

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE DIRECTORS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Branches of Citibank, N.A., incorporated in the United States of America with liability of members being limited (the Bank), as at June 30, 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2010.

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 information 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 condensed interim financial information as of and for the half year ended June 30, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



Chartered Accountants
Dated: August 27, 2010
Karachi

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, 2010

	(Un-audited) June 30, 2010	(Audited) December 31, 2009
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	8,337,707	7,706,034
Balances with other banks	7 4,938,447	2,735,953
Lendings to financial institutions	8 9,394,177	10,155,661
Investments - net	9 33,071,979	33,122,217
Advances - net (Include assets held for sale amounting to Rs. 2,158.552 million)	10 22,308,667	28,245,029
Operating fixed assets	11 1,054,085	1,266,456
Deferred tax assets - net	3,859,498	3,637,578
Other assets (Include mark-up receivable on account of assets held for sale amounting to Rs. 36.197 million)	12 3,261,987	2,911,872
	<u>86,226,547</u>	<u>89,780,800</u>
LIABILITIES		
Bills payable	1,357,545	1,654,759
Borrowings from financial institutions	13 4,003,723	5,561,411
Deposits and other accounts	57,467,160	58,147,204
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	14 14,730,841	15,892,011
	<u>77,559,269</u>	<u>81,255,385</u>
NET ASSETS	<u>8,667,278</u>	<u>8,525,415</u>
REPRESENTED BY		
Head office capital account	6,805,109	6,780,848
Reserves	92,715	92,715
Unremitted profit	1,959,136	1,778,573
	<u>8,856,960</u>	<u>8,652,136</u>
Deficit on revaluation of securities - net	(189,682)	(126,721)
	<u>8,667,278</u>	<u>8,525,415</u>
CONTINGENCIES AND COMMITMENTS	15	

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

ARIF USMANI
Managing Director and Citi Country Officer

ANJUM HAI
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, 2010

Note	Half year ended		Quarter ended	
	June 30, 2010 (Rupees in '000)	June 30, 2009	June 30, 2010 (Rupees in '000)	June 30, 2009
Mark-up / return / interest earned	4,416,954	5,161,993	2,225,625	2,603,461
Mark-up / return / interest expensed	2,014,170	2,453,649	1,034,637	1,267,020
Net mark-up / return / interest income	2,402,784	2,708,344	1,190,988	1,336,441
Provision against advances - net	1,284,176	317,043	815,123	161,377
Provision for diminution in the value of investment - net	-	-	-	-
Bad debts written off directly	45,727	1,594,354	42,306	707,015
	1,329,903	1,911,397	857,429	868,392
Net mark-up / interest income after provisions	1,072,881	796,947	333,559	468,049
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	381,283	409,637	173,611	198,789
Income from dealing in foreign currencies	1,159,172	731,233	616,640	172,289
Dividend income	-	1,204	-	1,204
Gain on sale of securities	356,823	177,428	124,300	40,461
Unrealised gain / (loss) on revaluation of investments classified as held for trading	(5,132)	34,659	1,114	28,059
Other income	(775,654)	345,739	(283,036)	(3,512)
Total non mark-up / interest income	1,116,492	1,699,900	632,629	437,290
	2,189,373	2,496,847	966,188	905,339
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	1,801,243	1,884,858	865,102	883,413
Provision for diminution in the value of non-banking assets	1,174	1,599	703	1,288
Other charges	23,826	23,750	15,571	12,149
Total non mark-up / interest expenses	1,826,243	1,910,207	881,376	896,850
PROFIT BEFORE TAXATION	363,130	586,640	84,812	8,489
Taxation				
- Current	498,606	940,571	316,853	350,670
- Prior year	(128,022)	-	(128,022)	-
- Deferred	(188,017)	(662,939)	(102,245)	(345,594)
	182,567	277,632	86,586	5,076
PROFIT AFTER TAXATION	180,563	309,008	(1,774)	3,413

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

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Managing Director and Citi Country Officer

