



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, 2013 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, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2013.

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, 2013 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 16.4.2 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 23, 2013

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, 2013

	(Un-audited) June 30, 2013	(Audited) December 31, 2012 Restated (Rupees in '000)
ASSETS		
Cash and balances with treasury banks	4,647,217	6,770,561
Balances with other banks	9 257,494	6,035,738
Lendings to financial institutions	10 7,743,303	14,913,193
Investments - net	11 34,272,518	31,339,172
Advances - net	12 10,903,455	18,255,682
Fixed assets	13 250,352	366,664
Deferred tax assets - net	2,590,057	3,247,843
Other assets	4,246,099	4,267,364
	64,910,495	85,196,217
LIABILITIES		
Bills payable	2,118,524	2,185,724
Borrowings from financial institutions	14 9,952,375	141,666
Deposits and other accounts	15 37,748,341	64,293,565
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	-
Other liabilities	6,410,046	9,583,676
	56,229,286	76,204,631
NET ASSETS	8,681,209	8,991,586
REPRESENTED BY		
Head office capital account	6,812,671	6,812,671
Reserves	154,932	154,932
Unremitted profit	1,640,143	2,007,471
	8,607,746	8,975,074
Surplus on revaluation of securities - net of tax	73,463	16,512
	8,681,209	8,991,586

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

NADEEM LODHI
Managing Director and Citi Country Officer

ADAMJEE YAKOOB
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, 2013

Note	Half year ended		Quarter ended	
	June 30, 2013	June 30, 2012 Restated (Rupees in '000)	June 30, 2013	June 30, 2012 Restated (Rupees in '000)
Mark-up / return / interest earned	2,424,915	4,430,363	1,264,083	2,216,898
Mark-up / return / interest expensed	1,036,965	1,624,678	613,306	789,573
Net mark-up / return / interest income	1,387,950	2,805,685	650,777	1,427,325
Reversal of provision against advances - net	(581,837)	(27,871)	(195,831)	(16,943)
Bad debts written off directly	2,744	11,193	278	4,402
	(579,093)	(16,678)	(195,553)	(12,541)
Net mark-up / interest income after provisions	1,967,043	2,822,363	846,330	1,439,866
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	191,293	351,660	76,983	140,320
Income from dealing in foreign currencies	885,424	966,506	612,616	546,399
Dividend income	-	-	-	-
Gain / (loss) on sale of securities	234,202	(65,477)	219,722	56,366
Unrealised (loss) / gain on revaluation of investments classified as held for trading	(115,729)	228,234	(108,402)	47,437
Other income / (cost)	77,097	(684,630)	(151,743)	(303,520)
Total non mark-up / interest income	1,272,287	796,293	649,176	487,002
	3,239,330	3,618,656	1,495,506	1,926,868
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	1,483,602	1,818,418	617,458	895,002
Reversal of provision for diminution in the value of non-banking assets	(208)	(405)	(197)	(497)
Operating fixed assets written off	661	-	329	-
Other charges	34,264	41,912	32,659	22,790
Total non mark-up / interest expenses - net	1,518,319	1,859,925	650,249	917,295
PROFIT BEFORE TAXATION	1,721,011	1,758,731	845,257	1,009,573
Taxation				
- Current	37,978	703,667	(13,739)	364,151
- Prior years	-	(151,636)	-	(151,636)
- Deferred	627,120	34,088	315,194	103,704
	665,098	586,119	301,455	316,219
PROFIT AFTER TAXATION	1,055,913	1,172,612	543,802	693,354

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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Managing Director and Citi Country Officer

