892,459**
Secured borrowings included in I & II above		**1,624,297**	1,505,395
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills payable	**108,738**	149,017
II.	Inter - office adjustments (net)	**9**	6
III.	Interest accrued	**23,119**	26,338
IV.	Contingent provisions against standard assets (see Schedule 18 - Note V (12.6))	**50,174**	50,174
V.	Others (including provisions)	**1,076,588**	1,656,562
	TOTAL	**1,258,628**	1,882,097

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, 2013

			As at 31.03.2013 (Rs in lakhs)	As at 31.03.2012 (Rs in lakhs)
	SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand (including foreign currency notes)		**17,520**	23,580
II.	Balances with Reserve Bank of India			
1	i) in Current account	**320,918**		370,633
2	ii) in Other Deposit accounts	**140,000**		280,000
			460,918	650,633
	TOTAL		**478,438**	**674,213**

			As at 31.03.2013 (Rs in lakhs)	As at 31.03.2012 (Rs in lakhs)
	SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India			
	i) Balances with banks			
1	a) In Current accounts	**19,799**		14,325
2	b) In Other Deposit accounts	**477,025**		442,000
			496,824	456,325
	ii) Money at call and short notice			
1	a) With banks	-		15,775
	b) With other institutions	-		-
			-	15,775
	TOTAL (i & ii)		**496,824**	472,100
II.	Outside India			
1	i) In Current account	**8,192**		88,160
2	ii) In Other Deposit accounts	**919,438**		599,229
	iii) Money at call and short notice	-		-
			927,630	687,389
	GRAND TOTAL (I & II)		**1,424,454**	1,159,489

		As at 31.03.2013 (Rs in lakhs)	As at 31.03.2012 (Rs in lakhs)
	SCHEDULE 8 - INVESTMENTS		
I.	Investments in India in		
1	i) Government securities	**4,114,455**	4,236,982
	ii) Other approved securities		-
4	iii) Debentures and Bonds	-	5,404
3	iv) Shares	**1,242**	952
6	v) Others (see Schedule 18 Note V (2))	**291,965**	73,330
	TOTAL	**4,407,662**	4,316,668

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, 2013

		As at 31.03.2013 (Rs in lakhs)	As at 31.03.2012 (Rs in lakhs)
SCHEDULE 9 - ADVANCES			
A.	i) Bills purchased and discounted	320,275	270,446
2	ii) Cash credits, overdrafts and loans repayable on demand	864,970	851,083
3	iii) Term loans	4,018,309	3,588,771
	TOTAL	5,203,554	4,710,300
B	i) Secured by tangible assets (Including advances against book debts)	1,976,473	1,791,106
	ii) Covered by Bank / Government guarantees	69,546	12,790
	iii) Unsecured	3,157,535	2,906,404
	TOTAL	5,203,554	4,710,300
C. I.	Advances in India		
	i) Priority sectors	1,386,961	1,359,775
	ii) Public sector	61,619	29,513
	iii) Banks	-	
	iv) Others	3,754,974	3,321,012
	TOTAL	5,203,554	4,710,300
C. II.	Advances outside India	-	-
	GRAND TOTAL (C. I & C. II)	5,203,554	4,710,300
SCHEDULE 10 - FIXED ASSETS			
I.	Leasehold land		
	At cost as on 1 April	7,406	7,406
	Additions during the year	-	-
	Deductions during the year	-	-
		7,406	7,406
	Depreciation to date	(2,104)	(1,955)
	TOTAL	5,302	5,451
II.	Premises		
	At cost as on 1 April	8,108	8,108
	Additions during the year	-	-
	Deductions during the year	(23)	-
1		8,085	8,108
4	Depreciation to date	(1,798)	(1,676)
		6,287	6,432
	Add: Premises revaluation	42,574	35,312
	TOTAL	48,861	41,744
III. A	Other Fixed assets (including furniture and fixtures)		
	At cost as on 1 April	61,961	61,382
	Additions during the year	3,449	8,255
	Deductions during the year	(5,764)	(7,677)
1		59,646	61,960
4	Depreciation to date	(40,334)	(38,773)
		19,312	23,187
III. B	Other Fixed assets (taken on lease)		
	At cost as on 1 April	9,315	8,610
	Additions during the year	1,685	2,673
	Deductions during the year	(1,992)	(1,968)
		9,008	9,315
	Depreciation to date	(4,997)	(4,296)
		4,011	5,019
	TOTAL	23,323	28,206
IV.	Capital Work-in-progress	95,968	3,312
	GRAND TOTAL (I, II, IIIA, IIIB, IV)	173,454	78,713

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, 2013

SCHEDULE 11 - OTHER ASSETS

		As at 31.03.2013 (Rs in lakhs)	As at 31.03.2012 (Rs in lakhs)
I.	Due from Head office	826	4,435
II.	Interest accrued	100,412	108,993
III.	Tax paid in advance/tax deducted at source (net of provision for tax) (see Schedule 18 - Note V (8))	118,294	131,797
IV.	Non-banking assets acquired in satisfaction of claims	-	-
V.	Deferred tax assets (net) (see Schedule 18 - Note V (17))	43,014	29,631
VI.	Others	887,991	1,628,514
	TOTAL	1,150,537	1,903,370

SCHEDULE 12 - CONTINGENT LIABILITIES

		As at 31.03.2013 (Rs in lakhs)	As at 31.03.2012 (Rs in lakhs)
I.	Claims against the bank not acknowledged as debts	2,752	2,983
II.	Liability on account of outstanding forward exchange contracts	52,499,992	57,537,023
III.	Liability on account of outstanding Rupee Interest Rate Swaps	43,263,289	55,104,902
IV.	Guarantees given on behalf of constituents		
	a) In India	945,247	1,041,766
	b) Outside India	333,702	228,254
V.	Acceptances, endorsements and other obligations	1,107,006	1,244,575
VI.	Others	148,949	135,512
	TOTAL	98,300,937	115,295,015

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, 2013

SCHEDULE 13 - INTEREST EARNED

		Year ended 31-Mar-13 (Rs in lakhs)	Year ended 31-Mar-12 (Rs in lakhs)
I	Interest/discount on advances/bills	484,646	424,439
II	Income on investments	360,054	305,950
III	Interest on balances with Reserve Bank of India and other inter-bank funds	43,711	43,053
IV	Others	3,203	3,320
	TOTAL	891,614	776,762

SCHEDULE 14 - OTHER INCOME

I	Commission, exchange and brokerage	99,193	95,340
II	(Loss)/Profit on sale of investments (net)	(20,539)	(46,438)
III	(Loss)/Profit on sale/ write-off of fixed assets (net)	4,245	(64)
IV	Profit on exchange transactions	115,875	85,717
V	Miscellaneous income	948	4,771
	TOTAL	199,722	139,326

SCHEDULE 15 - INTEREST EXPENDED

I	Interest on deposits	252,495	194,565
II	Interest on Reserve Bank of India/ inter-bank borrowings	71,357	62,307
III	Others	49,966	31,874
	TOTAL	373,818	288,746

SCHEDULE 16 - OPERATING EXPENSES

I	Payments to and provisions for employees	106,243	106,090
II	Rent, taxes and lighting	15,693	14,189
III	Printing and stationery	4,705	4,580
IV	Advertisement and publicity	11,546	11,944
V	Depreciation on Bank's property	9,365	9,880
VI	Auditors' fees and expenses	143	96
VII	Law charges	1,344	2,194
VIII	Postage, telegrams, telephones, etc.	37,223	32,799
IX	Repairs and maintenance	8,754	8,196
X	Insurance	6,791	5,889
XI	Other expenditure	87,669	84,287
	TOTAL	289,476	280,144

SCHEDULE 17 - PROVISIONS AND CONTINGENCIES

I	Provision for non-performing assets / write offs (net)	38,824	32,406
II	Provision for standard assets		-
III	Provision for current taxation	200,425	138,951
IV	Deferred tax charge / (benefit) (see Schedule 18 - Note V (17))	(13,383)	(1,481)
V	Provision for depreciation/(Write back of Provision) on Investments	(55,821)	(27,432)
VI	Others (see Schedule 18 - Note V (7))	(13,837)	12,555
	TOTAL	156,208	154,999

Schedule 18

I. Background

The accompanying financial statements for the year ended March 31, 2013 comprise the accounts of Citibank N.A. – India branches ('the Bank'), a banking company under the Banking Regulation Act, 1949. Citibank N.A. is incorporated with limited liability in the United States of America.

