

January 23, 2006

The Chief Executive Officer
Citi Bank
5th Floor, C-61, Bandra Kurla Complex,
G Block, Bandra (East)
Mumbai – 400 051

Dear Sir

Violations of RBI instructions etc. – Imposition of Penalty

Please refer to our letter No. DBS. Co. PP. No. 9303/11.01.021/2005-06 dated December 29, 2005, and your response letter dated January 10, 2006 in connection with imposition of penalty under Section 47A (1) (b) of the Banking Regulation Act, 1949.

2. After examining the bank's reply and your oral submission on January 21, 2006, the Reserve Bank of India held, inter-alia, that the bank had violated RBI guidelines/directives/instructions relating to monitoring of suspicious transactions, adherence to KYC norms and issue of large number of cheque leaves not in consonance with the status of the account holder.

3. In view of the above, the Reserve Bank of India has imposed a penalty of Rs.5.00 lakh (Rupees five lakh only) on the bank.

4. You may also note to disclose the particulars of the above penalty in the "Notes on Accounts" to the Balance sheet in the Annual Report in terms of RBI Circular DBOD.BP. BC .49/21.04.018/2004-05 dated October 19, 2004.

Yours faithfully

(G. Gopalakrishna)
Chief General Manager-In-Charge