



**A. F. FERGUSON & CO.**

**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 **Citibank N.A. Pakistan Branches** as at June 30, 2012 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 for interim financial reporting. 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2012.

***Scope of Review***

We conducted our review in accordance with the 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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

***Emphasis of matter paragraph***

We draw attention to note 17.4.2 to the condensed interim financial information which explains the matter raised by the State Bank of Pakistan with respect to return on certain foreign currency deposit accounts. Our opinion is not qualified in respect of this matter.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: August 29, 2012

Karachi

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**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, 2012**

	(Un-audited) June 30, 2012	(Audited) December 31, 2011
Note	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	7,045,443	6,990,879
Balances with other banks	9 2,222,904	1,149,455
Lendings to financial institutions	10 9,009,441	1,339,057
Investments - net	11 41,975,450	60,399,022
Advances - net (include assets held for sale amounting to Rs. 2,150 million)	12 19,806,077	18,820,403
Fixed assets	13 497,065	634,699
Deferred tax assets - net	3,575,130	3,614,421
Other assets (include mark-up and other receivables on account of assets held for sale amounting to Rs. 57.216 million)	14 4,144,999	3,954,861
	88,276,509	96,902,797
<b>LIABILITIES</b>		
Bills payable	1,872,358	2,028,623
Borrowings from financial institutions	15 5,138,113	11,231,101
Deposits and other accounts	60,967,049	61,678,515
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	16 9,949,253	11,198,190
	77,926,773	86,136,429
<b>NET ASSETS</b>	<u>10,349,736</u>	<u>10,766,368</u>
<b>REPRESENTED BY</b>		
Head office capital account	6,812,671	6,812,671
Reserves	149,286	149,286
Unremitted profit	3,531,255	3,957,548
	10,493,212	10,919,505
Deficit on revaluation of securities - net of tax	(143,476)	(153,137)
	<u>10,349,736</u>	<u>10,766,368</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

\_\_\_\_\_  
**NADEEM LODHI**  
Managing Director and Citi Country Officer

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**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 QUARTER AND HALF YEAR ENDED JUNE 30, 2012**

Note	Half year ended		Quarter ended	
	June 30, 2012 (Rupees in '000)	June 30, 2011	June 30, 2012 (Rupees in '000)	June 30, 2011
Mark-up / return / interest earned	4,430,363	5,122,169	2,216,898	2,488,940
Mark-up / return / interest expensed	1,624,678	2,380,351	789,574	1,210,820
Net mark-up / return / interest income	2,805,685	2,741,818	1,427,324	1,278,120
Reversal / provision against advances - net	(27,871)	103,127	(16,943)	35,746
Provision for diminution in the value of investment - net	-	-	-	-
Bad debts written off directly	11,193	31,684	4,402	8,122
	(16,678)	134,811	(12,541)	43,868
Net mark-up / interest income after provisions	2,822,363	2,607,007	1,439,865	1,234,252
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	351,660	373,283	140,320	221,443
Income from dealing in foreign currencies	966,506	1,208,000	546,399	475,866
Dividend income	-	-	-	-
(Loss) / gain on sale of securities	(65,477)	(3,166)	56,366	1,853
Unrealised gain / (loss) on revaluation of investments classified as held for trading	228,234	1,076	47,437	(5,465)
Other income	(684,630)	(790,876)	(303,520)	(205,951)
Total non mark-up / interest income	796,293	788,317	487,002	487,746
	3,618,656	3,395,324	1,926,867	1,721,998
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	1,859,881	1,970,088	915,734	1,049,073
Provision for diminution in the value of non-banking assets	(405)	(2,265)	(497)	(396)
Other charges	41,912	28,643	22,790	19,241
Total non mark-up / interest expenses	1,901,388	1,996,466	938,027	1,067,918
<b>PROFIT BEFORE TAXATION</b>	1,717,268	1,398,858	988,840	654,080
Taxation				
- Current	689,155	625,320	356,895	297,461
- Prior year	(151,636)	(139,122)	(151,636)	(139,122)
- Deferred	34,088	(181,590)	103,704	(113,721)
	571,607	304,608	308,963	44,618
<b>PROFIT AFTER TAXATION</b>	1,145,661	1,094,250	679,877	609,462