The Indian branches of the Bank as at March 31, 2013 are at:

Ahmedabad, Akola, Aurangabad, Bengaluru (M.G. Road and South End Road), Bhopal, Bhubaneshwar, Chandigarh, Chennai (Anna Salai and Alwarpet), Coimbatore, Faridabad, Gurgaon, Indore, Jaipur, Jalandhar, Kochi, Kolkata (Brabourne Road and Chowringee Road), Lucknow, Ludhiana, Mumbai (Andheri West, Andheri East, Fort, Juhu, Khar and Vashi), Nanded, Nandyal, Nasik, New Delhi (Sansad Marg, Punjabi Baug, Nehru Place, South Extension and Vasant Vihar), Noida, Puducherry, Pune, Secunderabad, Surat, Vadodara and Vapi. During the year, the branch at Nariman Point, Mumbai was relocated within the same city to Andheri East.

The Bank continues to explore opportunities for a possible relocation of some of its branches in connection with an ongoing review of the viability of its branches and appropriate steps are being taken in line with applicable regulations.

II. Basis of preparation

The financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices within the banking industry in India. The disclosures presented herein confirm to the guidelines laid down in the Master Circular - Disclosure in Financial Statements - Notes to Accounts (DBOD.BP.BC No.14 /21.04.018/2012-13 dated July 2, 2012).

III. Use of estimates

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

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.13 / 21 .04.141 / 2012-13 dated July 2, 2012 and amendments thereto.

Classification

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

Valuation

Investments classified as HTM are carried at acquisition cost. Any premium on acquisition is amortised over the remaining period to maturity on a constant yield to maturity. The Bank held no investments classified as HTM during the year (Previous Year: NIL).

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, Commercial Papers and Certificate of Deposits being discounted instruments are valued at carrying cost in line with the RBI Circular mentioned above. Carrying cost includes the discount accreted for the holding period on a constant yield basis.

Investments in Pass Through Certificates have been valued on the basis of the Base Yield Curve and the applicable spreads as per the spread matrix relative to the tenor of the underlying assets which is in accordance with FIMMDA guidelines.

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.

During the year ended March 31, 2013, pursuant to change in the accounting system adopted by the bank, the method of accounting for securities was changed from the Weighted Average Cost (WAC) to the First-in-First-Out (FIFO) method. The change was effected to be consistent with Citibank global accounting policy. As a result of the change, the profit/loss on sale of investment is higher by Rs. 822 lakhs, and provision for depreciation for investments is higher by Rs. 723 lakhs.

IV. Significant accounting policies *(Continued)*

Repurchase transactions

Pursuant to RBI Master Circular – Prudential norms for classification, valuation and operation of investment portfolio by banks (DBOD No. BP. BC.13 / 21 .04.141 / 2012-13 dated July 2, 2012, repurchase ('repo') and reverse repurchase ('reverse repo') transactions are accounted for as borrowing and lending transactions. Accordingly, a security given as a collateral under an agreement to repurchase them, continues to be held under the investment account of the Bank and the Bank continues to accrue the coupon / discount on the security during the repo period. Also, the Bank continues to mark to market such securities as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income / expense over the period of the transaction in the Profit and Loss account. Similarly, securities taken as collateral under agreement to resale are not included in the investment account of the Bank.

Broken period interest

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

2) Advances

Advances, including purchase of loan portfolios, are stated net of specific provisions and interest suspense. The Bank follows a consistent internal policy of classifying its advances as commercial and consumer loans and advances. Premium paid on acquisition of portfolios is included in advances and is amortised over the life of the portfolio. In case of certain loans acquired by way of purchase of loan portfolios, the Bank has entered into an arrangement with the seller to continue servicing such loans.

Classification and provisioning of advances of the Bank is carried out in accordance with the RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances DBOD.No.BP.BC.9 /21.04.048/2012-13 dated July 2, 2012 and amendments thereto.

The Bank adopts RBI norms as specified in the circular referenced above for identification of Non Performing Assets ('NPAs'), unless the events warrant an earlier recognition of NPA. Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed in RBI guidelines.

The Bank also maintains provision on standard assets to cover potential credit losses not yet identified, which are inherent in any loan portfolio as well as in positive mark to market gains, in accordance with the RBI circular no. DBOD.No.BP.BC.9 /21.04.048/2012-13 dated July 2, 2012 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.9 /21.04.048/2012-13 dated July 2, 2012. Such provisions are reduced from advances on the balance sheet.

IV. Significant accounting policies *(Continued)*

3) Foreign currency transactions

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

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

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

Foreign currency swaps and forward rate agreements are marked to market using the rates notified by FEDAI. The profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. The notional value of these swaps and forward rate agreement is recorded as a contingent liability.

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 marking to market these contracts is recorded in the Balance Sheet under "Other assets" or "Other liabilities", as the case may be. Notional values of these contracts are recorded as contingent liability.

Foreign currency options are marked to market using market values after considering the premium received or paid. The profit or loss on revaluation is recorded in the Profit and Loss account and corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. Premium received and premium paid is recognized in the Profit and Loss account upon expiry or exercise of the options. The notional value of these options is recorded as a contingent liability.

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

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

IV. Significant accounting policies *(Continued)*

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 corresponding asset or liability is shown under "Other assets" or "Other liabilities", as the case may be. The notional value of these swaps is recorded as a contingent liability.

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

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

5) Securitisation and assignment transactions

In compliance with the 'Guidelines on Securitisation of Standard Assets' vide circular no. DBOD.No. B.P.BC.60/21.04.048/2005-06 dated February 1, 2006 issued by the RBI, gain arising on securitisation is amortized over the life of security issued/to be issued by the Special Purpose Vehicle (SPV). Loss, if any, is recognized immediately in the Profit and Loss account.

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

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

6) Cash and Cash equivalents

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

7) Fixed assets and depreciation

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

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

IV. Significant accounting policies *(Continued)*

Depreciation is provided on the straight-line method from the date of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account upto the month of sale. In respect of any assets where management's estimate of useful life is lower, either at the time of acquisition, or during a subsequent review, the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided at the following rates:

Asset Description	Depreciation Rate (% p.a.)
Leasehold land and Premises	2.00
Installations, furniture and work of art	10.00
Equipment	15.00
Telecom equipment, telephone systems, racks, structured cables, Other computer hardware and related equipments	20.00
Personal computers along with operating systems (Desktop/Laptop/Monitor/Desktop printer)	33.33
Software (Internally developed / Purchased)	20.00/33.33
LAN printers, servers, scanners, fax machines	25.00
Vehicles	25.00

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

Per the guidelines issued by the RBI on Acquisition/Leasing of Premises (IBS.1728/C.553A-87 dated November 30, 1987), the Bank has retained "Properties Investment Reserve" as at March 31, 2013 of Rs. 6,194 lakhs (Previous year Rs. 6,194 lakhs). The Bank has also retained Furniture & Equipment Reserve as at March 31, 2013 of Rs. 281 lakhs (Previous year Rs. 281 lakhs).

In the absence of any specific guidelines, there have been no further additions to properties investment reserve in respect of new premises acquired by the bank during the financial year. Such acquisition has been funded out of local funds.

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

8) Retirement benefits

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

IV. Significant accounting policies *(Continued)*

(a) Provident fund

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

(b) Superannuation

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

(c) Gratuity

The Bank provides for its gratuity liability which is a defined benefit scheme. Such provision is based on actuarial valuation of the gratuity liability as at the balance sheet date carried out by an independent actuary. The contributions to the gratuity fund are managed by a trust and the funds are partly invested with Life Insurance Corporation of India and partly self-managed as per the Investment Pattern prescribed by Ministry of Finance, Govt. of India.

(d) Pension

The Bank provides for its pension liability which is a defined benefit scheme. Such provision is based on actuarial valuation of the pension liability at the balance sheet date carried out by an independent actuary. The contributions to the pension fund are managed by the trust, which invests the fund as per the Investment Pattern prescribed by Ministry of Finance, Govt. of India and Annuities are purchased from Life Insurance Corporation of India as and when the employee becomes eligible for the benefit.

(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.

9) Income recognition

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

Fees and commission income is recognised when due except when it is in the nature of yield enhancement. Yield enhancement fees and commission are deferred, along with related expenses including loan origination 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.

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

10) Provision for reward points on credit cards

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

11) Taxation

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

Provision for current income-tax is recognized in accordance with the provisions of Indian Income-tax Act, 1961 and after due consideration of relevant statutory provisions and judicial decisions on disputed issues.

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

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

12) Accounting for leases

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

Operating leases

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

Financial leases

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

IV. Significant accounting policies *(Continued)*

lease are depreciated over the lease term, which is reflective of the useful life of the leased asset.