ANJUM HAI
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, 2010

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<u>June 30,</u> <u>2010</u> <u>(Rupees in '000)</u>	<u>June 30,</u> <u>2009</u> <u>(Rupees in '000)</u>	<u>June 30,</u> <u>2010</u> <u>(Rupees in '000)</u>	<u>June 30,</u> <u>2009</u> <u>(Rupees in '000)</u>
Profit for the period after taxation	180,563	309,008	(1,774)	3,413
Components of comprehensive income not reflected in equity				
(Deficit) / surplus on revaluation of available for sale securities - net of tax	(62,961)	396,199	3,700	141,604
Total comprehensive income for the period	<u>117,602</u>	<u>705,207</u>	<u>1,926</u>	<u>145,017</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

ARIF USMANI
 Managing Director and Citi Country Officer

ANJUM HAI
 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, 2010

	Half year ended	
	June 30, 2010	June 30, 2009
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	363,130	586,640
Adjustments		
Depreciation	211,632	200,418
Amortisation	26,316	21,039
Provision against advances - net	1,284,176	317,043
Provision for diminution in the value of non-banking assets	1,174	1,599
Unrealised (gain) / loss on revaluation of held for trading securities	5,132	(34,659)
Bad debts written off directly	45,727	1,594,354
Charge for defined benefit plan	16,869	21,059
Gain on disposals of fixed assets	(8,279)	(11,912)
Lease rentals	-	2,987
	<u>1,582,747</u>	<u>2,111,928</u>
	1,945,877	2,698,568
(Increase) / decrease in operating assets		
Lendings to financial institutions	761,484	10,852,725
Held for trading securities	(5,424,586)	(9,265,206)
Advances	4,606,459	7,018,570
Other assets	(351,289)	9,083,592
	<u>(407,932)</u>	<u>17,689,681</u>
Increase / (decrease) in operating liabilities		
Bills payable	(297,214)	(218,312)
Borrowings from financial institutions	(1,516,070)	9,692,588
Deposits and other accounts	(680,044)	(3,096,862)
Other liabilities (excluding current taxation and payable to defined benefit plan)	(1,454,462)	(5,768,107)
	<u>(3,947,790)</u>	<u>609,307</u>
	(2,409,845)	20,997,556
Contribution to gratuity fund	(16,869)	(20,419)
Income tax paid	(77,292)	(772,538)
Net cash (used in) / generated from operating activities	<u>(2,504,006)</u>	<u>20,204,599</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	5,372,828	(26,428,760)
Investments in fixed assets	(57,834)	(347,868)
Sale proceeds from disposal of property and equipment	40,536	63,258
Net cash generated from / (used in) investing activities	<u>5,355,530</u>	<u>(26,713,370)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments against lease obligations	-	(2,987)
Net cash used in financing activities	<u>-</u>	<u>(2,987)</u>
Effects of exchange rate changes on cash and cash equivalents	24,261	79,058
Increase / (decrease) in cash and cash equivalents	<u>2,875,785</u>	<u>(6,432,700)</u>
Cash and cash equivalents at the beginning of the period	10,400,369	17,922,742
Cash and cash equivalents at the end of the period	<u><u>13,276,154</u></u>	<u><u>11,490,042</u></u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

ARIF USMANI
Managing Director and Citi Country Officer

ANJUM HAI
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, 2010

	Head office capital account	Unremitted profit	Share based payment contribution reserve by the ultimate holding company	Total
	----- (Rupees in '000) -----			
Balance as at January 1, 2009	7,742,345	1,689,600	75,785	9,507,730
Profit for the half year ended June 30, 2009	-	309,008	-	309,008
Contribution by the ultimate holding company in respect of share based payments	-	-	8,171	8,171
Recharged balance payable to the ultimate holding company for share based payments	-	-	(8,171)	(8,171)
Effect of re-measurement of cost under share based payment - net of tax	-	-	-	-
Exchange adjustments on revaluation of capital	79,058	-	-	79,058
Balance as at June 30, 2009	7,821,403	1,998,608	75,785	9,895,796
Profit / (loss) for the half year ended December 31, 2009	-	(220,035)	-	(220,035)
Contribution by the ultimate holding company in respect of share based payments	-	-	20,608	20,608
Recharged balance payable to the ultimate holding company for share based payments	-	-	(20,608)	(20,608)
Effect of re-measurement of cost under share based payment - net of tax	-	-	16,930	16,930
Capital remitted during the period	(1,099,363)	-	-	(1,099,363)
Exchange adjustments on revaluation of capital	58,808	-	-	58,808
Balance as at December 31, 2009	6,780,848	1,778,573	92,715	8,652,136
Profit for the half year ended June 30, 2010	-	180,563	-	180,563
Contribution by the ultimate holding company in respect of share based payments	-	-	(2,326)	(2,326)
Recharged balance payable to the ultimate holding company for share based payments	-	-	2,326	2,326
Effect of re-measurement of cost under share based payment - net of tax	-	-	-	-
Exchange adjustments on revaluation of capital	24,261	-	-	24,261
Balance as at June 30, 2010	<u>6,805,109</u>	<u>1,959,136</u>	<u>92,715</u>	<u>8,856,960</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

