



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

**Independent auditor's review report to the Directors of  
Citibank N.A., Pakistan Branches**

**Report on review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Citibank N.A., Pakistan Branches** ("the Bank") as at June 30, 2020 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Other Matter**

The figures for the quarters ended June 30, 2020 and June 30, 2019 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

**Date: 24 August 2020**

**Karachi**

KPMG Taseer Hadi - 1  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

# Citibank N.A., Pakistan Branches

(Incorporated In The U.S.A. The Liability of Members Being Limited)

## Condensed Interim Statement of Financial Position

As at June 30, 2020

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
Note	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 <b>13,579,566</b>	11,202,518
Balances with other banks	7 <b>275,779</b>	805,867
Lendings to financial institutions	8 <b>-</b>	2,951,301
Investments	9 <b>82,363,027</b>	76,154,346
Advances	10 <b>56,967,560</b>	51,868,560
Fixed assets	11 <b>583,306</b>	472,843
Intangible assets	-	-
Deferred tax assets	16 <b>-</b>	124,149
Other assets	12 <b>4,914,210</b>	5,823,539
	<b>158,683,448</b>	149,403,123
<b>LIABILITIES</b>		
Bills payable	13 <b>1,681,516</b>	2,040,458
Borrowings	14 <b>10,337,429</b>	11,698,824
Deposits and other accounts	15 <b>118,938,663</b>	113,232,091
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	16 <b>732,071</b>	-
Other liabilities	17 <b>10,739,884</b>	10,531,612
	<b>142,429,563</b>	137,502,985
<b>NET ASSETS</b>	<b>16,253,885</b>	11,900,138
<b>REPRESENTED BY</b>		
Head office capital account	<b>6,812,671</b>	6,812,671
Reserves	<b>161,550</b>	161,543
Surplus on revaluation of assets	18 <b>1,003,057</b>	104,302
Unremitted profit	<b>8,276,607</b>	4,821,622
	<b>16,253,885</b>	11,900,138
<b>CONTINGENCIES AND COMMITMENTS</b>	19	

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
**MOIZ HUSSAIN ALI**  
 Acting Citi Country Officer

\_\_\_\_\_  
**GULZEB KHAN**  
 Chief Financial Officer

# Citibank N.A., Pakistan Branches

(Incorporated In The U.S.A. The Liability of Members Being Limited)

## Condensed Interim Profit and Loss Account (Un-audited)

For the half year ended June 30, 2020

	Note	Quarter ended		Half Year ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- (Rupees in '000) -----					
Mark-up / return / interest earned	20	<b>4,103,099</b>	3,221,525	<b>8,723,643</b>	6,189,410
Mark-up / return/ interest expensed	21	<b>2,193,815</b>	1,408,846	<b>4,869,429</b>	2,706,322
Net Mark-up / Interest Income		<b>1,909,284</b>	1,812,679	<b>3,854,214</b>	3,483,088
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	22	<b>169,707</b>	198,091	<b>400,465</b>	422,480
Foreign exchange income		<b>1,622,864</b>	(392,047)	<b>1,068,833</b>	108,723
(Loss) / gain from derivatives		<b>(476,284)</b>	1,493,400	<b>1,060,405</b>	1,492,113
Gain / (loss) on securities	23	<b>578,163</b>	(17,648)	<b>700,955</b>	(14,530)
Other (loss) / income	24	<b>(3,453)</b>	30	<b>(3,453)</b>	35
Total non-markup / interest income		<b>1,890,997</b>	1,281,826	<b>3,227,205</b>	2,008,821
Total Income		<b>3,800,281</b>	3,094,505	<b>7,081,419</b>	5,491,909
<b>NON MARK-UP/INTEREST EXPENSES</b>					
Operating expenses	25	<b>603,015</b>	616,294	<b>1,231,652</b>	1,155,149
Workers Welfare Fund		<b>56,825</b>	40,084	<b>102,319</b>	66,928
Other charges		-	-	-	-
Total non-markup/interest expenses		<b>659,840</b>	656,378	<b>1,333,971</b>	1,222,077
Profit before provisions		<b>3,140,441</b>	2,438,127	<b>5,747,448</b>	4,269,832
Provisions and write offs - net	26	<b>4,710</b>	8,302	<b>28,983</b>	10,216
<b>PROFIT BEFORE TAXATION</b>		<b>3,135,731</b>	2,429,825	<b>5,718,465</b>	4,259,616
Taxation	27	<b>1,252,157</b>	887,331	<b>2,256,231</b>	1,790,142
<b>PROFIT AFTER TAXATION</b>		<b>1,883,574</b>	1,542,494	<b>3,462,234</b>	2,469,474

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

**MOIZ HUSSAIN ALI**  
Acting Citi Country Officer

**GULZEB KHAN**  
Chief Financial Officer

# Citibank N.A., Pakistan Branches

(Incorporated In The U.S.A. The Liability of Members Being Limited)

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended June 30, 2020

	<u>Quarter Ended</u>		<u>Half Year ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>----- (Rupees in '000) -----</u>			
Profit after taxation for the period	<b>1,883,574</b>	1,542,494	<b>3,462,234</b>	2,469,474
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of investments - net of tax	<b>369,904</b>	4,782	<b>898,755</b>	24,193
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	<b>(975)</b>	2,645	<b>(7,249)</b>	(8,199)
<b>Total comprehensive income</b>	<b><u>2,252,503</u></b>	<u>1,549,921</u>	<b><u>4,353,740</u></b>	<u>2,485,468</u>

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
**MOIZ HUSSAIN ALI**  
Acting Citi Country Officer

\_\_\_\_\_  
**GULZEB KHAN**  
Chief Financial Officer

**Citibank N.A., Pakistan Branches**  
(Incorporated In The U.S.A. The Liability of Members Being Limited)  
**Condensed Interim Statement of Changes in Equity (Un-audited)**  
For the half year ended June 30, 2020