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

**NADEEM LODHI**  
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 QUARTER AND HALF YEAR ENDED JUNE 30, 2012**

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<u>June 30,</u> <u>2012</u> <u>(Rupees in '000)</u>	<u>June 30,</u> <u>2011</u> <u>(Rupees in '000)</u>	<u>June 30,</u> <u>2012</u> <u>(Rupees in '000)</u>	<u>June 30,</u> <u>2011</u> <u>(Rupees in '000)</u>
Profit for the period after taxation	1,145,661	1,094,250	679,877	609,462
<b>Components of comprehensive income not reflected in equity</b>				
(Deficit) / surplus on revaluation of available for sale securities - net of tax	9,661	48,477	(1,358)	13,623
<b>Total comprehensive income for the period</b>	<b><u>1,155,322</u></b>	<b><u>1,142,727</u></b>	<b><u>678,519</u></b>	<b><u>623,085</u></b>

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**NADEEM LODHI**  
**Managing Director and Citi Country Officer**

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**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 QUARTER AND HALF YEAR ENDED JUNE 30, 2012**

	<b>Half year ended</b>	
	<b>June 30, 2012</b>	<b>June 30, 2011</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,717,268	1,398,858
<b>Adjustments for :</b>		
Depreciation	187,028	165,351
Amortisation	24,340	23,129
Provision against advances - net (Reversal) / provision for appreciation / diminution in the value of non-banking assets - net	(27,871)	103,127
Unrealised (gain) / loss on revaluation of held-for-trading securities	(405)	(2,265)
Bad debts written off directly	(228,234)	(1,076)
Charge for defined benefit plan	11,193	31,684
Gain on disposals of fixed assets	28,290	22,974
	(27,971)	(4,643)
	(33,630)	338,281
	1,683,638	1,737,139
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(7,670,384)	(4,097,929)
Held-for-trading securities	14,780,180	454,515
Advances	(968,996)	(1,442,976)
Other assets	(189,733)	510,207
	5,951,067	(4,576,183)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(156,265)	815,722
Borrowings from financial institutions	(6,107,632)	300,204
Deposits and other accounts	(711,466)	(4,092,551)
Other liabilities (excluding current taxation and payable to defined benefit plan)	421,737	(1,282,754)
	(6,553,626)	(4,259,379)
	1,081,079	(7,098,423)
Contribution to gratuity fund	(28,290)	(19,520)
Income tax paid	(1,911,790)	(282,635)
<b>Net cash used in operating activities</b>	(859,001)	(7,400,578)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	3,886,490	6,806,423
Investments in fixed assets	(97,081)	(85,581)
Sale proceeds from disposal of fixed assets	51,318	16,074
<b>Net cash generated from investing activities</b>	3,840,727	6,736,916
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Head office expense remittance made during the period	(296,403)	-
Profit remittance made during the period	(1,571,954)	-
<b>Net cash used in financing activities</b>	(1,868,357)	-
Effects of exchange rate changes on cash and cash equivalents	-	-
<b>(Decrease) / increase in cash and cash equivalents</b>	1,113,369	(663,662)
Cash and cash equivalents at the beginning of the period	8,081,368	8,398,393
<b>Cash and cash equivalents at end of the period</b>	9,194,737	7,734,731

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

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**NADEEM LODHI**  
 Managing Director and Citi Country Officer

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**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 QUARTER AND HALF YEAR ENDED JUNE 30, 2012**