13) Provisions and contingencies

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

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

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

14) Goodwill

Excess of consideration paid over net assets purchased in a business acquisition is recorded as Goodwill. Goodwill, if any, is amortized over its useful life of five years as determined by the management. The unamortized portion of the Goodwill is treated as an Intangible asset and reduced for the purposes of capital adequacy computation. As at 31 March 2013, the Bank does not have any goodwill on its books.

15) Unclaimed items

The Bank has a policy of moving ageing unclaimed items other than unclaimed deposits, which are individually below a threshold of Rs 50,000 per item, to Profit and Loss. Such transfers to Profit and Loss are only effected after meeting additional criteria and due diligence as specified in the internal guidelines of the bank.

V. Notes forming part of the financial statements for the year ended March 31, 2013

1. The Bank is required to lodge additional securities with the RBI under section 11(2)(b) of the Banking Regulation Act, 1949 amounting to Rs. 67,960 lakhs for the year ended March 31, 2013 (Previous year Rs. 48,050 lakhs). As at March 31, 2013, the face value of securities lodged with the RBI stands at Rs. 375,500 lakhs (Previous year Rs. 300,500 lakhs).

2. Other investments comprise of Commercial paper amounting to Rs. NIL (Previous Year: Rs.4,522 lakhs), Certificates of deposits amounting to Rs. 173,719 lakhs (Previous year Rs. 68,808 lakhs), and Pass through Certificates amounting to Rs. 118,246 lakhs (Previous year: NIL)

3. Bills received from constituents for collections on their behalf are controlled through memorandum registers and are recorded in financial ledgers only when collected. These bills for collection outstanding as at the year-end have been stated in the Balance Sheet.

4. The Bank has created an incremental Special Reserve of Rs. 42 lakhs (Previous year Rs. 555 lakhs) pursuant to clause (viii) under sub-section (1) to section 36 of the Income Tax Act, 1961.

5. There was a sale of two residential premises owned by the Bank during the financial year. A gain on sale of Rs 4,478 lakhs was realized on these two transactions which has been reported under Other Income. The gain amount after netting for tax of Rs 1,937 lakhs and appropriation to statutory reserves of Rs 635 lakhs respectively, has been appropriated to Capital Reserve.

6. Advances of the Bank include an exposure to an obligor in India which was covered by a Standby letter of credit (SBLC) issued by an offshore branch of Citibank N.A. The exposure is classified as a Non Performing Loan and the Bank had invoked the SBLC and received full consideration for the same from the offshore branch during the financial year. Proceeds of the SBLC have not yet been appropriated towards the exposure pending completion of legal proceedings for recovery of the outstanding from the obligor in order to protect the legal position of the bank. The proceeds of the SBLC have been reported under Other Liabilities pending appropriation. The exposure has been considered as a secured loan for determining provisioning requirements as per RBI norms for Non Performing Loans.

   In respect of the same exposure a provision of Rs. 16,305 lakhs was created in the previous financial year basis classification as an unsecured exposure as the proceeds from the SBLC were not received before close of the financial year.

7. Provisions and Contingencies (Schedule 17 (VI)) comprises of Rs. 615 lakhs been credited to the Profit and Loss account on account of change in diminution in fair value of loans, which were restructured in prior years and upgraded to standard assets subsequently (Previous Year: Rs. 666 lakhs) and Rs 13,220 lakhs towards release of provision taken in previous year for a Letter of credit (LC) issued now reclassified under provision for non performing assets/write offs [Schedule 17 (I)] as the LC had devolved and the exposure is reported under Schedule 9 Loans and Advances.

8. Other Assets [Schedule 11 (III)] includes Rs. 59,715 lakhs (Previous year: Rs 46,952 lakhs) towards disputed Income Tax paid by the Bank/ adjusted by the authorities. Provision for taxation is not considered necessary by the Bank in respect of above disputed demands based on various judicial decisions on such disputed issues.

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

9. In respect of a fraud incident perpetrated by an employee in an earlier year, the insurance claim which was pending settlement as of the end of the previous financial year, was fully settled during the current financial year. The bank continues to incur legal expenses in relation to the fraud and continues to take steps towards pursuing recovery as the matter is under the purview of investigative agencies and in various stages of litigation.

   Citibank India has in place a Standby Letter of Credit (SBLC) extended by Citibank Head Office (NY) to the extent of the rupee equivalent of USD 2.3 billion, as an additional support to cover Citibank India's facilities provided to locally incorporated subsidiaries of multinational companies which have a global banking relationship with Citibank. The Bank undertakes a credit appraisal of such exposures based on the available financials of the local subsidiaries. In addition, the Bank also receives inputs on credit assessment from the Citibank franchise in respective countries which manages the global relationship for that entity and further relies on credit support from the SBLC extended by Citibank Head Office. In turn the relevant Citibank entity derives comfort from the support of the parent of the local subsidiary. In certain cases, specific SBLCs are obtained from the Citibank branch which manages the global relationship basis periodic review.

10. An incident of fire was reported in a new premises acquired by the bank while in the process of furbishment. The fire originated from electrical equipment on one floor and caused extensive damage to furniture and equipment but no other loss as the premises was not under occupancy. There was also collateral damage to other floors owned by the bank in the same building which were also under furbishment. In addition there was damage to common building infrastructure and external facade. The damage to premises was covered under separate insurance policies for internal furbishments and base building damages.

    An aggregate claim of Rs 3,925 lakhs has been filed with the insurance company. The loss assessment by the insurance surveyors has been completed for internal furbishments and for base building the assessment is in final stages of completion. The claim is under process. An expense of Rs 486 lakhs has been recorded in the financial year on account of losses from fire not admissible for insurance cover and including deductibles as per terms of the insurance policy. A receivable from insurance company has been booked for the expected settlement after adjusting for the loss amount recognized in the Profit and loss account.

11. The compensation structure of Citibank India, including that of the Chief Executive Officer, confirms with the Financial Stability Board (FSB) principles and standards. A confirmation to that effect has been filed with the Reserve Bank of India.

12. The following disclosures are made in accordance with the requirements of accounting standards and RBI guidelines in this regard:

12.1. Capital adequacy ratio has been computed as per Basel I and Basel II norms as required by RBI guidelines in this regard. The capital adequacy ratio as per Basel I is 16.10% (Previous year 16.58%) and under Basel II is 15.90% (Previous year 16.03%)

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

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

Ratio	As at March 31, 2013	As at March 31, 2012
CRAR – Tier I Capital	**14.81%**	15.15%
CRAR – Tier II Capital	**1.09%**	0.88%
Amount of subordinated debt raised as Tier II capital	**NIL**	NIL

12.2 Business ratios

Ratio	2012-2013	2011-2012
Percentage of net NPAs to net advances	**1.47%**	0.90%
Interest income as a percentage to working funds	**6.96%**	6.62%
Non-interest income as a percentage to working funds	**1.56%**	1.19%
Operating profit as a percentage to working funds	**3.34%**	2.96%
Return on assets	**2.12%**	1.64%
Business (deposits plus advances) per employee (Amount in Rs. lakhs)	**2,124**	1,975
Profit per employee (Amount in Rs. lakhs)	**50.19**	36.03

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.

12.3 Maturity Pattern

Maturity pattern as at March 31, 2013 *Amount in Rs. lakhs*

Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	36,664	2,177,434	110,574	152,189	393,725	171,469
2 to 7 days	258,935	-	673,485	1,704,297	588,945	28,066
8 to 14 days	117,119	-	245,510	-	52,941	19,690
15 to 28 days	355,014	309,588	343,863	-	206,189	24,002
29 days to 3 months	659,809	326,442	763,786	81,839	362,584	262,276
Over 3 months and upto 6 months	489,755	115,899	431,576	92,650	315,805	226,294
Over 6 months and upto one year	472,987	194,109	660,756	543,949	267,663	874,031
Over one year and upto 3 years	1,349,129	809,350	3,354,355	610,526	71,002	1,061,058
Over 3 years and upto 5 years	427,181	124,000	67,430	148	100,700	15,354
Over 5 years	1,036,961	350,840	4,603	-	10,650	-
Total	**5,203,554**	**4,407,662**	**6,655,938**	**3,185,598**	**2,370,204**	**2,682,240**

Maturity pattern as at March 31, 2012 — *Amount in Rs. lakhs*

Maturity Bucket	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilites
Day 1	23,633	2,590,855	133,837	100,591	275,210	138,250
2 to 7 days	108,213	525,221	667,304	1,584,049	287,354	30,946
8 to 14 days	130,972	37,943	325,949	150,700	195,047	174,937
15 to 28 days	180,866	60,529	313,188	-	112,364	21,377
29 days to 3 months	616,156	128,975	487,094	153,057	313,244	289,782
Over 3 months and upto 6 months	686,167	46,556	379,177	107,318	456,381	304,197
Over 6 months and upto one year	508,055	130,427	766,773	526,149	139,811	777,977
Over one year and upto 3 years	1,036,711	697,305	3,366,594	269,653	39,116	802,609
Over 3 years and upto 5 years	302,051	3,946	23,695	942	69,494	8,033
Over 5 years	1,117,476	94,911	6,157	-	140,149	10
Total	**4,710,300**	**4,316,668**	**6,469,768**	**2,892,459**	**2,028,170**	**2,548,118**

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.
- Previous year figures have been represented, to conform to the current year's presentation

12.4 *Lending to sensitive sectors*

A) Exposure to real estate sector

In accordance with the requirements laid down in RBI Master Circular on Disclosure in Financial Statements - Notes to Accounts (DBOD.BP.BC No.14 /21.04.018/2012-13) dated July 2, 2012, following are the disclosures in respect of Exposures to Real Estate Sector.