ARIF USMANI
Managing Director and Citi Country Officer

ANJUM HAI
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, 2010****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.

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

	<u>Long-term senior debt</u>	<u>Short-term debt</u>	<u>Outlook</u>
Citigroup Inc.	A3	P-1	Stable
Citibank, N.A.	A1	P-1	Stable

The bank is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi and operates through 17 branches (December 31, 2009: 21 branches) in Pakistan.

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

These interim financial statements of the bank have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, as are notified under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.

The State Bank of Pakistan (SBP) vide its BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. In addition the Securities and Exchange Commission of Pakistan has also deferred the applicability of International Financial Reporting Standard 7, Financial Instruments: Disclosures (IFRS 7) on banking companies vide SRO 411(I) / 2008 till further orders. 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 State Bank of Pakistan through various circulars.

The State Bank of Pakistan (SBP) through its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on Revaluation of Available-for sales Securities (AFS) only, may be included in the 'Statement of Comprehensive Income'. Accordingly, the above requirements have been adopted in the preparation of these condensed interim financial statements.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan (SBP) through BSD Circular Letter No. 2 dated May 12, 2004 and requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. They do not include all of the information required for the full set of 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, 2009.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted 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, 2009.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the 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 were the same as those applied to the annual financial statements for the year ended December 31, 2009.

6 FINANCIAL RISK MANAGEMENT

The bank's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2009.

	June 30, 2010	December 31, 2009
	(Rupees in '000)	
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	52,491	79,589
Outside Pakistan		
In current accounts	701,891	1,270,691
In deposit accounts	4,184,065	1,385,673
	<u>4,885,956</u>	<u>2,656,364</u>
	<u>4,938,447</u>	<u>2,735,953</u>
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	100,000	-
Repurchase agreement lendings (Reverse Repo)	9,294,177	10,155,661
	<u>9,394,177</u>	<u>10,155,661</u>

9 INVESTMENTS - NET

	Note	June 30, 2010			December 31, 2009		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----							
Investments by type							
Held-for-trading securities							
Market treasury bills		7,315,203	-	7,315,203	2,166,271	-	2,166,271
Pakistan Investment Bonds		837,565	-	837,565	561,911	-	561,911
		8,152,768	-	8,152,768	2,728,182	-	2,728,182
Available-for-sale securities							
Market treasury bills		17,718,557	1,376,558	19,095,115	24,211,458	673,194	24,884,652
Pakistan Investment Bonds		3,913,308	-	3,913,308	3,496,599	-	3,496,599
Fully paid-up ordinary shares	9.1	52,000	-	52,000	52,000	-	52,000
Unlisted Term finance certificates		2,206,000	-	2,206,000	2,206,000	-	2,206,000
		<u>23,889,865</u>	<u>1,376,558</u>	<u>25,266,423</u>	<u>29,966,057</u>	<u>673,194</u>	<u>30,639,251</u>
Investments at cost		32,042,633	1,376,558	33,419,191	32,694,239	673,194	33,367,433
Less: Provision for diminution in the value of investments		52,000	-	52,000	52,000	-	52,000
Investments - net of provisions		31,990,633	1,376,558	33,367,191	32,642,239	673,194	33,315,433
(Deficit) / surplus on revaluation of held-for-trading securities - net		(3,393)	-	(3,393)	1,739	-	1,739
(Deficit) / surplus on revaluation of available-for-sale securities - net		(291,589)	(230)	(291,819)	(196,898)	1,943	(194,955)
Investments at market value		<u>31,695,651</u>	<u>1,376,328</u>	<u>33,071,979</u>	<u>32,447,080</u>	<u>675,137</u>	<u>33,122,217</u>

- 9.1 As at December 31, 2009, the bank held 14,247 'Class A' (listed) and 33,244 'Class C' (unlisted) shares at Nil cost. During the period 16,622 'Class C' shares were converted to 'Class A' shares as a result of 1:1 conversion. Subsequently, these 'Class A' and 'Class C' shares were sold during the period.