ADAMJEE YAKOOB
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, 2013

	Half year ended		Quarter ended	
	June 30, 2013	June 30, 2012 Restated (Rupees in '000)	June 30, 2013	June 30, 2012 Restated (Rupees in '000)
Profit for the period after taxation	1,055,913	1,172,612	543,802	693,354
Effect of change in accounting policy with respect to actuarial gains and losses - net of tax referred in note 6.1	-	(11,445)	-	(5,723)
Comprehensive income transferred to statement of changes in equity - restated	<u>1,055,913</u>	<u>1,161,167</u>	<u>543,802</u>	<u>687,631</u>
Components of comprehensive income not reflected in equity				
Surplus/ (Deficit) on revaluation of available for sale securities - net of tax	56,951	9,661	119,205	(1,358)
Total comprehensive income for the period	<u>1,112,864</u>	<u>1,170,828</u>	<u>663,007</u>	<u>686,273</u>

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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, 2013

	Half year ended	
	June 30, 2013	June 30, 2012 Restated
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,721,011	1,758,731
Adjustments for :		
Depreciation	89,396	187,028
Amortisation	24,504	24,340
Provision against advances - net	(581,837)	(27,871)
Reversal of provision for diminution in the value of non-banking assets - net	(208)	(405)
Unrealised (gain) / loss on revaluation of held-for-trading securities	115,729	(228,234)
Bad debts written off directly	2,744	11,193
Charge for defined benefit plan	58,510	(13,173)
Operating fixed assets written off	661	-
Gain on disposals of fixed assets	(8,258)	(27,971)
	<u>(298,759)</u>	<u>(75,093)</u>
	1,422,252	1,683,638
(Increase) / decrease in operating assets		
Lendings to financial institutions	7,169,890	(7,670,384)
Held-for-trading securities	(6,602,430)	14,780,180
Advances	7,931,320	(968,996)
Other assets	21,473	860,695
	8,520,253	7,001,495
Increase / (decrease) in operating liabilities		
Bills payable	(67,200)	(156,265)
Borrowings from financial institutions	9,321,595	(6,107,632)
Deposits and other accounts	(26,545,224)	(711,466)
Other liabilities (excluding current taxation, Head office expenses and payable to defined benefit plan)	(2,939,216)	(628,691)
	<u>(20,230,045)</u>	<u>(7,604,054)</u>
	(10,287,540)	1,081,079
Contribution to gratuity fund	(20,087)	(28,290)
Income tax paid	(2,273)	(1,911,790)
Net cash used in operating activities	<u>(10,309,900)</u>	<u>(859,001)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	3,640,972	3,886,490
Investments in fixed assets	(23,771)	(97,081)
Sale proceeds from disposal of fixed assets	33,780	51,318
Net cash generated from investing activities	3,650,981	3,840,727
CASH FLOWS FROM FINANCING ACTIVITIES		
Head office expense remittance made during the period	(308,542)	(296,403)
Profit remittance made during the period	(1,423,241)	(1,571,954)
Net cash used in financing activities	<u>(1,731,783)</u>	<u>(1,868,357)</u>
(Decrease) / increase in cash and cash equivalents	(8,390,702)	1,113,369
Cash and cash equivalents at the beginning of the period	12,789,878	8,081,368
Cash and cash equivalents at end of the period	<u><u>4,399,176</u></u>	<u><u>9,194,737</u></u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013

	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, 2012	6,812,671	3,957,548	149,286	10,919,505
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses - net of tax - referred to in note 6.1	-	(76,338)	-	(76,338)
Balance as at January 1, 2012 - as restated	6,812,671	3,881,210	149,286	10,843,167
Profit for the half year ended June 30, 2012 - restated	-	1,172,612	-	1,172,612
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses - net of tax - referred to in note 6.1	-	(11,445)	-	(11,445)
Transactions with owners				
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	-	-	-	-
Balance as at June 30, 2012 - restated	6,812,671	5,042,377	149,286	12,004,334
Profit after tax for the half year ended December 31, 2012 - restated	-	304,530	-	304,530
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses - net of tax - referred to in note 6.1		(11,445)		(11,445)
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	28,839	28,839
Recharged balance payable to the ultimate holding company for share based payments	-	-	(28,839)	(28,839)
Effect of re-measurement of cost under share based payment - net of tax	-	-	5,646	5,646
Profit remittance made to head office	-	(3,327,991)	-	(3,327,991)
Balance as at December 31, 2012 - restated	6,812,671	2,007,471	154,932	8,975,074
Profit for the half year ended June 30, 2013	-	1,055,913	-	1,055,913
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	15,745	15,745
Recharged balance payable to the ultimate holding company for share based payments	-	-	(15,745)	(15,745)
Profit remittance made to head office	-	(1,423,241)	-	(1,423,241)
Balance as at June 30, 2013	<u>6,812,671</u>	<u>1,640,143</u>	<u>154,932</u>	<u>8,607,746</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