Amount in Rs. lakhs

Category	As at March 31, 2013	As at March 31, 2012
1. Direct exposure		
(i) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower:	**1,362,241**	**1,115,581**
Of which individual housing loans eligible for inclusion in priority sector advances	**87,799**	**90,613**

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

Category	As at March 31, 2013	As at March 31, 2012
(ii) Commercial real estate		
Lending secured by mortgages on income producing real estates	**59,500**	**41,845**
(iii) Others*	**162,942**	158,335
2. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**305,364**	226,570
Total	**1,890,047**	1,542,331

*Others include real estate exposures such as loan on mortgage of commercial property where repayment is not from cash flows generated from leasing/sale of such property.

B) Exposure to capital market

Amount in Rs. lakhs

Category	As at March 31, 2013	As at March 31, 2012
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**1,242**	952
Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	**21,712**	23,100
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	**2,602**	5,090
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**139,461**	163,768
Facility secured against residential real estate classified as CME based on the end use of the loan which is investment into capital markets	**2,417**	1,397
Other Financial Guarantees*	**16,259**	82,321
Total	**183,693**	276,628

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

12.5 *Movement in Non- performing assets*

Amount in Rs. lakhs

Particulars	**2012-2013**			2011-2012		
	Gross NPA	**Provision**	**Net NPA**	Gross NPA	Provision	Net NPA
Opening balance as on April 1	**84,642**	**42,266**	**42,376**	83,867	34,587	49,280
Additions during the year	**104,211**	**40,097**	**64,115**	70,837	41,940	28,897

Particulars	2012-2013			2011-2012		
	Gross NPA	**Provision**	**Net NPA**	Gross NPA	Provision	Net NPA
Recoveries/write offs the year	(52,980)	(23,154)	(29,826)	(70,062)	(34,261)	(35,801)
Closing balance as on March 31	**135,873**	**59,209**	**76,665**	84,642	42,266	42,376

12.6 *Provision on standard assets*

The Bank is holding a provision towards standard assets of Rs. 50,174 lakhs (Previous year Rs. 50,174 lakhs). The provision is in excess of the requirements basis the current asset position. The excess has been retained in accordance with the guidelines contained in the RBI Circular DBOD.BP.BC. 83 / 21.01.002/2008-09 dated November 15, 2008.

12.7 *Floating Provision*

In accordance with the requirements laid down in RBI Master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (DBOD.No.BP.BC.9 /21.04.048/2012-13) dated July 2, 2012, the Bank has a formulated a policy on floating provisions. Per the said policy, an assessment has been performed on requirements of such provisions based on which no floating provision was required as of March 31, 2013. (Previous year: NIL)

12.8 *Restructured loans*

Pursuant to RBI Circular on Disclosure Requirements on Advances Restructured by Banks and Financial Institutions (DBOD.BP.BC.No.80/21.04.132/2012-13 dated January 31, 2013), following are the disclosures in respect of outstanding restructured loans as at March 2013. There are no restructured cases under CDR Mechanism and SME Debt Restructuring. Details in respect of Others are provided below:

Amount in Rs. lakhs

Type of Restructuring		**Others**				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total
Details						
Restructured Accounts as on April 1 of the FY (opening figures)	No. of borrowers	13,428	691	6,601	1	20,721
	Amount outstanding	7,012	1,063	5,071	-	13,146
	Provision thereon	141	413	4,820	-	5,374
Fresh restructuring during the year	No. of borrowers	1	1,021	119	22	1,163
	Amount outstanding	1,645	1,313	1,305	329	4,592
	Provision thereon	45				

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, 2013 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2013 (Continued)

			309	418	329	1,101
Upgradations to restructured standard category during the FY	No. of borrowers	778	(355)	(423)	-	-
	Amount outstanding	422	(443)	(383)	-	(404)
	Provision thereon	31	(199)	(378)	-	(546)
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the FY	No. of borrowers	(645)	(95)	486	254	-
	Amount outstanding	(578)	(82)	(179)	109	(730)
	Provision thereon	(12)	(56)	(179)	109	(138)
Write-offs of restructured accounts during the FY	No. of borrowers	(735)	(138)	(2,728)	-	(3,601)
	Amount outstanding	(352)	(192)	(1,722)	-	(2,266)
	Provision thereon	(7)	(87)	(1,722)	-	(1,816)
Restructured accounts Recovered during the FY	No. of borrowers	(3,831)	(100)	(2,426)	(1)	(6,358)
	Amount outstanding	(4,708)	(310)	(1,712)	(0)	(6,730)
	Provision thereon	(33)	(62)	(1,558)	(0)	(1,653)
Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	8,996	1,024	1,629	276	11,925
	Amount outstanding	3,441	1,349	2,380	438	7,608
	Provision thereon	165	318	1,401	438	2,322

12.9 In accordance with the requirements laid down in RBI master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (DBOD.No.BP.BC.9 /21.04.048/2012-13) dated July 2, 2012, following are the disclosures in respect of transactions relating to sale of financial assets to any securitisation/reconstruction company for assets reconstruction.

Particulars	2012-2013	2011-2012
(i) No. of accounts	**445**	1
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC (Rs lakhs)	**3,674**	-
(iii) Aggregate consideration (Rs lakhs)	**1,881**	400
(iv) Additional consideration realized in respect of accounts transferred in earlier years (Rs lakhs)	-	-
(v) Aggregate gain/(loss) over net book value (Rs lakhs)	**(1,793)**	400

12.10 ***Details of non-performing financial assets sold:***

Particulars	2012-2013	2011-2012
(i). No. of accounts sold	**445**	1
(ii). Aggregate outstanding (net of provisions) (Rs lakhs)	**3,674**	-
(iii). Aggregate consideration received (Rs lakhs)	**1,881**	400

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

12.11 ***Investment***

A) Value of investments *Amount in Rs. lakhs*

Particulars	As at March 31, 2013	As at March 31, 2012
(1) Gross value of investments		
(a) In India	**4,417,031**	4,381,859
(b) Outside India	-	-
(2) Provisions for depreciation		
(a) In India	**(9,369)**	(65,191)
(b) Outside India	-	-
(3) Net value of investments		
(a) In India	**4,407,662**	4,316,668
(b) Outside India	-	-

B) Movement of provisions held towards depreciation of investments *Amount in Rs. lakhs*

Particulars	As at March 31, 2013	As at March 31, 2012
Opening balance as on April 1	**65,191**	92,623
Add: Provision made during the year	-	-
Less: Write back of provisions during the year	**(55,822)**	(27,432)
Closing balance as on March 31	**9,369**	65,191

During the year, the Bank has appropriated Rs 23,755 lakhs (Previous Year: Rs. 11,928 lakhs) to Investment Reserve in accordance with RBI Master Circular on Master Circular – Prudential norms for classification, valuation and operation of investment portfolio by banks (DBOD No. BP. BC.13 / 21 .04.141 / 2012-13 dated July 2, 2012) and amendments thereto. Also, in accordance with these guidelines, the Bank had neither appropriated nor withdrawn any amount from this reserve during the year.(Previous Year : NIL)

Investments include government securities representing face value of Rs.3,804,309 lakhs (Previous year: Rs. 3,556,168 lakhs) deposited for settlement guarantee fund and Collateralised Borrowings and Lending Obligation (CBLO) with Clearing Corporation of India (CCIL); and for intra-day liquidity under Real Time Gross Settlement system (RTGS), for repo transactions and under Liquidity Adjustment Facility (LAF) and to meet the requirements of section 11 (2) (b) of the Banking Regulation Act, 1949 with RBI.