	Note	June 30, 2010	December 31, 2009
10 ADVANCES - NET			
(Rupees in '000)			
Loans, cash credits, running finances etc. In Pakistan		25,928,383	30,338,609
Bills discounted and purchased (excluding Market treasury bills)			
Payable in Pakistan		230,539	619,207
Payable outside Pakistan		403,856	247,037
		<u>634,395</u>	<u>866,244</u>
Advances - gross		26,562,778	31,204,853
Provision against advances			
- Specific	10.2	(3,850,240)	(2,486,006)
- General	10.3	(403,871)	(473,818)
		<u>(4,254,111)</u>	<u>(2,959,824)</u>
Advances - net of provision		<u>22,308,667</u>	<u>28,245,029</u>

- 10.1 Advances include Rs. 4,849.138 million (December 31, 2009: Rs. 3,158.076 million) which have been placed under non-performing status as detailed below:

10.2 Category of classification

	June 30, 2010			Provision required	Provision held
	Domestic	Overseas	Total		
	(Rupees in '000)				
Substandard	209,902	-	209,902	59,137	59,137
Doubtful	1,486,991	-	1,486,991	764,462	764,462
Loss	3,152,245	-	3,152,245	3,026,641	3,026,641
	<u>4,849,138</u>	<u>-</u>	<u>4,849,138</u>	<u>3,850,240</u>	<u>3,850,240</u>
	(Rupees in '000)				
	December 31, 2009				
	(Rupees in '000)				
Substandard	428,714	-	428,714	104,123	104,123
Doubtful	399,864	-	399,864	170,130	170,130
Loss	2,329,498	-	2,329,498	2,211,753	2,211,753
	<u>3,158,076</u>	<u>-</u>	<u>3,158,076</u>	<u>2,486,006</u>	<u>2,486,006</u>

- 10.3 General provision includes provision held against consumer finance portfolio maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required under the Prudential Regulations issued by the State Bank of Pakistan (SBP).

- 10.4 The SBP vide its Circular No. 10 dated October 20, 2009 and BSD Circular No. 2 dated June 30, 2010 has allowed banks to avail the benefit of 40% of forced sale value of pledged stocks and mortgaged commercial, residential and industrial properties held as collateral against all non - performing loans for four years (previously three years) from the date of classification for calculating provisioning requirement. However, the additional impact on profitability arising from availing this benefit would not be available for payment of cash or stock dividend. During the current period, the bank has not availed any benefit in respect of change of benefit from three years to four years. However, had the provision against non - performing loans and advances been determined in accordance with the previously laid down requirements of SBP, the specific provision against non - performing loans would have been higher and consequently profit before taxation and advances (net of provisions) as at June 30, 2010 would have been lower by approximately Rs. 11.443 million. The additional profit arising from availing the FSV benefit - net of tax at June 30, 2010 which is not available for remittance of profits amounted to approximately Rs 29.753 million (December 31, 2009: Rs. 29.753 million).

10.5 Non-current assets held for sale

As at June 30, 2010, the bank has classified its mortgage and auto loans amounting to Rs 2,158.552 million (December 31, 2009: Rs. 2,957.958 million) as 'assets held of sale'. This is consequent to the bank's decision to exit from these businesses.

	Note	June 30, 2010	December 31, 2009
11 FIXED ASSETS		(Rupees in '000)	
Capital work-in-progress		12,364	15,692
Property and equipment	11.1 & 11.2	885,407	1,068,145
Intangible assets		156,314	182,619
		1,054,085	1,266,456

Half year ended	
June 30, 2010	June 30, 2009
(Rupees in '000)	

11.1 The following additions were made at cost during the period:

- Furniture and fixtures		1,834	5,975
- Electrical and office equipment		1,981	72,295
- Vehicles		57,348	78,642
- Intangibles		-	150,342
		61,163	307,254

11.2 The written down value of fixed assets disposed of / deleted during the period were as follows:

	Half year ended	
	June 30, 2010	June 30, 2009
	(Rupees in '000)	
- Furniture and fixtures	6,124	1,043
- Electrical and office equipment	3,911	5,216
- Vehicles	22,222	45,087
	32,257	51,346

12 OTHER ASSETS

12.1 Revaluation gain on derivatives

It includes gain on revaluation of forward foreign exchange contracts, foreign currency options and interest rate derivatives as at June 30, 2010 amounting to Rs. 2,017.971 million (December 31, 2009: Rs. 1,339.075 million).