	Head office capital account	Surplus / (deficit) on revaluation of investments	Share based payment contribution reserve by the ultimate holding	Unremitted profit	Total
	----- (Rupees in '000) -----				
<b>Opening Balance as at January 1, 2019 (audited)</b>	6,812,671	(75,530)	161,543	3,720,846	10,619,530
Profit after taxation for the half year ended June 30, 2019	-	-	-	2,469,474	2,469,474
Other comprehensive income for the half year ended June 30, 2019 - net of tax	-	24,193	-	(8,199)	15,994
Remittances made to head office	-	-	-	(3,720,846)	(3,720,846)
<b>Transactions with owners, recorded directly in equity</b>					
Contribution by the head office in respect of share based payments	-	-	(1,014)	-	(1,014)
Recharged balance payable to the head office for share based payments	-	-	1,014	-	1,014
<b>Opening Balance as at July 1, 2019 (un-audited)</b>	<b>6,812,671</b>	<b>(51,337)</b>	<b>161,543</b>	<b>2,461,275</b>	<b>9,384,152</b>
Profit after taxation for the period July 1, 2019 to December 31, 2019	-	-	-	2,363,391	2,363,391
Other comprehensive income for the period July 1, 2019 to December 31, 2019 - net of tax	-	155,639	-	(3,044)	152,595
Remittances made to head office	-	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>					
Contribution by the head office in respect of share based payments	-	-	6,732	-	6,732
Recharged balance payable to the head office for share based payments	-	-	(6,732)	-	(6,732)
Effect of re-measurement of cost under share based payment - net of tax	-	-	-	-	-
<b>Opening Balance as at January 1, 2020 (audited)</b>	<b>6,812,671</b>	<b>104,302</b>	<b>161,543</b>	<b>4,821,622</b>	<b>11,900,138</b>
Profit after taxation for the half year ended June 30, 2020	-	-	-	3,462,234	3,462,234
Other comprehensive income for the half year ended June 30, 2020 - net of tax	-	-	-	(7,249)	(7,249)
Remittances made to head office	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	898,755	-	-	898,755
<b>Transactions with owners, recorded directly in equity</b>					
Contribution by the head office in respect of share based payments	-	-	7,824	-	7,824
Recharged balance payable to the head office for share based payments	-	-	(7,824)	-	(7,824)
Effect of re-measurement of cost under share based payment - net of tax	-	-	7	-	7
<b>Closing Balance as at June 30, 2020</b>	<b>6,812,671</b>	<b>1,003,057</b>	<b>161,550</b>	<b>8,276,607</b>	<b>16,253,885</b>

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
**MOIZ HUSSAIN ALI**  
Acting Citi Country Officer

\_\_\_\_\_  
**GULZEB KHAN**  
Chief Financial Officer

# Citibank N.A., Pakistan Branches

(Incorporated In The U.S.A. The Liability of Members Being Limited)

## Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2020

	Half Year ended	
	June 30, 2020	June 30, 2019
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,718,465	4,259,616
Adjustments:		
Depreciation	65,115	49,935
Depreciation on right-of-use assets	55,540	27,982
Interest expense on lease liability against right-of-use assets	10,051	9,699
Provisions and write-offs - net	28,983	10,216
Fixed Assets written off	3,453	-
Unrealised gain on revaluation of investments classified as held for trading	(7,119)	(1,636)
Charge for defined benefit plan	26,193	23,419
	<b>182,216</b>	<b>119,615</b>
	<b>5,900,681</b>	<b>4,379,231</b>
Decrease / (increase) in operating assets		
Lendings to financial institutions	2,951,301	11,958,920
Held-for-trading securities	11,120,846	(4,123,914)
Advances	(5,127,983)	(13,619,368)
Others assets (excluding advance taxation)	909,329	(2,010,658)
	<b>9,853,493</b>	<b>(7,795,020)</b>
Increase / (decrease) in operating liabilities		
Bills payable	(358,942)	(522,148)
Borrowings from financial institutions	(4,331,195)	(9,947,876)
Deposits	5,706,572	(1,070,507)
Other liabilities (excluding current taxation, Head Office Expenses, payable to defined benefit plan and lease liability against right-of-use assets)	(119,401)	(1,221,803)
	<b>897,034</b>	<b>(12,762,334)</b>
Income tax paid	(1,715,207)	(1,495,541)
Contribution to gratuity fund	(10,297)	(12,032)
Remittances made during the period on account of head office expenses	-	(286,487)
<i>Net cash flow generated / (used in) from operating activities</i>	<b>14,925,704</b>	<b>(17,972,183)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(15,939,708)	18,593,500
Investments in operating fixed assets	(49,173)	(17,333)
Proceeds from sale of fixed assets	-	-
<i>Net cash flow generated from / (used in) investing activities</i>	<b>(15,988,881)</b>	<b>18,576,167</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(59,663)	(53,498)
Profit repatriated to head office during the period	-	(3,720,846)
<i>Net cash used in financing activities</i>	<b>(59,663)</b>	<b>(3,774,344)</b>
<b>Increase / (Decrease) in cash and cash equivalents</b>	<b>(1,122,840)</b>	<b>(3,170,360)</b>
Cash and cash equivalents at beginning of the period	<b>11,998,925</b>	<b>9,529,741</b>
Cash and cash equivalents at end of the period	<b>10,876,085</b>	<b>6,359,381</b>

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

**MOIZ HUSSAIN ALI**  
Acting Citi Country Officer

**GULZEB KHAN**  
Chief Financial Officer

# Citibank N.A., Pakistan Branches

(Incorporated In The U.S.A. The Liability of Members Being Limited)

## Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2020

### 1. STATUS AND NATURE OF BUSINESS

Citibank N.A., Pakistan Branches (the Bank) operates as a branch of Citibank N.A. which is a foreign banking company incorporated and domiciled in the U.S.A. with limited liability and is a member of Citigroup Inc., which is the ultimate holding company.

The Bank is engaged in banking business as described in the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi. At June 30, 2020, the Bank operates through 3 branches (December 31, 2019: 3 branches) in Pakistan.

Credit ratings assigned to Citigroup Inc. and Citibank N.A., by Moody's Investor Services are as follows:

	Long-term senior debt	Short-term debt
Citigroup Inc.	A3	P-2
Citibank N.A.	Aa3	P-1

### 2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to the Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from its customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

2.2 These condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated March 22, 2019.

### 2.3 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP, vide its BSD Circular Letter no. 10 dated 26 August 2002 deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1) / 2008 dated 28 April 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and these condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2019.