12.12 *Non-SLR investment portfolio*

A) Issuer composition of non-SLR investments as on March 31, 2013

Amount in Rs. lakhs

Issuer	**Amount**	**Extent of private placement ****	**Extent of 'below investment grade' securities**	**Extent of 'unrated' securities**	**Extent of 'unlisted' securities**
Public sector undertakings	-	-	-	-	-
Financial institutions	-	-	-	-	-
Banks*	173,719	173,719	-	-	173,719
Private corporates	1,242	1,242	-	1,242	1,242
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	121,880	121,880	-	-	121,880
Provisions held towards depreciation	(3,634)	-	-	-	-
Total	293,207	296,841	-	1,242	296,841

* Includes investment in public sector banks

** All certificate of deposits are considered as private placements.

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

Amount in Rs. lakhs

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
Public sector undertakings	4,904	-	-	-	-
Financial institutions	-	-	-	-	-
Banks	68,808	49,193	-	-	68,808
Private corporates	952	952	-	952	952
Subsidiaries/Joint Ventures	-	-	-	-	-
Others	5,022	5,022	-	-	5022
Provisions held towards depreciation	-	-	-	-	-
Total	79,686	55,167	-	952	74,782

Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2013 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

B) Non-performing non-SLR investments

There were no non performing non-SLR investments during the year ended March 31, 2013 (Previous year NIL).

12.13 *Repo and reverse repo transactions (excluding transactions under LAF)*

Amount in Rs Lakhs

	2012-2013				2011-2012			
	Minimum outstanding during the year*	**Maximum outstanding during the year**	**Daily average outstanding during the year***	**As on March 31, 2013**	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year*	As on March 31, 2012
Securities sold under repos								
i. Government securities	**100**	**1,130,201**	**321,549**	-	900	602,105	187,093	900
ii. Corporate debt securities	-	-	-	-	-	-	-	-
Securities purchased under reverse repos								
i. Government securities	**529**	**120,000**	**38,321**	-	1,000	345,720	51,240	15,000
ii. Corporate debt securities	-	-	-	-	-	-	-	-

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

12.14 *Derivatives*

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

Amount in Rs. lakhs

Type	Item	Notional principal as at	
		March 31, 2013	March 31, 2012
Trading	*Interest rate swaps*		
	MIBOR Overnight Index Swaps	**28,736,027**	39,556,013
	MIFOR	**4,201,560**	4,524,372
	GOI Securities Yield / INBMK	**816,465**	888,848
	LIBOR	**9,294,111**	9,783,887
	Basis swaps	**1,90,125**	124,283
	Swaptions	-	1,373,625
	Cross Currency swaps		
	Cross Currency Swap	**1,514,090**	1,725,836
Hedging	MIBOR Overnight Index Swaps	**25,000**	227,500

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

MIBOR – Mumbai Interbank Offer Rate
MIFOR – Mumbai Interbank Forward Offer Rate

LIBOR – London Interbank Offer Rate
INBMK – Indian Benchmark Rate

Amount in Rs. lakhs

Losses which would be incurred if the counter-parties failed to fulfill their obligations in respect of:	**March 31, 2013**	March 31, 2012
Interest rate swaps	**128,522**	281,110
Cross Currency swaps	**40,461**	122,235

Amount in Rs. lakhs

Fair value of:	**March 31, 2013**	March 31, 2012
Interest rate swaps	**(6,087)**	(10,670)
Cross Currency swaps	**(47,038)**	(23,847)

- 85.83% (Previous Year 90.40%) of Interest rate swaps, 27.31% (Previous year 50.59 %) of Cross Currency Interest Rate Swaps have been contracted with banks. As at March 31, 2013 there were no outstanding Forward Rate Agreements (Previous Year NIL).
- Agreements are entered into with Banks, Corporates and overseas branches of Citibank N.A. under approved credit lines. The Bank does not seek specific collateral for entering into swaps.

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

Amount in Rs. lakhs

S.No.	Particulars	**March 31, 2013**	March 31, 2012
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) - 91 Day T-bill futures	-	75,016
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March (instrument-wise)	-	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	**Not applicable**	Not applicable
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	**Not applicable**	Not applicable

12.16 *Disclosure on risk exposure on derivatives*

Qualitative disclosure

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

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

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

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

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

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

The quantitative disclosure required pursuant to RBI circular on Disclosure in Financial Statements - Notes to Accounts ref. DBOD.BP.BC No.14 /21.04.018/2012-13 dated July 3, 2012 and amendments thereto are given below. These disclosures also include exposure for open foreign currency futures and interest rate future contracts under the currency derivatives and interest rate derivatives category, respectively. Similarly, the notional principal amount of such open foreign currency futures contracts is included under liability on account of outstanding forward exchange contracts in Schedule 12 – Contingent Liabilities.

Amount in Rs. lakhs

Sr. No.	Particulars	March 31, 2013 Currency derivatives	March 31, 2013 Interest rate derivatives	March 31, 2012 Currency derivatives	March 31, 2012 Interest rate derivatives
1.	Derivatives (Notional principal amount)				
	a) For hedging	**159,204**	**25,000**	204,925	227,500
	b) For trading	**52,340,788**	**43,238,289**	57,332,098	54,877,402
2.	Marked to market positions				
	a) Asset (+)	**609,446**	**128,522**	1,144,244	281,110
	b) Liability (-)	**-622,842**	**-134,608**	-1,103,424	-291,781
3.	Credit exposure	**1,808,967**	**469,087**	2,679,173	709,977
4.	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	**2.67**	**180.48**	44.18	1,312.07
	b) on trading derivatives	**5,937.48**	**4,836.26**	6,062.10	5,034.94
5.	Maximum of 100*PV01 observed during the year				
	a) on hedging	**86.15**	**1,683.43**	44.18	2,083.42
	b) on trading	**6,208.55**	**5,380.50**	6,483.08	5,991.36
6.	Minimum of 100*PV01 observed during the year				
	a) on hedging	**1.34**	**172.00**	2.60	1,044.84
	b) on trading	**5,134.31**	**4,064.81**	3,372.56	3,922.68

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

The net open foreign currency position as on March 31, 2013 is Rs. 48,250 lakhs (Previous year: Rs. 12,626 lakhs)

12.17 ***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, 2013 (Previous Year: NIL). Details of exposure as per Risk category classification is as under:

Amount in Rs. lakhs

	As at March 31, 2013		As at March 31, 2012	
Risk Category	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	**31,161**	-	41,435	-
Low	**19,822**	-	37,277	-
Moderate	**14,570**	-	4,733	-
High	**2,683**	-	3,889	-
Very High	**787**	-	984	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	**69,023**	-	88,318	-

12.18 ***Details of Single borrower limit, Group borrower limit exceeded by the Bank:***

Single Borrower Limit :

- The Local Operations Management Committee of the Bank has approved the increase in Single Borrower limits to 20% for Reliance Industries Limited, DSP Black Rock Mutual Fund and Franklin Templeton Mutual Fund in accordance with the RBI guidelines.
- In case of Reliance Industries Limited and UTI Mutual Fund, there was an intra-day breach of limits.
- There was a passive breach for Housing Development Finance Corporation Limited due to INR currency depreciation leading to an increase in the INR equivalent of an exposure denominated in USD which was regularized during the financial year by way of repayment of loan.

Group Borrower Limit

- There was an intra-day breach for exposure to Reliance Industries Limited Group

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

Amount in Rs. lakhs

Particulars	2012-2013	2011-2012
1. Total number of loans securitised*	-	-
2. Book value of loans securitised*	-	-
3. Sale consideration*	-	-
4. Gain / (loss) on securitisation recognized in the Profit & Loss account*	-	-
5. Form and quantum (outstanding value) of credit enhancement		
a. Cash Collateral	**1,589**	1,638
b. I/O Strip	**20**	57
c. Guarantee	-	-

* pertaining to deals done during the year

Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2013 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

14. *Retirement benefits*

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

Amount in Rs. lakhs

Particulars for FY 2012-13	**Gratuity**	**Pension**
Change in obligations		
Present value of defined benefits obligations as at 1 April 2012	9,666	9,975
Employer service cost	1,491	1,210
Interest cost	771	832
Curtailment cost (credit)	-	-
Settlement cost (credit)	-	-
Plan amendments	-	612
Acquisitions	-	-
Actuarial (gains)/ losses	1,596	(1,629)
Actual benefits payments	(1,811)	(1,050)
Present value of defined benefits obligations as at 31 March 2013	**11,713**	**9,950**
Change in assets		
Plan assets as at 1 April 2012	8,980	11,897
Actual / Expected return on plan assets	773	1,023
Actual company contributions	2,059	1,321
Actual benefits payments	(1,811)	(1,050)
Actuarial gains / (losses)	(72)	(125)
Plan assets as at 31 March 2013	**9,929**	**13,066**
Net asset (liability) recognised		
Present value of defined benefits obligations as at 31 March 2013	11,713	9,951
Fair value of plan assets as at 31 March 2013	9,929	13,067
Funded status [surplus/(deficit)]	(1,784)	3,116
Unrecognised past services costs	-	-
Net asset (liability) recognised in balance sheet	**(1,784)**	**3,116**
Components of employer expense		
Current services cost	1,491	1,210
Interest cost	771	832
Expected return on assets	(774)	(1,023)
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past services cost	-	612
Actuarial (gains) and losses	1,668	(1,504)
Net cost	**3,156**	**127**
Assumptions		
Discount rate	8.10%	8.10%
Expected return on assets	8.50%	8.50%
Salary escalation rate	8.00%	8.00%

Citibank N.A.