12.2 Assets held for sale

As more fully explained in note 10.5 to these condensed interim financial statements, other assets also include assets held for sale amounting to Rs. 36.197 million (December 31, 2009: Rs. 46.713 million) which represent mark-up receivable on advances classified as "assets held for sale."

	June 30, 2010	December 31, 2009
13 BORROWINGS FROM FINANCIAL INSTITUTIONS	(Rupees in '000)	
In Pakistan	4,003,723	5,561,411
Outside Pakistan	-	-
	4,003,723	5,561,411

13.1 Particulars of borrowings from financial institutions

In local currency	4,003,723	5,561,411
In foreign currency	-	-
	4,003,723	5,561,411

	June 30, 2010	December 31, 2009
	(Rupees in '000)	
13.2 Details of borrowings from financial institutions		
Secured		
Borrowings from the State Bank of Pakistan under		
- Export refinance scheme	1,014,371	1,598,680
- Long Term Financing - Export Oriented Projects scheme (LTF-EOP)	214,010	340,414
Repurchase agreement borrowings	1,375,342	3,080,699
	<u>2,603,723</u>	<u>5,019,793</u>
Unsecured		
Call borrowings	1,400,000	500,000
Overdrawn accounts	-	41,618
	<u>1,400,000</u>	<u>541,618</u>
	<u><u>4,003,723</u></u>	<u><u>5,561,411</u></u>

14 OTHER LIABILITIES

14.1 It includes loss on revaluation of forward foreign exchange contracts, foreign currency options and interest rate derivatives as at June 30, 2010 amounting to Rs. 10,247.285 million (December 31, 2009: Rs. 11,377.517 million).

15 CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes

Includes general guarantees of indebtedness, bank acceptance, guarantees and standby letters of credit serving as financial guarantees for loans and securities.

	June 30, 2010	December 31, 2009
	(Rupees in '000)	
(i) Government	17,890	55,985
(ii) Banking companies and other financial institutions	93,915	12,398
(iii) Others	8,721,103	8,122,020
	<u>8,832,908</u>	<u>8,190,403</u>

15.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and stand by letters of credit related to particular transactions.

	June 30, 2010	December 31, 2009
	(Rupees in '000)	
(i) Government	882,813	1,226,058
(ii) Banking companies and other financial institutions	144,807	126,201
(iii) Others	394,588	395,622
	<u>1,422,208</u>	<u>1,747,881</u>

15.3 Trade-related contingent liabilities

Includes short-term self liquidating trade related contingent liabilities arising from the movement of goods, such as documentary credits where the underlying shipment is used as security.

	Note	June 30, 2010	December 31, 2009
		(Rupees in '000)	
Letters of credit		<u>9,065,955</u>	<u>9,330,190</u>

15.4 Other contingencies

Indemnity issued		15,484	15,484
Claims not acknowledged as debts		277,871	275,972
	15.4.1	<u>293,355</u>	<u>291,456</u>

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

	June 30, 2010	December 31, 2009
	(Rupees in '000)	
15.5 Commitments in respect of forward transactions		
Forward agreement lending (reverse repos)	9,294,177	10,317,618
Forward agreement borrowings (repos)	1,375,342	3,085,119
Forward agreement to purchase (reverse repos)	-	2,808,113
15.6 Commitments in respect of forward foreign exchange contracts		
Purchase	108,776,693	120,306,365
Sale	58,013,632	63,979,867
The bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk.		
	June 30, 2010	December 31, 2009
	(Rupees in '000)	
15.7 Other commitments		
Interest rate and cross currency derivative contracts (notional amount)	66,934,702	64,724,267
Foreign currency options	4,113,796	2,613,192

16 INCOME FROM DEALING IN FOREIGN CURRENCIES

It includes income from foreign exchange swap trading positions, forward settled inter bank deals and revaluation of Nostro accounts.