### 2.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or to have any significant effect on the Bank's operations and are, therefore, not disclosed in these condensed interim financial statements.



## 2.5 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following new standards, interpretations of, and amendments to existing accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2021

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – for Banks and DFIs, the effective date of the standard has been extended to annual periods beginning on or after 1 January 2021 vide SBP's BPRD circular No. 4 dated 23 October 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The impact of the application of IFRS 9 on the Bank's financial statements is being assessed.

The Bank expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

## 2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management and the key sources of estimates used in the preparation of these condensed interim financial statements are the same as those applied to the annual financial statements for the year ended December 31, 2019.

## 3 BASIS OF MEASUREMENT

### 3.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention, except that held for trading and available for sale investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligation in respect of staff retirement benefit and lease liability under IFRS 16 are carried at their present value and certain financial assets are stated net of provision.

### 3.2 Functional and presentational currency

These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentational currency. The amounts are rounded to the nearest thousand.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2019.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 As was reported in the Parent of the Head Office's (Citigroup's) Quarterly Report on SEC Form 10-Q for the half yearly period ended 20 June 2020, Citigroup disclosed that in addition to the widespread public health implications, the emergence of the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in the U.S. and around the world.

During the pandemic, the Bank has remained well positioned from a capital and liquidity perspective, and has maintained strong business operations.

### 5.2 Regulatory reliefs due to COVID-19

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) increasing the regulatory limit on extension of credit to SMEs by 44 percent to Rs 180 million; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on loan obligations by one year; and (v) relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year and / or mark-up with no reflection on credit history; and introduction of refinancing schemes for payment of wages and salaries. The Bank is fully aware of the risks associated with COVID-19 and regularly conducting assessments of its portfolio and its operations to ensure the risks are minimized.

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
Local currency	104,225	63,181
Foreign currency	121,136	131,357
	<b>225,361</b>	194,538
With State Bank of Pakistan in		
Local currency current account	11,957,364	9,209,853
Foreign currency current account		
- Cash reserve account	462,139	418,089
- US Dollar clearing account	8,403	139,236
Foreign currency deposit account		
- Special cash reserve account	924,278	1,238,781
	<b>13,352,184</b>	11,005,959
With National Bank of Pakistan in		
Local currency current accounts	2,021	2,021
	<b>13,579,566</b>	11,202,518

<b>7 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In current accounts	10,387	45,454
Outside Pakistan		
In current accounts	265,392	760,413
	<b>275,779</b>	805,867

<b>8 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreement lendings (Reverse Repo)	-	2,951,301
Less: Provision held against Lending to Financial Institutions	-	2,951,301
Lendings to Financial Institutions - net of provision	-	-
	<b>-</b>	<b>2,951,301</b>

9 INVESTMENTS	Note	(Un-audited) June 30, 2020				(Audited) December 31, 2019			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1 Investments by type:		(Rupees in '000)							
<b>Held-for-trading securities</b>									
Federal Government Securities		2,865,987	-	2,031	2,868,018	13,986,833	-	(5,089)	13,981,744
		2,865,987	-	2,031	2,868,018	13,986,833	-	(5,089)	13,981,744
<b>Available-for-sale securities</b>									
Federal Government Securities		77,951,843	-	1,543,166	79,495,009	62,012,136	-	160,466	62,172,602
Non Government Debt Securities	9.1.1	248,090	(248,090)	-	-	248,090	(248,090)	-	-
		78,199,933	(248,090)	1,543,166	79,495,009	62,260,226	(248,090)	160,466	62,172,602
<b>Total Investments</b>		<b>81,065,920</b>	<b>(248,090)</b>	<b>1,545,197</b>	<b>82,363,027</b>	<b>76,247,059</b>	<b>(248,090)</b>	<b>155,377</b>	<b>76,154,346</b>

9.1.1 Represents term finance certificates received as partial settlement from Azgard Nine Limited against overdue suspended mark-up amounting to Rs. 248.090 million kept in memorandum account and are completely provided for.

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
<b>9.1.2 Investments given as collateral</b>		

The market value of investments given as collateral is as follows:

**Federal Government securities:**

-Market Treasury Bills	7,358,700	5,493,474
------------------------	-----------	-----------

<b>9.2 Provision for diminution in value of investments</b>		
9.2.1 Opening balance	(248,090)	(248,090)
Exchange adjustments	-	-
Charge / reversals		
Charge for the period / year	-	-
Reversals for the period / year	-	-
Reversal on disposals	-	-
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	<b>(248,090)</b>	<b>(248,090)</b>

9.2.2 Particulars of provision against debt securities	(Un-audited) June 30, 2020		(Audited) December 31, 2019	
	NPI	Provision	NPI	Provision
<b>Category of classification</b>				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	248,090	248,090	248,090	248,090
	<b>248,090</b>	<b>248,090</b>	<b>248,090</b>	<b>248,090</b>

10	ADVANCES	Performing		Non Performing		Total	
		(Un-audited) June 30, 2020	(Audited) December 31, 2019	(Un-audited) June 30, 2020	(Audited) December 31, 2019	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)							
	Loans, cash credits, running finances, etc.	53,948,720	47,784,780	2,700,816	2,675,026	56,649,536	50,459,806
	Bills discounted and purchased	3,019,051	4,082,040	-	-	3,019,051	4,082,040
	Advances - gross	56,967,771	51,866,820	2,700,816	2,675,026	59,668,587	54,541,846
	Provision against advances						
	- Specific	-	-	(2,700,816)	(2,673,071)	(2,700,816)	(2,673,071)
	- General	(211)	(215)	-	-	(211)	(215)
		(211)	(215)	(2,700,816)	(2,673,071)	(2,701,027)	(2,673,286)
	Advances - net of provision	56,967,560	51,866,605	-	1,955	56,967,560	51,868,560