NADEEM LODHI
Managing Director and Citi Country Officer

ADAMJEE YAKOOB
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, 2013

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.	Baa2	P-2
Citibank, N.A.	A3	P-2

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 3 branches (December 31, 2012: 7 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, 2012.

- 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. In addition, obligation in respect of staff retirement benefit is carried at present 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, 2012 except for the change as described in note 6.1.

6.1 Change in accounting policy - Staff retirement benefits

IAS 19 (revised) 'Employee benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Statement of Financial Position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Following the application of IAS 19 (revised), the Bank's policy for staff retirement benefits - Defined benefit plan stands amended as follows:

6.1.1 Staff retirement benefits

Defined benefit plans

The Bank operates an approved funded gratuity scheme covering eligible employees whose period of employment with the Bank is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Cost method is used for the actuarial valuation of the fund. Actuarial gains and losses are recognised immediately in other comprehensive income.

6.1.2 Effects of change in accounting policy

This change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard - 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and comparative figures have been restated.

Effect of retrospective application of change in accounting policy are as follows:

	December 31, 2012		
	As previously reported	Effect of change in accounting policy	As Restated
Effect on balance Sheet	------(Rupees in '000)-----		
Other Liabilities	9,513,942	69,734	9,583,676
Deferred tax asset - net	3,194,412	53,431	3,247,843
Other Assets	4,296,388	(29,024)	4,267,364
Unremitted profit	2,052,798	(45,327)	2,007,471

	6 Months ended June 30, 2013	6 Months ended December 31, 2012	6 Months ended June 30, 2012	Prior to December 31, 2011
	------(Rupees in '000)-----			
Effect on profit and loss account				
Net increase / (decrease) in profit before tax	-	41,462	41,463	-
Net increase / (decrease) in tax expenses	-	(14,512)	(14,512)	-
	-	26,950	26,951	-
Effect on other comprehensive income				
Amortisation of actuarial gains / losses reclassified to other comprehensive income	-	(41,462)	(41,463)	-
Net (expense) / income recognised in other comprehensive income	-	23,854	23,855	(117,443)
Net decrease in deferred tax liability	-	6,163	6,163	41,105
	-	(11,445)	(11,445)	(76,338)

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect 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, 2012.

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, 2012.

	(Un-audited) June 30, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
9 BALANCES WITH OTHER BANKS		
In Pakistan		
- Current accounts	16,745	35,189
Outside Pakistan		
- Current accounts	240,749	6,000,549
	257,494	6,035,738
10 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	7,743,303	14,913,193

11 INVESTMENTS - NET

Note	June 30, 2013 (Un-audited)			December 31, 2012 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
------(Rupees in '000)-----						
Investments by type						
Held-for-trading securities						
	6,889,884	-	6,889,884	788,342	-	788,342
	3,409,886	-	3,409,886	2,908,998	-	2,908,998
	10,299,770	-	10,299,770	3,697,340	-	3,697,340
Available-for-sale securities						
	18,352,855	-	18,352,855	18,550,975	-	18,550,975
	5,613,254	-	5,613,254	9,056,106	-	9,056,106
	2,000	-	2,000	2,000	-	2,000
11.1	-	-	-	-	-	-
	23,968,109	-	23,968,109	27,609,081	-	27,609,081
Investments at cost						
	34,267,879	-	34,267,879	31,306,421	-	31,306,421
Less: Provision for diminution in the value of investments						
	2,000	-	2,000	2,000	-	2,000
Investments - net of provisions						
	34,265,879	-	34,265,879	31,304,421	-	31,304,421
(Deficit) / surplus on revaluation of held-for-trading securities - net						
	(106,381)	-	(106,381)	9,348	-	9,348
Surplus on revaluation of available-for-sale securities - net						
	113,020	-	113,020	25,403	-	25,403
Investments at market value						
	34,272,518	-	34,272,518	31,339,172	-	31,339,172