	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, 2011	6,812,671	2,201,511	125,573	9,139,755
Profit for the half year ended June 30, 2011	-	1,094,250	-	1,094,250
<b>Transactions with owners</b>				
Contribution by the ultimate holding company in respect of share based payments	-	-	23,568	23,568
Recharged balance payable to the ultimate holding company for share based payments	-	-	(23,568)	(23,568)
Effect of re-measurement of cost under share based payment - net of tax	-	-	-	-
	-	-	-	-
Balance as at June 30, 2011	6,812,671	3,295,761	125,573	10,234,005
Profit for the period July 01, 2011 to December 31, 2011	-	661,787	-	661,787
<b>Transactions with owners</b>				
Contribution by the ultimate holding company in respect of share based payments	-	-	37,737	37,737
Recharged balance payable to the ultimate holding company for share based payments	-	-	(37,737)	(37,737)
Effect of re-measurement of cost under share based payment - net of tax	-	-	23,713	23,713
	-	-	23,713	23,713
Balance as at December 31, 2011	6,812,671	3,957,548	149,286	10,919,505
Profit for the half year ended June 30, 2012	-	1,145,661	-	1,145,661
<b>Transactions with owners</b>				
Contribution by the ultimate holding company in respect of share based payments	-	-	2,040	2,040
Recharged balance payable to the ultimate holding company for share based payments	-	-	(2,040)	(2,040)
Effect of re-measurement of cost under share based payment - net of tax	-	-	-	-
	-	-	-	-
Profit remittance made to head office	-	(1,571,954)	-	(1,571,954)
<b>Balance as at June 30, 2012</b>	<u>6,812,671</u>	<u>3,531,255</u>	<u>149,286</u>	<u>10,493,212</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

\_\_\_\_\_  
**NADEEM LODHI**  
**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 INFORMATION (UN-AUDITED)****FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2012****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>
Citigroup Inc.	A3	P-2
Citibank, N.A.	A1	P-1

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. The Bank operates through 12 branches (December 31, 2011: 16 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 this condensed interim financial information as such but are restricted to the amount of facility actually utilised and appropriate portion of mark-up thereon.

**3 STATEMENT OF COMPLIANCE**

- 3.1** This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by SBP prevail.
- 3.2** The SBP 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 through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 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 this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2011.
- 3.4** SBP vide 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-sale (AFS) Securities only, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.

#### 4. BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention except that certain investments and derivative financial instruments have been marked to market and are carried at fair value.

#### 5. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

#### 6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2011.

#### 7 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 this condensed interim financial information are the same as those applied to the annual financial statements for the year ended December 31, 2011.

#### 8 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, 2011.

	(Un-audited)	(Audited)
	June	December
	30, 2012	31, 2011
	(Rupees in '000)	
<b>9 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
- Current accounts	37,943	75,003
Outside Pakistan		
- Current accounts	2,184,961	1,074,452
- Deposit accounts	-	-
	<u>2,184,961</u>	<u>1,074,452</u>
	<u>2,222,904</u>	<u>1,149,455</u>
<b>10 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings	-	-
Repurchase agreement lendings (Reverse Repo)	9,009,441	1,339,057
	<u>9,009,441</u>	<u>1,339,057</u>



## 11 INVESTMENTS - NET

	June 30, 2012 (Un-audited)			December 31, 2011 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
------(Rupees in '000)-----						
<b>Investments by type</b>						
<b>Held-for-trading securities</b>						
Market treasury bills	8,568,339	-	8,568,339	12,179,967	6,372,738	18,552,705
Pakistan Investment Bonds	2,397,680	-	2,397,680	7,193,494	-	7,193,494
	10,966,019	-	10,966,019	19,373,461	6,372,738	25,746,199
<b>Available-for-sale securities</b>						
Market treasury bills	15,374,098	-	15,374,098	20,024,548	-	20,024,548
Pakistan Investment Bonds	15,855,314	-	15,855,314	15,091,354	-	15,091,354
Fully paid-up ordinary shares	2,000	-	2,000	52,000	-	52,000
Unlisted term finance certificates	-	-	-	-	-	-
	31,231,412	-	31,231,412	35,167,902	-	35,167,902
<b>Investments at cost</b>	42,197,431	-	42,197,431	54,541,363	6,372,738	60,914,101
Less: Provision for diminution in the value of investments	2,000	-	2,000	52,000	-	52,000
<b>Investments - net of provisions</b>	42,195,431	-	42,195,431	54,489,363	6,372,738	60,862,101
Deficit on revaluation of held-for-trading securities - net	751	-	751	(211,508)	(15,975)	(227,483)
Deficit on revaluation of available-for-sale securities - net	(220,732)	-	(220,732)	(235,596)	-	(235,596)
<b>Investments at market value</b>	41,975,450	-	41,975,450	54,042,259	6,356,763	60,399,022