17 OTHER INCOME

This includes net funding cost of foreign exchange swaps.

18 RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of business with other branches of Citibank, N.A. outside Pakistan, other direct and indirect subsidiaries of Citigroup, retirement benefit plan and key management personnel of the bank. These transactions were made on commercial terms and conditions.

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.

18.1 Details of significant transactions with related parties and balances with them as at period end are as follows:

	Balance as at December 31, 2009	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at June 30, 2010
	----- (Rupees in '000) -----			
Loans and advances				
Key management personnel	4,141	911	(4,652)	400
Deposits				
Associated undertakings	338,301	294,063	(432,266)	200,098
Key management personnel	2,464	19,025	(16,147)	5,342
Staff retirement benefit funds	20,229	468,684	(478,413)	10,500

	June 30, 2010	December 31, 2009
	(Rupees in '000)	
Nostro balances / placements with Citibank branches outside Pakistan	4,883,267	2,654,894
Unremitted head office expenses	846,979	728,818
Payable for expenses and share based payment	97,518	97,448
Payable to defined benefit plan	61,113	61,113
Claims receivable from Citi Global Insurance Reserve Plan	-	3,901

Half year ended
June 30, 2010 June 30, 2009
(Rupees in '000)

18.2 Income / expense for the period

Mark-up / return / interest earned	5,751	9,184
Mark-up / return / interest expensed	237	17,223
Other income	3,833	15,914
Regional expenses for support services	188,407	235,893
Head office expenses	118,162	69,126
Remuneration paid to key management personnel	29,434	26,704
Contribution to staff retirement benefit funds	42,916	48,449
Sale of fixed assets	1,008	-

19 SEGMENT INFORMATION

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:

	For the half year ended June 30, 2010			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Total income	2,038,475	2,004,290	1,490,681	5,533,446
Total expenses	827,316	2,577,703	1,947,864	5,352,883
Net income / (loss)	1,211,159	(573,413)	(457,183)	180,563
Segment return on net assets (%)**	4.28%	-9.39%	-5.23%	0.42%
Segment cost of funds (%)***	5.80%	5.40%	6.40%	5.90%

	As at June 30, 2010			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Segment assets (gross)	56,543,787	14,372,534	19,639,748	90,556,069
Segment non-performing loans	-	1,914,403	2,934,735	4,849,138
Segment provision required*	-	2,161,612	2,167,910	4,329,522
Segment liabilities	13,144,359	31,247,490	33,167,420	77,559,269

	For the half year ended June 30, 2009			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Total income	2,379,702	2,493,492	1,988,699	6,861,893
Total expenses	1,034,393	3,303,648	2,214,844	6,552,885
Net income / (loss)	1,345,309	(810,156)	(226,145)	309,008
Segment return on net assets (ROA) (%)**	6.70%	-4.40%	-1.70%	0.60%
Segment cost of funds (%)***	12.10%	5.90%	6.60%	6.60%

	As at December 31, 2009			Total
	Trading and sales	Retail banking	Corporate banking	
	----- (Rupees in '000) -----			
Segment assets (gross)	53,029,921	14,132,647	25,652,293	92,814,861
Segment non-performing loans	-	1,065,100	2,092,976	3,158,076
Segment provision required*	-	1,325,697	1,708,364	3,034,061
Segment liabilities	10,335,616	32,468,358	38,451,411	81,255,385

* The provision against each segment represents provision held against advances, investments and other assets.

** Segment return on net assets (ROA) = Net income / (Segment assets - Segment provisions)

*** Segment cost of funds have been computed based on the average balances.

20 NON - ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

20.1 Subsequent to the half year ended June 30, 2010, the bank closed one of its branch on July 1, 2010.

21 GENERAL

21.1 These condensed interim financial statements were authorised for issue by the management of the bank on August ____, 2010.

21.2 Figures have been rounded off to the nearest thousand rupees.

21.3 Corresponding figures have been reclassified, rearranged 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. No significant reclassifications were made.

ARIF USMANI
 Managing Director and Citi Country Officer

ANJUM HAI
 Chief Financial Officer