11.1 Unlisted Term Finance Certificate includes TFCs, received from a non performing customer, booked at Nil value against the settlement of its over due suspended mark up amounting to Rs. 248.09 million.

Note	(Un-audited)	(Audited)
	June 30, 2013	December 31, 2012
(Rupees in '000)		
12	ADVANCES - NET	
	Loans, cash credits, running finances etc. - In Pakistan	13,753,324 23,032,953
	Bills discounted and purchased (excluding Market Treasury Bills)	
	Payable in Pakistan	759,429 901,664
	Payable outside Pakistan	82,223 507,063
		841,652 1,408,727
	Advances - gross	14,594,976 24,441,680
	Provision against advances	
	- Specific	12.2 (3,691,280) (6,091,487)
	- General	12.3 (241) (94,511)
		(3,691,521) (6,185,998)
	Advances - net of provision	10,903,455 18,255,682

12.1 Advances include Rs 3,732.085 million (December 31, 2012: Rs 6,207.490 million) which have been placed under non-performing status as detailed below:

12.2 Category of classification

	June 30, 2013 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	2,142	-	2,142	535	535
Doubtful	83,445	-	83,445	45,654	45,654
Loss	3,646,498	-	3,646,498	3,645,091	3,645,091
	<u>3,732,085</u>	<u>-</u>	<u>3,732,085</u>	<u>3,691,280</u>	<u>3,691,280</u>
	----- (Rupees in '000) -----				
	December 31, 2012 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	4,927	-	4,927	1,359	1,359
Doubtful	138,504	-	138,504	69,252	69,252
Loss	6,064,059	-	6,064,059	6,020,876	6,020,876
	<u>6,207,490</u>	<u>-</u>	<u>6,207,490</u>	<u>6,091,487</u>	<u>6,091,487</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 During the half year ended June 30, 2013, the Bank sold its consumer asset portfolio, comprising of Auto Loans, Personal Loans and Credit Cards after obtaining all regulatory approvals. For details refer note 18.2.

	Note	(Un-audited)	(Audited)
		June 30, 2013	December 31, 2012
		(Rupees in '000)	
13 FIXED ASSETS			
Capital work-in-progress		-	12,383
Property and equipment	13.1 & 13.2	208,018	287,443
Intangible assets		42,334	66,838
		<u>250,352</u>	<u>366,664</u>

	(Un-audited)	
	Half year ended	
	June 30, 2013	June 30, 2012
	(Rupees in '000)	
13.1 The following additions were made at cost during the period:		
- Furniture and fixtures	5,998	42,589
- Electrical and office equipment	495	49,706
- Vehicles	30,708	11,429
- Intangibles	-	1,180
	<u>37,201</u>	<u>104,904</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 30, 2013	June 30, 2012
	(Rupees in '000)	
- Furniture and fixtures	647	1,918
- Electrical and office equipment	700	4,103
- Vehicles	24,175	17,326
	<u>25,522</u>	<u>23,347</u>