## 12 ADVANCES - NET

	Note	(Un-audited) June 30, 2012	(Audited) December 31, 2011
(Rupees in '000)			
Loans, cash credits, running finances etc. - In Pakistan		23,731,720	23,085,918
Bills discounted and purchased (excluding Market treasury bills)			
Payable in Pakistan		920,479	662,607
Payable outside Pakistan		530,062	529,562
		1,450,541	1,192,169
Advances - gross		25,182,261	24,278,087
Provision against advances			
- Specific	12.2	(5,271,821)	(5,338,814)
- General	12.3	(104,363)	(118,870)
		(5,376,184)	(5,457,684)
Advances - net of provision		19,806,077	18,820,403

12.1 Advances include Rs 5,417.450 million (December 31, 2011: Rs 5,506.335 million) which have been placed under non-performing status as detailed below:

**12.2 Category of classification**

	June 30, 2012 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	44,616	-	44,616	11,304	11,304
Doubtful	136,546	-	136,546	68,273	68,273
Loss	5,236,288	-	5,236,288	5,192,244	5,192,244
	<u>5,417,450</u>	<u>-</u>	<u>5,417,450</u>	<u>5,271,821</u>	<u>5,271,821</u>
	-----				
	December 31, 2011 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	132,235	-	132,235	33,663	33,663
Doubtful	51,495	-	51,495	25,748	25,748
Loss	5,322,605	-	5,322,605	5,279,403	5,279,403
	<u>5,506,335</u>	<u>-</u>	<u>5,506,335</u>	<u>5,338,814</u>	<u>5,338,814</u>

**12.3** General provision represents 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.

**12.4 Non-current assets held for sale**

As at June 30, 2012, the bank has classified its consumer asset portfolio (amounting to Rs. 2,149.84 million) as assets held for sale. This is consequent to the bank's decision to exit these businesses. Due diligence is being conducted by interested buyers for these portfolios.

	Note	(Un-audited)	(Audited)
		June 30, 2012	December 31, 2011
		(Rupees in '000)	
<b>13 FIXED ASSETS</b>			
Capital work-in-progress		1,100	8,923
Property and equipment	13.1 & 13.2	404,624	511,275
Intangible assets		91,341	114,501
		<u>497,065</u>	<u>634,699</u>
		-----	
		(Un-audited)	
		Half year ended	
		June	June
		30, 2012	30, 2011
		(Rupees in '000)	

**13.1** The following additions were made at cost during the period:

- Furniture and fixtures	42,589	2,005
- Electrical and office equipment	49,706	6,290
- Vehicles	11,429	55,172
- Intangibles	1,180	-
	<u>104,904</u>	<u>63,467</u>

**13.2** The written down value of fixed assets disposed of / written off during the period were as follows:

	(Un-audited)	
	Half year ended	
	June	June
	30, 2012	30, 2011
	(Rupees in '000)	
- Furniture and fixtures	1,918	-
- Electrical and office equipment	4,103	342
- Vehicles	17,326	11,089
	<u>23,347</u>	<u>11,431</u>

**14 OTHER ASSETS****14.1 Revaluation gain on derivatives**

It includes gain on revaluation of forward foreign exchange contracts, foreign currency options and derivatives as at June 30, 2012 amounting to Rs 1,588.841 million (December 31, 2011: Rs 2,164.818 million).

**14.2 Assets held for sale**

As more fully explained in note 12.4 to these condensed interim financial statements, other assets also include assets held for sale amounting to Rs. 57.216 million which represent mark-up and other receivables on advances classified as "assets held for sale."