		(Un-audited) June 30, 2020	(Audited) December 31, 2019
		(Rupees in '000)	
10.1	Particulars of advances (Gross)		
	In local currency	59,324,524	54,224,814
	In foreign currencies	344,063	317,032
		59,668,587	54,541,846

10.2 Advances include Rs. 2,700.816 million (December 31, 2019: Rs. 2,675.026 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) June 30, 2020		(Audited) December 31, 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
(Rupees in '000)				
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	3,910	1,955
Loss	2,700,816	2,700,816	2,671,116	2,671,116
Total	2,700,816	2,700,816	2,675,026	2,673,071

10.3	Particulars of provision against advances	(Un-audited) June 30, 2020			(Audited) December 31, 2019		
		Specific	General	Total	Specific	General	Total
(Rupees in '000)							
	Opening balance	2,673,071	215	2,673,286	2,743,634	426	2,744,060
	Charge for the period / year	28,987	-	28,987	1,955	(211)	1,744
	Reversals	-	(4)	(4)	(60,430)	-	(60,430)
		28,987	(4)	28,983	(58,475)	(211)	(58,686)
	Amounts written off	(1,242)	-	(1,242)	(12,088)	-	(12,088)
	Closing balance	2,700,816	211	2,701,027	2,673,071	215	2,673,286

10.3.1 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between 0.5% to 1.5% based on the classified housing finance to total housing finance ratio present in the portfolio.

		Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
			(Rupees in '000)	
11	FIXED ASSETS			
	Capital work-in-progress	11.1	-	-
	Property and equipment		389,367	408,762
	Right-of-use assets		193,939	64,081
			583,306	472,843

11.1	Capital work-in-progress			
	Civil works		-	-
	Advances to suppliers		-	-
			-	-

		(Un-audited) June 30, 2020	June 30, 2019
		(Rupees in '000)	
11.2	Additions to fixed assets		
The following additions have been made to fixed assets during the period:			
	Capital work-in-progress	-	-
	Property and equipment		
	Furniture and fixture	4,379	3,227
	Electrical, office and computer equipment	44,679	33,053
	Vehicles	-	37,821
		49,058	74,101

11.3	Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:			
	Furniture and fixture	3,453	-

	Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)			
<b>12 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency		1,310,031	2,054,893
Income / Mark-up accrued in foreign currency		34,482	42,951
Advances, deposits, advance rent and other prepayments		109,215	86,346
Advance taxation (payments less provisions)		-	-
Non-banking assets acquired in satisfaction of claims		7,954	7,954
Branch adjustment account		1,801	-
Mark to market gain on forward foreign exchange contracts		1,657,798	981,152
Acceptances		1,793,988	2,649,485
Others		6,895	8,712
		<b>4,922,164</b>	<b>5,831,493</b>
Less: Provision held against other assets	12.1	7,954	7,954
Other Assets (Net of Provision)		<b>4,914,210</b>	<b>5,823,539</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		-	-
		<b>4,914,210</b>	<b>5,823,539</b>
<b>12.1 Provision held against other assets</b>			
Non-banking assets acquired in satisfaction of claims		<b>7,954</b>	<b>7,954</b>
		<b>7,954</b>	<b>7,954</b>
<b>12.1.1</b>	The management has made provision against the amount of non-banking assets acquired in satisfaction of claims taking a conservative view. Therefore, the management has not disclosed the market value of these assets.		
		(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)			
<b>13 BILLS PAYABLE</b>			
In Pakistan		<b>1,681,516</b>	<b>2,040,458</b>
<b>14 BORROWINGS</b>			
<b>Secured</b>			
Repurchase agreement borrowings		<b>7,358,169</b>	<b>5,495,460</b>
<b>Total secured</b>		<b>7,358,169</b>	<b>5,495,460</b>
<b>Unsecured</b>			
Call borrowings		-	6,193,904
Overdrawn nostro accounts		<b>2,979,260</b>	<b>9,460</b>
<b>Total unsecured</b>		<b>2,979,260</b>	<b>6,203,364</b>
		<b>10,337,429</b>	<b>11,698,824</b>
<b>15 DEPOSITS AND OTHER ACCOUNTS</b>		(Un-audited) June 30, 2020	(Audited) December 31, 2019
		In Local Currency	In Local Currency
		In Foreign currencies	In Foreign currencies
		Total	Total
(Rupees in '000)			
<b>Customers</b>			
Current deposits		20,479,825	1,461,014
Savings deposits		69,690,741	5,933,418
Term deposits		14,261,333	36,697
Others		4,311,758	1,625
		<b>108,743,657</b>	<b>7,432,754</b>
<b>Financial Institutions</b>			
Current deposits		2,397,282	364,970
		<b>2,397,282</b>	<b>364,970</b>
		<b>111,140,939</b>	<b>7,797,724</b>
		<b>21,940,839</b>	<b>75,624,159</b>
		<b>14,298,030</b>	<b>25,776,132</b>
		<b>4,313,383</b>	<b>3,023,939</b>
		<b>116,176,411</b>	<b>110,175,941</b>
		<b>34,552,809</b>	<b>855,697</b>
		<b>40,800,675</b>	<b>5,166,689</b>
		<b>25,742,318</b>	<b>33,814</b>
		<b>3,013,179</b>	<b>10,760</b>
		<b>104,108,981</b>	<b>6,066,960</b>
		<b>2,902,443</b>	<b>153,707</b>
		<b>2,902,443</b>	<b>153,707</b>
		<b>107,011,424</b>	<b>6,220,667</b>
		<b>118,938,663</b>	<b>113,232,091</b>
<b>16 DEFERRED TAX (LIABILITIES) / ASSETS</b>		(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)			
Deductible Temporary Differences on			
- Tax losses carried forward		-	-
- Post retirement employee benefits		83,108	79,205
- Deficit on revaluation of investments		-	-
- Accelerated tax depreciation		-	4,586
- Unrealized loss on derivatives		-	183,507
- Provision against advances, off balance sheet etc.		-	-
- Others (to be specified if material)		-	-
		<b>83,108</b>	<b>267,298</b>
Taxable Temporary Differences on			
- Surplus on revaluation of fixed assets		-	-
- Surplus on revaluation of investments		(540,108)	(56,164)
- Accelerated tax depreciation		(448)	-
- Effect of re-measurement of cost under share based payment		(86,988)	(86,985)
- Unrealized gain on derivatives		(187,635)	-
		<b>(815,179)</b>	<b>(143,149)</b>
		<b>(732,071)</b>	<b>124,149</b>