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

Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2013 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

Particulars for FY 2011-12	**Gratuity**	**Pension**
Change in obligations		
Present value of defined benefits obligations as at 1 April 2011	10,326	7,873
Employer service cost	1,674	1,235
Interest cost	802	632
Curtailment cost (credit)	-	-
Settlement cost (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	(1,585)	927
Actual benefits payments	(1,551)	(692)
Present value of defined benefits obligations as at 31 March 2012	**9,666**	**9,975**
Change in assets		
Plan assets as at 1 April 2011	7,497	10,884
Actual / Expected return on plan assets	644	917
Actual company contributions	2,160	1,157
Actual benefits payments	(1,551)	(692)
Actuarial gains / (losses)	230	(369)
Plan assets as at 31 March 2012	**8,980**	**11,897**
Net asset (liability) recognised		
Present value of defined benefits obligations as at 31 March 2012	9,667	9,976
Fair value of plan assets as at 31 March 2011	8,980	11,898
Funded status [surplus/(deficit)]	(687)	1,922
Unrecognised past services costs	-	-
Net asset (liability) recognised in balance sheet	**(687)**	**1,922**
Components of employer expense		
Current services cost	1,674	1,235
Interest cost	802	632
Expected return on assets	(644)	(917)
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Actuarial (gains) and losses	(1,815)	1,296
Past services cost	-	-
Net cost	**17**	**2,246**
Assumptions		
Discount rate	8.80%	8.80%
Expected return on assets	8.50%	8.50%
Salary escalation rate	8.00%	8.00%

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(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.

Experience Adjustments

Amount in Rs. lakhs

Gratuity	**31-Mar-13**	**31-Mar-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**
Experience History					
Defined benefit obligation	(11,713)	(9,667)	(10,326)	(8,949)	(4,784)
Fair value of plan assets	9,929	8,980	7,497	7,742	6,889
Funded Status	**(1,784)**	**(687)**	**(2,829)**	**(1,207)**	**2,105**
Experience gain / (loss) adjustments on plan liabilities	(18)	949	151	(4,683)	456
Experience gain / (loss) adjustments on plan assets	(72)	230	1,003	356	(353)
Acturial gain / (loss) due to change of assumptions	(1,577)	635	(339)	468	292

Amount in Rs. lakhs

Pension	**31-Mar-13**	**31-Mar-12**	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**
Experience History					
Defined benefit obligation at the end of the period	(9,951)	(9,976)	(7,873)	(7,256)	(5,579)
Plan assets at the end of the period	13,067	11,898	10,884	11,915	9,922
Funded status	**3,116**	**1,922**	**3,011**	**4,659**	**4,343**
Experience gain / (loss) adjustments on plan liabilities	2,067	(1,448)	975	(999)	834
Experience gain / (loss) adjustments on plan assets	(125)	(369)	(2,073)	212	(406)
Acturial gain / (loss) due to change of assumptions	(438)	520	(222)	320	(295)

15. 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.14 /21.04.018/2012-13 dated July 2, 2012 and amendments thereto, the following additional information is disclosed:

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

Segment Information – Basis of Preparation

Business segment

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

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

Under the 'Retail banking' segment the Bank serves retail customers through a branch network and other approved delivery channels. Exposures are classified under Retail banking taking into account the orientation, product, granularity and individual exposure criterion. This segment raises deposits and provides loans and advisory services to such customers. Revenues of the Retail banking segment are derived from interest earned on retail loans, fees for banking and advisory services and interest earned from other segments for surplus funds placed with those segments. Expenses of this segment primarily comprise interest expense on deposits, infrastructure for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

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

'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 income from distribution of mutual fund products. The principal expenses of this segment consist of personnel costs, other direct overheads and allocated expenses.

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

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

Geographic segments

Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2013 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

As a branch of a foreign bank, the operations of the Bank do not extend outside of India and do not have material earnings emanating from outside India. Hence, the Bank is considered to operate only in the domestic segment. The bank engages with overseas branches on specific transactions on an arm's length basis and these are appropriately reported .

Amount in Rs. lakhs

Particulars	2012-2013					2011-2012				
	Treasury	**Corporate Banking**	**Retail Banking**	**Other Banking**	**Total**	Treasury	Corporate Banking	Retail Banking	Other Banking	Total
Revenue	265,743	390,921	408,025	22,966	1,087,655	183,379	353,311	349,874	25,067	911,631
Unallocated revenue					3,681					4,457
Total Revenue	265,743	390,921	408,025	22,966	1,091,336	183,379	353,311	349,874	25,067	916,088
Result	**169,507**	**199,109**	**75,941**	**10,794**	**459,033**	82,068	159,234	78,787	5,142	329,688
Unallocated expenses					**(157)**					(19)
Profit before taxes					**458,876**					329,669
Income taxes					**(187,042)**					(137,470)
Net profit					271,834					192,199

	As at 31 March 2013					As at 31 March 2012				
Other information										
Segment assets	6,975,003	3,309,344	2,097,108	-	12,381,455	7,697,619	3,125,470	1,779,517	-	12,602,606
Unallocated assets					456,643					240,147
Total assets					12,838,098					12,842,753
Segment liabilities	3,985,773	3,223,322	3,886,584	-	11,095,679	4,313,435	3,464,974	3,465,895	-	11,244,305
Unallocated liabilities					1,742,419					1,598,448
Total liabilities					12,838,098					12,842,753

16. 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.14 /21.04.018/2012-13 dated July 2, 2012 and amendments thereto are as under. Entities grouped under Subsidiaries of Parent represent direct and indirect subsidiaries of Citibank N.A., and entities grouped under Fellow Subsidiaries of Parent represent direct and indirect subsidiaries of Citigroup Inc.

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

a) Parent
Citibank N.A. and its branches

b) Holding Company of Parent
Citigroup Inc.

c) Subsidiaries of Parent
Banco Citibank De El Salvador SA
Bank Handlowy W Warszawie S.A.
Citibank A.G. Frankfurt
Citibank Budapest Limited
Citibank China Limited
Citibank Czech Republic
Citibank Espana S.A.
Citibank Europe Plc
Citibank Hungary
Citibank Japan Limited
Citibank Korea Inc.
Citibank Malaysia
Citibank Overseas Investment Corporation
Citibank Romania
Citibank Turkey
Citibank Uganda Limited
Citicorp Capital Markets Limited[1]
Citicorp Clearing Services India Limited[1]
Citicorp Finance India Limited 1
Citicorp Investment Bank (Singapore) Limited
Citicorp Maruti Finance Limited[1*]
Citicorp Services India Limited[1]
CitiFinancial Consumer Finance India Limited[1]
Citigroup Software Technology and Services (China) Limited
Citigroup Transaction Services (Malaysia) Sdn Bhd

d) Fellow Subsidiaries of Parent
Citicorp Banking Corporation, Bahrain
Citicorp International Finance Corporation

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

Citicorp North America, Inc.
Citicorp Securities Asia Pacific Limited
Citigroup Global Markets Inc, Asia
Citigroup Global Markets Inc, Australia
Citigroup Global Markets Inc, Korea
Citigroup Global Markets Inc, New York
Citigroup Global Markets Inc, Singapore
Citigroup Global Markets India Private Limited[1]
Citigroup Global Markets Mauritius Private Limited
Citigroup Services Japan Limited
Citigroup Strategic Holding Mauritius Limited
Citigroup Technology Inc
Citishare Corporation US
Orbitech Limited[1]

e) Key Management Personnel

Mr. Pramit Jhaveri – CEO

[1] Indicates companies incorporated in India

*Citicorp Maruti Finance Limited was merged with Citicorp Finance India Limited during the year.