	(Un-audited) June 30, 2012	(Audited) December 31, 2011
	(Rupees in '000)	
<b>15 BORROWINGS FROM FINANCIAL INSTITUTIONS</b>		
In Pakistan	1,828,811	7,633,273
Outside Pakistan	3,309,302	3,597,828
	<u>5,138,113</u>	<u>11,231,101</u>
<b>15.1 Particulars of borrowings from financial institutions</b>		
In local currency	1,828,811	7,633,273
In foreign currency	3,309,302	3,597,828
	<u>5,138,113</u>	<u>11,231,101</u>
<b>15.2 Details of borrowings from financial institutions</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan under		
- Export refinance scheme	325,000	1,080,060
- Long Term Financing - Export Oriented Projects scheme (LTF-EOP)	30,295	35,345
Repurchase agreement borrowings	-	6,358,902
	355,295	7,474,307
<b>Unsecured</b>		
Call borrowings	4,709,208	3,697,828
Overdrawn accounts	73,610	58,966
	<u>4,782,818</u>	<u>3,756,794</u>
	<u>5,138,113</u>	<u>11,231,101</u>
<b>16 OTHER LIABILITIES</b>		
<b>16.1</b>		
It includes loss on revaluation of forward foreign exchange contracts, foreign currency options and derivatives as at June 30, 2012 amounting to Rs 7,000.948 million (December 31, 2011: Rs 7,719.976 million).		
<b>17 CONTINGENCIES AND COMMITMENTS</b>		
<b>17.1 Direct credit substitutes</b>		
Includes general guarantees of indebtedness, guarantees and standby letters of credit serving as financial guarantees for loans and securities.		
	(Un-audited) June 30, 2012	(Audited) December 31, 2011
	(Rupees in '000)	
(i) Government	66,966	90,662
(ii) Banking companies and other financial institutions	-	-
(iii) Others	103,646	92,839
	<u>170,612</u>	<u>183,501</u>
<b>17.2 Transaction-related contingent liabilities</b>		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and stand by letters of credit related to particular transactions.		

	(Un-audited) June 30, 2012	(Audited) December 31, 2011
	(Rupees in '000)	
(i) Government	587,847	895,793
(ii) Banking companies and other financial institutions	71,121	103,165
(iii) Others	5,600,356	1,790,825
	<u>6,259,324</u>	<u>2,789,783</u>

### 17.3 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.

	(Un-audited) June 30, 2012	(Audited) December 31, 2011
	(Rupees in '000)	
Letters of credit	<u>27,986,086</u>	<u>20,245,338</u>

### 17.4 Other contingencies

Indemnity issued	15,484	15,484
Claims not acknowledged as debts	252,749	282,818
	<u>268,233</u>	<u>298,302</u>

17.4.1

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

17.4.2 The bank received communication from the State Bank of Pakistan (SBP) dated March 25, 2011 wherein the Bank was asked to take measures to fully comply with the requirements specified by the SBP's guidelines relating to the returns on a specific portfolio of its foreign currency deposits. Based on legal advice, the Bank maintains that it has fully complied with such requirements and returns on these deposits are in accordance with the Bank's General Terms and Conditions. The possible financial impact, if any, has not been determined as it involves data relating to past several years. The Bank has taken up the matter with the SBP and discussions with the SBP are in progress. The management is confident that this matter will be resolved in its favour.

	(Un-audited) June 30, 2012	(Audited) December 31, 2011
	(Rupees in '000)	
Forward agreement lending (reverse repos)	<u>9,037,499</u>	<u>1,340,776</u>
Forward agreement borrowings (repos)	<u>-</u>	<u>6,369,027</u>
Uncancellable commitments to extend credit	<u>4,268,383</u>	<u>5,700,444</u>

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

Purchase	<u>100,192,830</u>	<u>124,445,528</u>
Sale	<u>63,379,070</u>	<u>76,128,440</u>

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.

	(Un-audited) June 30, 2012	(Audited) December 31, 2011
	(Rupees in '000)	
Cross currency and interest rate derivative contracts (notional amount)	<u>40,760,682</u>	<u>50,262,515</u>
Foreign currency options	<u>2,736,976</u>	<u>6,433,560</u>

### 18 INCOME FROM DEALING IN FOREIGN CURRENCIES

It includes income from foreign exchange dealings, forward settled interbank deals, revaluation of on balance sheet exposure and foreign exchange impact with respect to derivative contracts.

**19 OTHER INCOME**

This is net of funding cost of FX swaps amounting to Rs 839 million (June 30, 2011: Rs 756 million).