17 OTHER LIABILITIES	Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)			
Mark-up / Return / Interest payable in local currency		514,853	643,022
Mark-up / Return / Interest payable in foreign currency		7,099	20,109
Unearned commission and income on bills discounted		31,776	68,033
Accrued expenses	17.1 & 17.2	1,024,319	990,344
Current taxation (provisions less payments)		340,458	175,612
Acceptances		1,793,988	2,649,485
Mark to market loss on forward foreign exchange contracts		1,121,699	1,505,458
Unremitted head office expenses		1,603,100	1,289,949
Payable to regional offices for support services		11,608	23,984
Payable to defined benefit plan		247,045	219,997
Payable on account of sale proceeds of securities held under custody		1,052,087	1,052,087
Payable on account of sale proceeds of shares sold by an associated undertaking		136,033	136,033
Securities sold but not yet purchased		-	-
Lease liability against right-of-use assets		196,801	61,015
Others		2,659,018	1,696,484
		<u>10,739,884</u>	<u>10,531,612</u>

17.1 This includes the Bank's obligation to the head office under the stock award and stock option programmes. As of June 30, 2020, recognised liability for share based incentive plans was 225.800 million (December 31, 2019: Rs. 217.986 million).

17.2 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive or final till the review petitions are decided. Accordingly, the Bank maintains full provision of Rs. 252.638 million in respect of federal WWF law from the date of its levy till December 2013. Further the Bank maintains provision of Rs. 666.523 million against provincial WWF law from the date of its levy till June 30, 2020. The bank alongwith banking industry challenged the provincial WWF levy which is pending in Court.

18 SURPLUS ON REVALUATION OF ASSETS	Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)			
Surplus on revaluation of			
- Available for sale securities	9.1	1,543,166	160,466
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(540,109)	(56,164)
		<u>1,003,057</u>	<u>104,302</u>

#### 19 CONTINGENCIES AND COMMITMENTS

- Guarantees	19.1	1,841,247	1,831,370
- Commitments	19.2	188,629,088	204,598,091
- Other contingent liabilities	19.3	251,294	232,767
		<u>190,721,629</u>	<u>206,662,228</u>

#### 19.1 Guarantees

Financial guarantees	202	202	202
Performance guarantees		1,769,454	1,751,670
Other guarantees		71,591	79,498
		<u>1,841,247</u>	<u>1,831,370</u>

#### 19.2 Commitments

Documentary credits and short-term trade-related transactions			
- letters of credit		11,915,644	14,985,438
Commitments in respect of:			
- Forward foreign exchange contracts	19.2.1	167,421,615	166,956,852
- Forward government securities transactions	19.2.2	7,359,640	8,450,851
- Forward lending	19.2.3	1,928,472	1,811,131
Commitments for acquisition of:			
- Fixed assets		3,717	6,011
Other commitments	19.2.4	-	12,387,808
		<u>188,629,088</u>	<u>204,598,091</u>

#### 19.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	87,757,615	88,015,717
Sale	79,664,000	78,941,135
	<u>167,421,615</u>	<u>166,956,852</u>

#### 19.2.2 Commitments in respect of forward government securities transactions

Purchase	7,359,640	5,497,446
Sale	-	2,953,405
	<u>7,359,640</u>	<u>8,450,851</u>

#### 19.2.3 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	19.2.3.1	1,928,472	1,811,131
---	----------	-----------	-----------

19.2.3.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

19.2.4 Other commitments	Note	(Un-audited) June 30, 2020	(Audited) December 31, 2019
(Rupees in '000)			
Forward borrowing		-	12,387,808
Forward placement		-	-
		<u>-</u>	<u>-</u>
19.3 Other contingent liabilities			
Claims not acknowledged as debt	19.3.1	251,294	232,767

19.3.1 These are not recognised as debt as the probability of these crystallising against the Bank is considered remote.

		<b>(Un-audited)</b>	
		<b>June 30,</b>	<b>June 30,</b>
		<b>2020</b>	<b>2019</b>
		<b>(Rupees in '000)</b>	
<b>20</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>		
	On:		
	a) Loans and advances	<b>3,238,054</b>	2,550,880
	b) Investments	<b>4,850,723</b>	1,768,615
	c) Lendings to financial institutions	<b>597,841</b>	1,807,281
	d) Balances with banks	<b>37,025</b>	62,634
		<b>8,723,643</b>	6,189,410
<b>21</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	On:		
	a) Deposits	<b>3,601,034</b>	2,269,585
	b) Borrowings	<b>480,213</b>	156,589
	c) Cost of foreign currency swaps against foreign currency deposits / borrowings	<b>788,182</b>	280,148
		<b>4,869,429</b>	2,706,322
<b>22</b>	<b>FEE &amp; COMMISSION INCOME</b>		
	Branch banking customer fees	<b>11,260</b>	10,202
	Card related fees (credit cards)	<b>2,851</b>	4,862
	Credit related fees	-	390
	Custody related fees	<b>215,481</b>	142,110
	Commission on trade	<b>86,196</b>	76,388
	Commission on guarantees	<b>8,308</b>	4,574
	Commission on cash management	<b>73,780</b>	176,646
	Commission on remittances including home remittances	<b>2</b>	20
	Others	<b>2,587</b>	7,288
		<b>400,465</b>	422,480
<b>23</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
	Realised	<b>693,836</b>	(16,166)
	Unrealised - held for trading	<b>7,119</b>	1,636
		<b>700,955</b>	(14,530)
<b>23.1</b>	Realised (loss) / gain on:		
	Federal Government Securities	<b>693,836</b>	(16,166)
		<b>693,836</b>	(16,166)
<b>24</b>	<b>OTHER (LOSS) / INCOME</b>		
	Fixed Assets written off	<b>(3,453)</b>	-
	Gain on sale of fixed assets-net	-	-
	Sale of non-capitalized assets	-	4
	Incidental Income	-	31
		<b>(3,453)</b>	35