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

Transactions during the year:

Amount in Rs. lakhs

Nature of transactions	Parents and branches		Subsidiaries		Fellow Subsidiaries	
	2012-2013	2011-2012	**2012-2013**	2011-2012	**2012-2013**	2011-2012
Fees Paid	**41,496**	32,992	**3,589**	2,304	**2,741**	2,025
Interest paid on borrowing	**12,266**	12,399	**563**	650	**-**	-
Interest paid on deposit	**-**	-	**5,356**	9,744	**9,585**	12,175
Fees Received	**7,802**	10,694	**2,577**	2,877	**473**	1,540
Interest Earned	**1,004**	1,873	**9,661**	12,454	**-**	-
Consideration received/(paid) on maturity of derivative contracts	**58,504**	22,158	**18,097**	(727)	**5,396**	(5,190)
Sale of Investment*	**-**	-	**1,644**	-	**-**	-
Loans disbursed	**-**	-	**392,300**	439,419	**-**	-

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, 2013 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

Nature of transactions	Parents and branches		Subsidiaries		Fellow Subsidiaries	
	2012-2013	2011-2012	**2012-2013**	2011-2012	**2012-2013**	2011-2012
Deposits placed	**88,918,544**	88,498,922	-	-	-	-
Time Deposits received	-	-	**1,423,148**	2,744,086	**1,950,560**	2,131,272
Borrowings	**16,307,514**	11,100,164	**1,117**	1,815	-	-
Portfolio purchased	-	-	**107,423**	76,109	-	-
Purchase of Fixed assets	**77**	-	**13**	1	-	11
Purchase of Fixed Income Securities			**391,938**	291,103		
Sales of Fixed Income Securities			**985,734**	886,698		
Sale of Fixed assets	-	-	**33**	35	-	-

*Represents sale of equity shares of NSDL E-Governance Infrastructure Limited to Citicorp Finance (India) Limited. The gain on sale amounting to Rs. 1,533 lakhs has been recorded in Profit & Loss statement.

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

Amount in Rs. lakhs

Particulars	Parents & Branches		Subsidiaries		Fellow Subsidiaries	
	2012-2013	2011-2012	**2012-2013**	2011-2012	**2012-2013**	2011-2012
Accounts payable/Other payables	**28,813**	26,046	**1,228**	4,526	**2,359**	2,146
	105,901	*34,801*	***3,695***	*5,785*	***2,524***	*2,189*
Accounts receivable/Other receivables	**1,852**	6,865	**11,351**	19,814	**2,756**	62
	8,747	*34,812*	***484,118***	*27,909*	***16,250***	*3,097*
Borrowings/Deposits	**1,231,032**	1,196,043	**41,628**	97,469	**104,618**	165,974
	12,901,241	*2,828,454*	***244,677***	*356,542*	***316,735***	*325,822*
Balance in current account/(Cash credit)/(Overdraft)	**150,598**	(25,441)	**134,983**	47,472	**2,589**	5,488
	990,695	*780,449*	***387,814***	*471,955*	***271,602***	*962,851*
Loans/Placements	**919,439**	600,590	**41,000**	52,831	-	-
	3,737,003	*3,546,104*	***123,879***	*216,048*	-	-
Positive MTM[1]	**5,747**	85,627	**4,912**	9,078	**224**	1,382
	76,670	*195,990*	***9,885***	*17,545*	***1,948***	*1,382*

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

Particulars	Parents & Branches		Subsidiaries		Fellow Subsidiaries	
	2012-2013	2011-2012	**2012-2013**	2011-2012	**2012-2013**	2011-2012
Negative MTM[1]	**38,960**	48,188	**651**	13,170	**38**	6,544
	148,418	*82,456*	***29,843***	*22,867*	***4,726***	*6,544*
Non Funded Commitments[1]	**184,944**	289,230	**25,552**	131,089	**3,496**	489
	246,026	*400,005*	***27,320***	*156,780*	***8,045***	*9,781*

Figures in *Italics* indicate maximum balance outstanding during the year.
[1]Maximum balances indicate maximum of the balances as at quarter ends.

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.

Subsequent to the year end, an approval dated April 10, 2013, was accorded by the RBI whereby an indirect subsidiary (Citicorp Clearing Services India Ltd. CCSIL) of Citibank N.A. (parent) and a fellow subsidiary (Citigroup Global Markets India Pvt. Ltd. CGMIPL), a subsidiary of Citigroup Financial Products Inc. (CFPI) have completed an arrangement in June 2013. The arrangement is described in the subsequent paragraph. In respect of the said arrangement, Citibank N.A. and CFPI have settled a consideration between themselves on arms length basis to meet with US regulations. No consideration was exchanged between the local entities. The arrangement between the two local entities has been completed post the RBI approval and the local taxation implications, if any, arising from this arrangement and offshore settlement in the hands of the Head Office of Citibank N.A. (India Branches) are under review and will be considered in the next financial year.

The arrangement in question pertained to novation of contracts, executed by CCSIL with clients for clearing of derivative contracts on the Indian stock exchanges, to CGMIPL. This was initiated in order to meet client expectations for a single platform for clearing and execution and derive operational efficiencies and synergies. Prior to such novation, any open transactions on CCSIL books were duly settled by the customers who placed fresh margins with CGMIPL and, therefore, no cash flows were exchanged between the two local entities nor was there any change in their respective assets and liabilities.

17. 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. 13,383 lakhs arising during the year ended March 31, 2013 is credited to the current year's Profit and Loss account. (Previous year: Rs. 1,481 lakhs). The cumulative amount of deferred tax

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

benefit of Rs. 43,014 lakhs (Previous year: Rs. 29,631 lakhs) is included in Schedule 11 - "Other Assets."

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

Amount in Rs. lakhs

Description	**As at March 31, 2013**	As at March 31, 2012
Deferred tax assets		
Provision on advances	**47,319**	38,847
Others	**3,301**	1,841
Deferred tax liabilities		
Depreciation	**(2,179)**	(4,701)
Others	**(5,427)**	(6,356)
Deferred tax asset (net)	**43,014**	29,631

18. 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:

Amount in Rs. lakhs

Gross investment as at the date of Balance Sheet	**As at March 31, 2013**	As at March 31, 2012
Not later than one year	**1,991**	2,193
Later than one year but not later than five years	**2,252**	3,112
Later than 5 years	-	-
Total	**4,243**	5,305
Present value of minimum lease payment as at the date of Balance Sheet		
Not later than one year	**1,602**	1,711
Later than one year but not later than five years	**1,992**	2,734
Later than 5 years	-	-
Total	**3,594**	4,445

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

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

Amount in Rs. lakhs

Particulars	As at March 31, 2013	As at March 31, 2012
The amount of minimum lease payments recognized in the profit and loss account in respect of operating lease	3,239	5,745
The total of future minimum lease payments recognized under non-cancellable operating leases:		
Not later than one year	1,478	2,368
Later than one year but not later than five years	724	674
Later than 5 years	-	-
Total	2,202	3,042

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

20. Provisions and contingencies

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

Amount in Rs. lakhs

Particulars	2012-2013			2011-2012		
	Reward Points	Securitisation	Frauds	Reward Points	Securitisation	Frauds
Opening provisions	5,094	127	116	5,317	98	121
Provisions made during the year	15,323	0	12	10,099	65	1
Utilisation/write back of provisions during the year	17,081	114	1	10,322	36	6
Closing provisions	3,336	13	127	5,094	127	116

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, 2013 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

21. Description of nature of contingent liabilities is set out below :

i) Claims against the bank not acknowledged as debt

This includes loss contingencies that may arise from the risk of exposure resulting from pending or threatened litigation, claims or assessments pertaining to legal cases against the bank known as at the Balance Sheet date. Such loss contingencies are assessed by the bank on the probability of a liability arising on the bank and in cases where a loss is probable and reasonably estimable, a loss provision is accrued. Cases where it is reasonably possible but not probable that a liability may arise on the bank are disclosed as contingent liabilities. The bank has documented processes and operating procedures for classification of cases into the above categories basis the nature of claims.

ii) Liability on account of 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.

iii) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations

As a part of its corporate banking activities, the Bank issues documentary credit and guarantees on behalf of its customers Documentary credits such as letters of credit enhance the credit standing of the customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations. Pursuant to RBI circular RBI/2010-2011/220/DBOD.Dir.BC.46 /13.03.00/2010-2011 dated September 30, 2010, commitments by the Bank to effect payments on behalf of its constituents to stock exchanges are reflected as financial guarantees.

iv) Other contingent items

This includes:

a. Manager's Cheques;

b. Capital commitments;

c. Commitments for settlement date accounting;

d. Credit cards spends by customers where the Bank has provided authorization to the merchant establishment for the spends but for which the merchant establishment has not presented the charge slips to the Bank for payment; and

e. Government Securities underwritten.