	(Un-audited) June 30, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
14 BORROWINGS FROM FINANCIAL INSTITUTIONS		
In Pakistan	9,446,840	141,666
Outside Pakistan	505,535	-
	<u>9,952,375</u>	<u>141,666</u>
14.1 Particulars of borrowings from financial institutions		
In local currency	9,446,840	141,666
In foreign currencies	505,535	-
	<u>9,952,375</u>	<u>141,666</u>
14.2 Details of borrowings from financial institutions		
Secured		
Borrowings from the State Bank of Pakistan under Long Term Financing - Export Oriented Projects scheme (LTF-EOP)	20,195	25,245
Repurchase agreement borrowings	7,526,645	-
	7,546,840	25,245
Unsecured		
Call borrowings	1,900,000	100,000
Overdrawn accounts	505,535	16,421
	<u>2,405,535</u>	<u>116,421</u>
	<u>9,952,375</u>	<u>141,666</u>
15 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	14,785,406	16,089,264
Savings deposits	10,677,831	21,680,362
Current accounts - non-remunerative	10,396,067	24,564,881
Other deposits	25,844	73,541
	35,885,148	62,408,048
Financial institutions		
Remunerative deposits	-	260,930
Non-remunerative deposits	1,863,193	1,624,587
	1,863,193	1,885,517
	<u>37,748,341</u>	<u>64,293,565</u>
16 CONTINGENCIES AND COMMITMENTS		
16.1 Direct credit substitutes		
Includes general guarantees of indebtedness, guarantees and standby letters of credit serving as financial guarantees for loans and securities.		
	(Un-audited) June 30, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
(i) Government	-	69,173
(ii) Others	-	72,821
	<u>-</u>	<u>141,994</u>
16.2 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.		

	(Un-audited) June 30, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
(i) Government	561,477	820,758
(ii) Banking companies and other financial institutions	64,450	67,670
(iii) Others	51,658,398	5,727,832
	<u>52,284,325</u>	<u>6,616,260</u>

16.3 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, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
Letters of credit	<u>10,141,466</u>	<u>10,187,301</u>

16.4 Other contingencies

Indemnity issued	15,484	15,484
Claims not acknowledged as debt	139,843	136,321
	<u>155,327</u>	<u>151,805</u>

16.4.1

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

16.4.2 The State Bank of Pakistan (SBP) by its letter dated March 25, 2011 asked the Bank to take measures to fully comply with the SBP's guidelines relating to 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 has also taken up the matter with the SBP. Management is confident that this matter will be resolved in the Bank's favour. The possible financial impact, if any, has not been determined as it involves data relating to past several years.

	(Un-audited) June 30, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
16.5 Commitments in respect of forward transactions		
Forward agreement lending (reverse repos)	<u>7,769,019</u>	<u>14,927,891</u>
Forward agreement borrowings (repos)	<u>7,550,208</u>	<u>-</u>
Forward purchase contracts of government securities	<u>498,515</u>	<u>-</u>
Forward sale contracts of government securities	<u>54,962</u>	<u>-</u>
Uncancellable commitments to extend credit	<u>3,053,628</u>	<u>1,716,579</u>

16.6 Commitments in respect of forward foreign exchange contracts

Purchase	<u>63,409,710</u>	<u>58,284,081</u>
Sale	<u>48,170,290</u>	<u>36,487,833</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, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
16.7 Other commitments		
Cross currency and interest rate derivative contracts (notional amount)	<u>22,020,584</u>	<u>31,228,364</u>
Foreign currency options	<u>135,274</u>	<u>7,223,828</u>

17 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.

	Note	(Un-audited)	
		June 30, 2013	June 30, 2012
18 OTHER INCOME / COST		(Rupees in '000)	
Loss from interest rate derivative contracts	18.1	(226,032)	(793,515)
Net profit on sale of property and equipment		8,258	27,971
Credit losses recovered		14,801	58,872
Gain on sale of consumer assets portfolio	18.2	287,504	-
Others		(7,434)	22,042
		77,097	(684,630)

18.1 This is net of funding cost of FX swaps amounting to Rs 145 million (June 30, 2012: Rs 839 million).

18.2 During the half year ended the Bank sold its consumer assets portfolio comprising of Auto Loans, Personal Loans and Credit Cards to Habib Bank Limited as part of its restructuring initiatives after obtaining necessary approvals from the regulatory authorities. Details of the transaction are as under:

	June 30, 2013 Rupees in '000
Gross advances	3,577,266
Specific provision	(1,801,911)
Other assets	24,108
Other liabilities	(126,055)
Carrying value of portfolio	1,673,408
Sale consideration	1,960,912
Gain on sale	287,504

19 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.