Note

25	OPERATING EXPENSES	Note	(Un-audited)	
			June 30,	June 30,
			2020	2019
			(Rupees in '000)	
	<b>Total compensation expense</b>		<b>373,758</b>	389,427
	<b>Property expense</b>			
	Rent and taxes		8,009	8,685
	Insurance		-	18
	Utilities cost		13,465	13,319
	Security (including guards)		21,768	22,559
	Repair and maintenance (including janitorial charges)		38,981	21,121
	Depreciation		35,874	24,031
	Depreciation on right-of-use assets		55,540	27,982
	Interest expense on lease liability against right-of-use assets		10,051	9,699
	Others		920	237
			<b>184,608</b>	127,651
	<b>Information technology expenses</b>			
	Software maintenance		18,374	17,347
	Hardware maintenance		3,162	504
	Depreciation		25,459	22,122
	Amortisation		-	-
	Network charges		20,588	21,369
	Others		823	885
			<b>68,406</b>	62,227
	<b>Other operating expenses</b>			
	Legal and professional charges		19,695	16,434
	Outsourced services costs		41,701	105,139
	Travelling and conveyance		30,469	42,417
	Depreciation		3,782	3,782
	Training and development		66	550
	Postage and courier charges		10,411	14,484
	Communication		18,521	16,699
	Head office expenses	25.1	313,151	196,159
	Stationery and printing		9,730	12,571
	Marketing, advertisement and publicity		-	730
	Donations		600	400
	Auditors Remuneration		1,364	1,576
	Banking Service Charges		75,408	75,518
	Brokerage and commission paid		19,615	33,249
	Card Association Fees		22,624	17,975
	Others		37,743	38,161
			<b>604,880</b>	575,844
			<b>1,231,652</b>	1,155,149

25.1 Head office expenses are estimated based on head office certificates of prior year and are subject to true ups / actualisation.

	Note	(Un-audited)	
		June 30, 2020	June 30, 2019
<b>(Rupees in '000)</b>			
<b>26</b>	<b>PROVISIONS &amp; WRITE OFFS - NET</b>		
	Provisions against lending to financial institutions	-	-
	Provisions for diminution in value of investments	9.2.1	-
	Provisions against loans and advances	10.3	10,216
	Other provisions / write offs (to be specified)	-	-
	Bad debts written off directly	-	-
	Recovery of written off / charged off bad debts	-	-
		<b>28,983</b>	<b>10,216</b>
<b>27</b>	<b>TAXATION</b>		
	Current	<b>1,880,055</b>	1,101,283
	Prior periods	-	169,210
	Deferred	<b>376,176</b>	519,649
		<b>2,256,231</b>	<b>1,790,142</b>

**27.1** The Income Tax returns of the Bank have been filed up to the tax year 2019 (accounting year ended December 31, 2018).

The income tax authorities have issued amended assessment orders for up to tax years 2018, and created additional tax demands (including disallowances of tax loss on disposal of fixed asset, bad debt written off and charging of Minimum Tax) of Rs. 392 million (December 31, 2019: Rs. 392 million), which have been fully paid as required under the law. The Bank has filed appeals before the appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief, the Bank has filed appeals before higher appellate forums. The management of the Bank, in consultation with its tax advisor, is confident that the appeals will be decided in favour of the Bank.

FBR has started proceedings for monitoring of withholding taxes under section 161 of the Income Tax Ordinance 2001 and has passed an order creating demand of Rs. 127 million for the calendar years 2005 and 2006. Penalty amount on alleged short tax payment is Rs. 6.39 million. Surcharge amount for alleged short tax payment, if any, will be in addition to it. Bank has filed appeals and obtained stay against the demand from Commissioner Appeals. No provision has been booked for this demand in the books of accounts as management is of the view that bank will be able to defend its position in a court of law. Bank's view is supported by external counsel opinion.

## **28 FAIR VALUE MEASUREMENTS**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in principal or, in its absence, the most advantageous market to which the Bank has access at that date.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

### **28.1 Fair value of financial assets**

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).



The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

		(Un-audited) June 30, 2020				
Note	Carrying / Notional Value	Fair Value			Total	
		Level 1	Level 2	Level 3		
----- (Rupees in '000) -----						
<b>On balance sheet financial instruments</b>						
<b>Financial assets - measured at fair value</b>						
Investments						
	Federal Government Securities	82,363,027	-	82,363,027	-	82,363,027
<b>Financial assets - disclosed but not measured at fair value</b>						
	Cash and balances with treasury banks	28.2 13,579,566	-	-	-	-
	Balances with other banks	28.2 275,779	-	-	-	-
	Lendings to financial institutions	28.2 -	-	-	-	-
	Advances - net	28.2 56,967,560	-	-	-	-
	Other financial assets	28.2 4,803,194	-	-	-	-
		<u>157,989,126</u>	<u>-</u>	<u>82,363,027</u>	<u>-</u>	<u>82,363,027</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>						
	Forward purchase of foreign exchange	87,757,615	-	89,271,413	-	89,271,413
	Forward sale of foreign exchange	79,664,000	-	78,695,436	-	78,695,436
	Forward Borrowing	-	-	-	-	-
	Forward purchase contracts of government securities	7,359,640	-	7,359,640	-	7,359,640
	Forward sale contracts of government securities	-	-	-	-	-
	Interest rate derivative contracts	-	-	-	-	-
		(Audited) December 31, 2019				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----						
<b>On balance sheet financial instruments</b>						
<b>Financial assets - measured at fair value</b>						
Investments						
	Federal Government Securities	76,154,346	-	76,154,346	-	76,154,346
<b>Financial assets - disclosed but not measured at fair value</b>						
	Cash and balances with treasury banks	28.2 11,202,518	-	-	-	-
	Balances with other banks	28.2 805,867	-	-	-	-
	Lendings to financial institutions	28.2 2,951,301	-	-	-	-
	Advances - net	28.2 51,868,560	-	-	-	-
	Other financial assets	28.2 5,733,651	-	-	-	-
		<u>148,716,243</u>	<u>-</u>	<u>76,154,346</u>	<u>-</u>	<u>76,154,346</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>						
	Forward purchase of foreign exchange	88,015,717	-	87,281,571	-	87,281,571
	Forward sale of foreign exchange	78,941,135	-	79,158,384	-	79,158,384
	Forward Borrowing	12,387,808	-	12,387,808	-	12,387,808
	Forward purchase contracts of government securities	5,497,446	-	5,497,446	-	5,497,446
	Forward sale contracts of government securities	2,953,405	-	2,953,405	-	2,953,405
	Forward placement	-	-	-	-	-
	Interest rate derivative contracts	-	-	-	-	-