**20 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 plans 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.

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

	Balance as at December 31, 2011	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at June 30, 2012
------(Rupees in '000)-----				
<b>Advances</b>				
Key management personnel	260	759	(696)	323
<b>Deposits</b>				
Associated undertakings	611,279	581,027	(674,752)	517,554
Key management personnel	12,158	45,492	(49,727)	7,923
Staff retirement benefit funds	16,480	133,126	(138,847)	10,759
			<b>(Un-audited)</b>	<b>(Audited)</b>
			<b>June</b>	<b>December</b>
			<b>30, 2012</b>	<b>31, 2011</b>
			<b>(Rupees in '000)</b>	
Nostro balances / placements with Citibank branches outside Pakistan			2,182,852	1,070,518
Overdrawn accounts			94	-
Call Borrowing			3,309,208	3,597,828
Unremitted head office expenses			639,405	773,734
Payable for expenses and share based payment			230,893	217,485
Payable to defined benefit plan			99,244	99,244
Commitments in respect of forward exchange contracts				
Purchase			7,066,236	18,755,714
Sale			7,066,236	18,502,714
Interest rate swap - Notional principal			9,018,666	10,405,082
Foreign currency options - Notional principal			1,368,488	3,216,780
			<b>(Un-audited)</b>	
			<b>Half year ended</b>	
			<b>June</b>	<b>June</b>
			<b>30, 2012</b>	<b>30, 2011</b>
			<b>(Rupees in '000)</b>	

**20.2** Income / expense for the period

Mark-up / return / interest earned	5,205	5,925
Mark-up / return / interest expensed	1,863	223
Other income	2,793	2,609
Regional expenses for support services	193,878	128,666
Head office expenses	162,075	242,160
Remuneration paid to key management personnel	31,776	32,216
Sale of fixed assets	275	-
Contribution to staff retirement benefit funds	51,250	44,897

**21 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, 2012			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Total income	1,919,321	1,111,788	2,195,547	5,226,656
Total expenses	1,010,488	1,656,857	1,413,650	4,080,995
Net income / (loss)	908,833	(545,069)	781,897	1,145,661
Segment return on net assets (ROA) (%)**	3.02%	-14.04%	7.70%	2.60%
Segment cost of funds (%)***	7.72%	3.61%	5.67%	4.90%

	As at June 30, 2012 (Un-audited)			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Segment assets (gross)	60,201,344	9,863,084	23,607,453	93,671,881
Segment non-performing loans	-	1,985,116	3,432,334	5,417,450
Segment provision required*	-	2,097,522	3,297,850	5,395,372
Segment liabilities	14,022,785	28,774,733	35,129,255	77,926,773

	For the half year ended June 30, 2011			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Total income	2,025,702	1,567,182	2,317,602	5,910,486
Total expenses	1,405,370	1,842,691	1,568,175	4,816,236
Net income / (loss)	620,332	(275,509)	749,427	1,094,250
Segment return on net assets (ROA) (%)**	1.84%	-4.50%	10.08%	2.32%
Segment cost of funds (%)***	10.09%	4.85%	7.19%	6.44%

	As at December 31, 2011 (Audited)			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Segment assets (gross)	70,768,132	10,794,159	20,867,783	102,430,074
Segment non-performing loans	-	1,998,567	3,507,768	5,506,335
Segment provision required*	-	2,123,487	3,403,790	5,527,277
Segment liabilities	18,143,801	29,753,945	38,238,683	86,136,429

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

\*\* Segment ROA = Net income / (Segment Assets - Segment Provisions)

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

## 22 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to year end Bank has closed four of its branches. Further, consistent with its global strategy, Bank will continue to examine businesses and or portfolios to achieve a more efficient utilization of capital in a manner that's economically rational.

## 23 GENERAL

**23.1** This condensed interim financial information was authorised for issue by the management of the Bank on August 28, 2012.

**23.2** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**23.3** Corresponding figures have been reclassified, rearranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. No significant reclassifications were made.

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**NADEEM LODHI**  
 Managing Director and Citi Country Officer

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**ANJUM HAI**  
 Chief Financial Officer