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.

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

	Balance as at December 31, 2012	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at June 30, 2013
----- (Rupees in '000) -----				
Advances				
Key management personnel	114	332	(446)	-
Deposits				
Associated undertakings	662,044	368,363	(642,631)	387,776
Key management personnel	14,852	47,790	(62,642)	-
Staff retirement benefit funds	63,597	131,242	(194,515)	324

	(Un-audited) June 30, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
Nostro balances / placements with Citibank branches outside Pakistan	13,281	5,997,220
Unremitted head office expenses	677,776	798,012
Interest / Fee receivable from associated undertakings	-	2,001
Payable for expenses and share based payment	272,847	229,760
Payable to defined benefit plan	282,612	244,190
Commitments in respect of forward exchange contracts		
Purchase	7,575,870	3,276,381
Sale	7,575,870	3,268,381
Bank overdraft	505,535	-
Interest rate swap - Notional principal	5,460,888	7,295,059
Foreign currency options - Notional principal	67,637	3,611,914

	(Un-audited) Half year ended	
	June 30, 2013	June 30, 2012
	(Rupees in '000)	
19.2 Contribution to staff retirement benefit funds	38,296	51,250
19.3 Income / expense for the period		
Mark-up / return / interest earned	4,526	5,205
Mark-up / return / interest expensed	1,040	1,863
Other income	4,861	2,793
Regional expenses for support services	129,345	193,878
Head office expenses	188,306	162,075
Remuneration paid to key management personnel	39,846	31,776
Sale of fixed assets	-	275

20 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, 2013 (Un-audited)			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Total income	1,410,003	507,961	1,779,238	3,697,202
Total expenses	725,229	790,168	1,125,892	2,641,289
Net income / (loss)	684,774	(282,207)	653,346	1,055,913
Segment return on net assets (ROA) (%)**	2.95%	(128.77%)	7.26%	3.25%
Segment cost of funds (%)***	9.56%	2.15%	4.55%	4.65%

	As at June 30, 2013 (Un-audited)			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Segment assets (gross)	46,474,607	554,417	21,585,442	68,614,466
Segment non-performing loans	-	103,412	3,628,673	3,732,085
Segment provision required*	-	116,103	3,587,868	3,703,971
Segment liabilities	13,527,015	1,528,879	41,173,392	56,229,286

* 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.

For the half year ended June 30, 2012 (Un-audited)

	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) ----- Restated			
Total income	1,579,325	1,448,577	2,198,754	5,226,656
Total expenses	778,999	1,643,382	1,631,663	4,054,044
Net income / (loss)	800,327	(194,805)	567,090	1,172,612
Segment return on net assets (ROA) (%)**	2.64%	(5.36%)	5.52%	2.60%
Segment cost of funds (%)***	7.72%	3.61%	5.67%	4.90%

As at December 31, 2012 (Audited)

	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) ----- Restated			
Segment assets (gross)	58,918,030	9,082,523	23,394,319	91,394,872
Segment non-performing loans	-	1,983,464	4,224,026	6,207,490
Segment provision required*	-	2,083,881	4,114,775	6,198,656
Segment liabilities	5,955,058	18,786,980	51,462,593	76,204,631

* 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.

21 GENERAL

- 21.1** This condensed interim financial information was authorised for issue by the management of the Bank on August 23, 2013 .
- 21.2** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.
- 21.3** 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 except as explained in note 6.1.

NADEEM LODHI
Managing Director and Citi Country Officer

ADAMJEE YAKOOB
Chief Financial Officer