**28.2** The Bank has not disclosed the fair values for these financial assets and liabilities, as these are short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

## 29 SEGMENT INFORMATION

### 29.1 Segment Details with respect to Business Activities

The Chief Operating Decision Maker (CODM) is the Managing Director and Citi Country Officer of the Bank. The segment analysis with respect to business activity presented to the CODM is as follows:

(Un-audited)  
For the half year ended June 30, 2020

	Corporate Banking	Trading & Sales	Total
----- (Rupees in '000) -----			
<b>Profit &amp; Loss</b>			
Net mark-up / return / profit	(362,980)	4,217,194	3,854,214
Inter segment revenue - net	2,418,663	(2,418,663)	-
Non mark-up / return / interest income	397,012	2,830,193	3,227,205
<b>Total Income</b>	<b>2,452,695</b>	<b>4,628,724</b>	<b>7,081,419</b>
Segment direct expenses	852,311	481,660	1,333,971
Inter segment expense allocation	-	-	-
<b>Total expenses</b>	<b>852,311</b>	<b>481,660</b>	<b>1,333,971</b>
Provisions	28,983	-	28,983
<b>Profit before tax</b>	<b>1,571,401</b>	<b>4,147,064</b>	<b>5,718,465</b>

(Un-audited)  
As at June 30, 2020

	Corporate Banking	Trading & Sales	Total
----- (Rupees in '000) -----			
<b>Balance Sheet</b>			
Cash & Bank balances	225,361	13,629,984	13,855,345
Investments	-	82,363,027	82,363,027
Net inter segment lending	73,470,837	(73,470,837)	-
Lendings to financial institutions	-	-	-
Advances - performing	56,967,560	-	56,967,560
- non-performing net of provision	-	-	-
Others	3,833,389	1,664,127	5,497,516
<b>Total Assets</b>	<b>134,497,147</b>	<b>24,186,301</b>	<b>158,683,448</b>
Borrowings	-	10,337,429	10,337,429
Deposits & other accounts	117,999,693	938,970	118,938,663
Net inter segment borrowing	(73,470,837)	73,470,837	-
Others	12,030,981	1,122,490	13,153,471
<b>Total liabilities</b>	<b>56,559,837</b>	<b>85,869,726</b>	<b>142,429,563</b>
Equity	4,466,471	11,787,414	16,253,885
<b>Total Equity &amp; liabilities</b>	<b>61,026,308</b>	<b>97,657,140</b>	<b>158,683,448</b>
<b>Contingencies &amp; Commitments</b>	<b>15,940,374</b>	<b>174,781,255</b>	<b>190,721,629</b>

(Un-audited)  
For the half-year ended June 30, 2019

	Corporate Banking	Trading & Sales	Total
----- (Rupees in '000) -----			
Profit & Loss			
Net mark-up / return / profit	281,295	3,201,793	3,483,088
Inter segment revenue - net	1,931,115	(1,931,115)	-
Non mark-up / return / interest income	422,497	1,586,324	2,008,821
Total Income	<u>2,634,907</u>	<u>2,857,002</u>	<u>5,491,909</u>
Segment direct expenses	865,228	356,849	1,222,077
Inter segment expense allocation	-	-	-
Total expenses	<u>865,228</u>	<u>356,849</u>	<u>1,222,077</u>
Provisions	10,216	-	10,216
Profit before tax	<u>1,759,463</u>	<u>2,500,153</u>	<u>4,259,616</u>

(Audited)  
As at December 31, 2019

	Corporate Banking	Trading & Sales	Total
----- (Rupees in '000) -----			
Balance Sheet			
Cash & Bank balances	194,538	11,813,847	12,008,385
Investments	-	76,154,346	76,154,346
Net inter segment lending	69,890,836	(69,890,836)	-
Lendings to financial institutions	-	2,951,301	2,951,301
Advances - performing	51,866,605	-	51,866,605
- non-performing	1,955	-	1,955
Others	5,212,272	1,208,259	6,420,531
Total Assets	<u>127,166,206</u>	<u>22,236,917</u>	<u>149,403,123</u>
Borrowings	-	11,698,824	11,698,824
Deposits & other accounts	111,564,357	1,667,734	113,232,091
Net inter segment borrowing	(69,890,836)	69,890,836	-
Others	11,062,294	1,509,776	12,572,070
Total liabilities	<u>52,735,815</u>	<u>84,767,170</u>	<u>137,502,985</u>
Equity	4,539,556	7,360,582	11,900,138
Total Equity & liabilities	<u>57,275,371</u>	<u>92,127,752</u>	<u>149,403,123</u>
Contingencies & Commitments	<u>18,866,717</u>	<u>187,795,511</u>	<u>206,662,228</u>

30 RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of business with the Head Office and other branches of Citibank, N.A. outside Pakistan, other direct and indirect subsidiaries of Citigroup, retirement benefit plans and key management personnel of the Bank.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to executives is determined in accordance with the terms of their appointment.