22. Employee share-based payments

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

Accordingly, during the year, the Bank has recognized an amount of Rs. 3,037 lakhs (Previous year Rs. 4,352 lakhs) under the head "Payments to and provisions for employees", as cost of such awards granted to employees.

23. 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. lakhs

Particulars	**March 31, 2013**	March 31, 2012
Number of suppliers registered with competent authorities	**114**	110
Principal amount remaining unpaid beyond the due date to any supplier as at the year end	**59**	19
Interest due thereon	**-**	-
Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year	**570**	406
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	**15**	16
Amount of interest accrued and remaining unpaid at the end of the accounting year	**15**	16
Amount of further interest remaining due and payable even in the succeeding years, till actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Income Tax Act, 1961	**-**	3

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.

24. There were no penalties levied during the year ended March 31, 2013. During the year ended March 31, 2012, the following penalties were levied

a) A penalty of Rs. 25 lakhs was imposed on the Bank by the Reserve Bank of India in July 2011 citing non-adherence to KYC/AML guidelines in relation to a fraud incident during December 2010.

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

b) A penalty of Rs. 1 thousand was imposed by the Labour Enforcement Officer in May 2011 for certain violations, based on its inspection of a branch during December 2010.

25. As at March 31, 2013, there were no outstanding advances against security of intangible assets. (Previous year: NIL)

26. 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:

Amount in Rs. lakhs

Nature of expense	2011-2013	2011-2012
Service bureau expenses	**59,051**	59,368

27. In terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.BP.BC No.14 /21.04.018/2012-13 dated July 2, 2012 the following information is disclosed:

a. Customer Complaints

Particulars	2012-2013	2011-2012
(a) No. of complaints pending at the beginning of the year	**167**	153
(b) No. of complaints received d Furing the year	**7992**	6705
(c) No. of complaints redressed during the year	**7978**	6691
(d) No. of complaints pending at the end of the year	**181**	167

b. Awards passed by the Banking Ombudsman

Particulars	2012-2013	2011-2012
(a) No. of unimplemented Awards at the beginning of the year	**NIL**	NIL
(b) No. of Awards passed by the Banking Ombudsmen during the year	**1***	NIL
(c) No. of Awards implemented during the year	**NIL**	NIL
(d) No. of unimplemented Awards at the end of the year	**NIL**	NIL

* The award passed by the banking Ombudsman during the year has lapsed at the end of the year.

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

Amount in Rs. lakhs

Sr. No.	Nature of Income	2012-2013	2011-2012
1	For selling life insurance policies	**3,964**	4,076
2	For selling non life insurance policies	**556**	497
3	For selling mutual fund products	**16,773**	12,031

29. The Provisioning Coverage Ratio of the Bank stands at 81.56%as on March 31, 2013 (Previous year 89.92%). In accordance with RBI circular DBOD.No.BP.BC.9 /21.04.048/2012-13 dated July 2, 2012, 'technical write-offs' upto the balance sheet date are included in the Provision Coverage Ratio.

30. The following disclosures in respect of Concentration of Deposits, Advances, Exposures and NPAs are made in terms of the guidelines issued by the RBI in its Circular Ref No. DBOD.BP.BC No.14 /21.04.018/2012-13 dated July 2, 2012.

A (i) Concentration of Deposits *Amount in Rs. lakhs*

Particulars	As at March 31, 2013	As at March 31, 2012
Total Deposit of twenty largest depositors	**878,979**	966,727
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank*	**13.24%**	14.97%

* Inter-bank deposits are excluded

(ii) Concentration of Advances *Amount in Rs. lakhs*

Particulars	As at March 31, 2013	As at March 31, 2012
Total Advances to twenty largest borrowers	**6,064,000**	5,780,438
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	**20.48%**	20.86%

(iii) Concentration of Exposures *Amount in Rs. lakhs*

Particulars	As at March 31, 2013	As at March 31, 2012
Total Exposure to twenty largest borrowers/customers	**6,427,139**	5,955,956
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	**20.90%**	20.80%

(iv) Concentration of NPAs *Amount in Rs. lakhs*

Particulars	As at March 31, 2013	As at March 31, 2012
Total Exposure to top four NPA accounts (Gross)	82,703	82,831

B. Sector-wise NPAs

Sector	Percentage of Net NPAs to Net Advances in that sector	
	2012-2013	2011-2012

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

Agriculture & allied activities	-	-
Industry (Micro & small, Medium and Large)	**2.24%**	0.05%
Services	**0.64%**	2.10%
Personal Loans/Others*	**0.98%**	1.62%

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

C. Movement of NPAs

Amount in Rs Lakhs

Particulars	**2012-2013**	2011-2012
Gross NPAs as on April 1	**84,642**	83,867
Additions (Fresh NPAs) during the year	**104,211**	70,837
Sub-total (A)	**188,853**	154,704
Less:-		
(i) Upgradations	**24,834**	22,147
(ii) Recoveries (excluding recoveries made from upgraded accounts)	**5,693**	19,335
(iii) Write-offs	**22,453**	28,580
Sub-total (B)	**52,980**	70,062
Gross NPAs as on March 31	**135,873**	84,642

Additions to NPA and write off figures presented above include cases of direct write off of advances.

D. Overseas Assets, NPAs and Revenue

Amount in Rs. lakhs

Particulars	**2012-2013**	2011-2012
Total Assets	**927,630**	687,389
Total NPAs	-	-
Total Revenue	**924**	1,821

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

Name of the SPV sponsored	**2012-2013**	2011-2012
Domestic	**NIL**	NIL
Overseas	**NIL**	NIL

Schedules forming part of the financial statements of the Indian branches *for the year ended March 31, 2013 (Continued)*

V. Notes forming part of the financial statements for the year ended March 31, 2013 *(Continued)*

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

Signatures to schedules 1 to 18

For S.R. Batliboi & Co. LLP. ICAI 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 : 27 June 2013	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, 2013

	Year ended 31-Mar-13 (Rs. in lakhs)	Year ended 31-Mar-12 (Rs. in lakhs)
Cash flow from operating activities		
Net profit for the year before tax	458,876	329,668
Adjustments for:		
Depreciation charge for the year	9,365	9,880
Loss on sale/writeoff of fixed assets	(4,245)	64
Provision for depreciation on investments	(55,821)	(27,432)
Provisions for non-performing assets/write offs (net)	38,824	32,407
Provision for/(Write back of) Restructure Advances	(13,837)	12,555
(Increase)/Decrease in investments	(34,883)	(1,249,385)
(Increase)/Decrease in advances	(518,241)	(695,560)
Increase/(Decrease) in deposits	186,170	802,961
(Increase)/Decrease in other assets	728,746	(23,685)
Increase/(Decrease) in other liabilities and provisions	(623,469)	(33,938)
Direct taxes paid	(162,955)	(162,955)
Net cash flow from/(used in) operating activities	8,531	(1,005,420)
Cash flow from investing activities		
Purchase of fixed assets	(97,790)	(12,962)
Proceeds from sale of fixed assets	5,191	1,092
Purchase of long term investments	(290)	-
Net cash used in investing activities	(92,889)	(11,870)
Cash flow from financing activities		
Remittance to Head Office	(139,590)	(89,120)
Increase/(Decrease) in borrowings	293,139	812,747
Net cash generated from financing activities	153,549	723,627
Net increase/(decrease) in cash and cash equivalents	69,191	(293,663)
Cash and cash equivalents as at beginning of the year*	1,833,702	2,127,365
Cash and cash equivalents as at end of the year*	1,902,894	1,833,702

* 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. LLP
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 : 27 June 2013

Sd/-
Pramit Jhaveri
Chief Executive Officer

Sd/-
Abhijit Sen
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To

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

Report on the Financial Statements

1. We have audited the accompanying financial statements of Citibank N.A. – India Branches ("the Bank"), which comprise the Balance Sheet as at 31 March 2013, the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with guidelines issued by the Reserve Bank of India insofar as they are applicable to the Bank and in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949 as applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March, 2013;

(ii) in the case of the Profit and Loss Account of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956.

8. We report that:

(i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.

(ii) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

(iii) the financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 5 branches for the purpose of our audit;

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India.

10. We further report that:

(i) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account.

(ii) 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.

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
ICAI Firm's Registration Number: 301003E

per Surekha Gracias
Partner
Membership Number: 105488
Place of Signature: Mumbai
Date: 27 June 2013