	(Un-audited) June 30, 2020		(Audited) December 31, 2019	
	Head Office	Branches and other related parties	Head Office	Branches and other related parties
----- (Rupees in '000) -----				
<b>Balances with other banks</b>				
In current accounts	3,361	261,732	509,097	251,108
	<u>3,361</u>	<u>261,732</u>	<u>509,097</u>	<u>251,108</u>
<b>Other Assets</b>				
Interest / mark-up accrued	2,543	2,387	2,021	6,292
Other receivables	-	-	-	-
Unrealised gain on foreign exchange contracts - purchase	-	461,957	-	381,991
	<u>2,543</u>	<u>464,344</u>	<u>2,021</u>	<u>388,283</u>
<b>Borrowings</b>				
Opening balance	-	6,193,904	-	13,886,190
Borrowings during the period	-	1,187,707,615	-	1,107,632,815
Settled during the period	-	(1,193,901,519)	-	(1,115,325,101)
Closing balance	-	-	-	6,193,904
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,193,904</u>
<b>Overdrawn Nostros</b>	<u>2,961,420</u>	<u>16,589</u>	<u>-</u>	<u>9,460</u>
<b>Deposits and other accounts</b>				
Opening balance	12,931	1,797,435	766	706,394
Received during the period	6,458	856,817	23,446	4,479,696
Withdrawn during the period	(6,661)	(1,474,696)	(11,281)	(3,388,655)
Closing balance	<u>12,728</u>	<u>1,179,556</u>	<u>12,931</u>	<u>1,797,435</u>
<b>Other Liabilities</b>				
Interest / mark-up payable	-	-	-	262
Unremitted Head Office Expense	1,603,100	-	1,289,949	-
Unrealised loss on foreign exchange contracts - sale	-	594,685	-	330,386
Payable to defined benefit plan	-	247,045	-	219,997
Payable to associated undertakings	-	1,188,120	-	1,188,120
Payable for expenses and share based payments	225,800	11,608	217,986	23,984
Other liabilities	-	-	-	-
	<u>1,828,900</u>	<u>2,041,458</u>	<u>1,507,935</u>	<u>1,762,749</u>
<b>Contingencies and Commitments</b>				
Forward exchange contracts				
Purchase	-	30,295,334	-	30,252,904
Sales	-	28,362,304	-	30,261,304
Counter guarantees to branches	81,438	565,287	83,038	678,301
	<u>81,438</u>	<u>59,222,925</u>	<u>83,038</u>	<u>61,192,509</u>
----- (Rupees in '000) -----				
	(Un-audited) for the half-year ended			
	June 30, 2020		June 30, 2019	
	Head Office	Branches and other related parties	Head Office	Branches and other related parties
----- (Rupees in '000) -----				
<b>Income</b>				
Mark-up / return / interest earned	35,290	93	53,795	554
Fee and commission income	8,260	67,574	8,271	161,615
Net gain / (loss) on sale of securities	-	79,734	-	(30)
Foreign Exchange Income	-	9,086	-	4,039
<b>Expense</b>				
Mark-up / return / interest paid	-	57,428	97	54,094
Regional expenses for support services	8,138	(9,014)	3,286	26,824
Head office expenses	313,151	-	196,159	-
Contribution to staff retirement benefit funds	-	25,918	-	26,200
Remuneration of Key Management Personnel	-	47,224	-	91,765

31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>6,812,671</u>	<u>6,812,671</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>15,250,828</u>	11,795,836
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	-
Total Eligible Tier 1 Capital	<u>15,250,828</u>	11,795,836
Eligible Tier 2 Capital	<u>1,003,268</u>	104,517
Total Eligible Capital (Tier 1 + Tier 2)	<u>16,254,096</u>	11,900,353
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>34,633,953</u>	35,094,976
Market Risk	<u>694,623</u>	1,987,232
Operational Risk	<u>15,530,011</u>	15,530,012
Total	<u>50,858,587</u>	52,612,220
Common Equity Tier 1 Capital Adequacy Ratio	<u>29.99%</u>	22.42%
Tier 1 Capital Adequacy Ratio	<u>29.99%</u>	22.42%
Total Capital Adequacy Ratio	<u>31.96%</u>	22.62%

The State Bank of Pakistan through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of losses) for Banks / Development Finance Institutions to be raised to Rs. 10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.10 billion capital (net of losses) from the end of the financial year 2013 onwards. However, branches of foreign banks operating in Pakistan whose head office holds paid-up capital (free of losses) of atleast US\$ 300 million, have a CAR of 8% or minimum prescribed by the home regulator and have prescribed number of branches, are allowed to maintain lower amount with prior approval of SBP. In this regard the Bank is maintaining higher capital to support business requirements.

The Head office capital account of the Bank for the half-year ended June 30, 2020 stands at Rs 6.813 billion and is in compliance with the SBP requirement for the said period. In addition, the banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.50% of the risk weighted exposures of the Bank as of June 30, 2020. The Bank's CAR as at June 30, 2020 was 31.96% of its risk weighted exposure.

In order to dampen the effects of COVID - 19, SBP via BPRD Circular Letter No. 12 dated 26 March 2020 has given regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of 15 August 2013, for the time being, from its existing level of 2.50% to 1.50%, till further instructions.

A framework for Domestic Systemically Important Bank – (D-SIB) was issued by State Bank of Pakistan in April 2018. Under the framework, the bank is required to hold additional CET 1 capital on its risk weighted assets in Pakistan at the rate applicable on G-SIB. Citigroup Inc., the ultimate parent company, is currently required to maintain 3% additional capital buffer under the G-SIB framework. Accordingly, bank also holds additional 3% under Pillar 1 capital requirement.

The capital to risk weighted assets ratio, is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

	(Un-audited) June 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>15,250,828</u>	11,795,836
Total Exposure	<u>190,659,870</u>	180,389,351
Leverage Ratio	<u>8.00%</u>	6.54%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>79,698,410</u>	65,953,782
Total Net Cash Outflow	<u>30,851,984</u>	24,431,612
Liquidity Coverage Ratio	<u>258.33%</u>	269.95%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>119,097,343</u>	113,608,872
Total Required Stable Funding	<u>65,460,360</u>	65,298,947
Net Stable Funding Ratio	<u>181.94%</u>	173.98%

**32 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on August 21, 2020 by the management of the Bank.

**33 GENERAL**

**33.1** Figures have been rounded off to the nearest thousand rupees.

**33.2** Corresponding figures have been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period.

---

**MOIZ HUSSAIN ALI**  
Acting Citi Country Officer

---

**GULZEB KHAN**  
Chief Financial Officer