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## Auditors' Report to the Directors on Review of Interim Financial Information

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of **Citibank N.A – Pakistan Branches** ("the Bank") as at June 30, 2017 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 six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this 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 interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### *Other Matter*

The figures for the quarters ended June 30, 2017 and June 30, 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: 21 August 2017

Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Amir Jamil Abbasi

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, 2017

	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		7,633,826	5,480,867
Balances with other banks	9	890,795	1,542,895
Lendings to financial institutions	10	34,209,461	13,325,003
Investments - net	11	68,572,351	66,676,243
Advances - net	12	21,743,361	21,421,510
Fixed assets	13	587,069	579,296
Deferred tax assets - net		112,589	133,999
Other assets		2,369,133	2,890,571
		<b>136,118,585</b>	112,050,384
<b>LIABILITIES</b>			
Bills payable		1,843,930	2,524,303
Borrowings from financial institutions	14	16,802,370	18,394,904
Deposits and other accounts	15	95,272,974	75,076,382
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		11,020,288	5,834,617
		<b>124,939,562</b>	101,830,206
<b>NET ASSETS</b>		<b>11,179,023</b>	10,220,178
<b>REPRESENTED BY</b>			
Head office capital account		6,812,671	6,812,671
Reserves		168,704	168,704
Unremitted profit		4,190,172	3,174,345
		<b>11,171,547</b>	10,155,720
Surplus on revaluation of assets - net of deferred tax		7,476	64,458
		<b>11,179,023</b>	10,220,178

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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

**GULZEB KHAN**  
Chief Financial Officer

Citibank, N.A. - Pakistan Branches  
(Incorporated in the U.S.A. the liability of members being limited)  
Condensed Interim Profit And Loss Account (Un-Audited)  
For the half year ended June 30, 2017

	Half Year ended		Quarter ended	
	June 30, 2017 (Rupees in '000)	June 30, 2016	June 30, 2017 (Rupees in '000)	June 30, 2016
Mark-up / return / interest earned	2,926,526	2,793,227	1,599,322	1,389,601
Mark-up / return / interest expensed	1,480,335	1,314,260	793,424	675,091
Net mark-up / return / interest income	1,446,191	1,478,967	805,898	714,510
Reversal of provision against loans and advances - net	(26,354)	(41,922)	(11,004)	(16,332)
Bad debts written off directly	-	-	-	-
Reversal of provision against off-balance sheet obligations - net	-	-	-	-
	(26,354)	(41,922)	(11,004)	(16,332)
Net mark-up / return / interest income after provisions	1,472,545	1,520,889	816,902	730,842
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	347,877	584,178	198,031	102,500
Income from dealing in foreign currencies	997,700	555,462	592,023	326,926
Gain/(Loss) on sale of securities	92,816	1,120,064	(8,580)	568,266
Unrealised gain on revaluation of investments classified as held-for-trading	1,192	80,358	10,863	3,454
Other income	59,851	199,886	25,718	58,653
Total non mark-up / interest income - net	1,499,436	2,539,948	818,055	1,059,799
	2,971,981	4,060,837	1,634,957	1,790,641
<b>NON MARK-UP / INTEREST EXPENSE</b>				
Administrative expenses	1,047,012	946,024	562,587	477,801
Reversal against appreciation / diminution in the value of non-banking assets - net	-	-	-	-
Operating fixed assets written off	-	-	-	-
Other charges	29,827	77,302	16,183	51,508
Total non mark-up / interest expenses - net	1,076,839	1,023,326	578,770	529,309
	1,895,142	3,037,511	1,056,187	1,261,332
<b>PROFIT BEFORE TAXATION</b>				
Taxation				
- Current	633,403	1,015,638	355,312	463,996
- Prior years	190,482	160,000	190,482	160,000
- Deferred	53,260	100,094	430	31,158
	877,145	1,275,732	546,224	655,154
<b>PROFIT AFTER TAXATION</b>	<b>1,017,997</b>	<b>1,761,779</b>	<b>509,963</b>	<b>606,178</b>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

NADEEM LODHI  
Managing Director and  
Citi Country Officer

GULZEB KHAN  
Chief Financial Officer

Citibank, N.A. - Pakistan Branches  
(Incorporated in the U.S.A. the liability of members being limited)  
Condensed Interim Statement of Comprehensive Income (Un-Audited)  
For the half year ended June 30, 2017

	Half Year ended		Quarter ended	
	June 30, 2017 (Rupees in '000)	June 30, 2016	June 30, 2017 (Rupees in '000)	June 30, 2016
Profit for the period after taxation	1,017,997	1,761,779	509,963	606,178
<b>Items that will not be reclassified to profit and loss account</b>				
<b>Components of comprehensive income reflected in equity</b>				
- Remeasurements of defined benefit plan (loss) / gain	(3,339)	(8,932)	733	(7,193)
- Deferred tax asset / (liability) on remeasurements of defined benefit plan	1,169	3,126	(256)	2,517
	(2,170)	(5,806)	477	(4,676)
<b>Comprehensive income transferred to statement of changes in equity</b>	<b>1,015,827</b>	<b>1,755,973</b>	<b>510,440</b>	<b>601,502</b>
<b>Items that may be reclassified subsequently to profit and loss account</b>				
<b>Components of comprehensive income not reflected in equity</b>				
- (Deficit) / Surplus on revaluation of available for sale securities	(87,665)	272,225	8,319	(63,657)
- Deferred tax asset / (liability) on revaluation of available for sale securities	30,683	(95,279)	(2,911)	22,280
	(56,982)	176,946	5,408	(41,377)
<b>Total comprehensive income for the period</b>	<b>958,845</b>	<b>1,932,919</b>	<b>515,848</b>	<b>560,125</b>

The annexed notes 1 to 22 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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**GULZEB KHAN**  
Chief Financial Officer

Citibank, N.A. - Pakistan Branches  
(Incorporated in the U.S.A. the liability of members being limited)  
Condensed Interim Cash Flow Statement (Un-Audited)  
For the half year ended June 30, 2017

	Half year ended	
	June 30, 2017	June 30, 2016
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,895,142	3,037,511
<b>Adjustments for:</b>		
Depreciation	66,074	53,100
Reversal of provision against loans and advances - net	(26,354)	(41,922)
Unrealised gain on revaluation of investments classified as held-for-trading	(1,192)	(80,358)
Charge for defined benefit plan	20,269	19,252
Gain on disposals of fixed assets	(3,384)	(158)
	<u>55,413</u>	<u>(50,086)</u>
	1,950,555	2,987,425
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(20,884,458)	(4,781,195)
Held-for-trading securities	(2,461,969)	690,673
Advances	(295,497)	(2,476,759)
Other assets	508,491	61,451
	<u>(23,133,433)</u>	<u>(6,505,830)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(680,373)	(73,500)
Borrowings from financial institutions	(1,528,098)	(209,539)
Deposits and other accounts	20,196,592	5,879,524
Other liabilities (excluding current taxation, Head office expenses and payable to defined benefit plan)	5,398,819	(593,830)
	<u>23,386,940</u>	<u>5,002,655</u>
	2,204,062	1,484,250
Contribution to gratuity fund	(32,845)	(18,381)
Income tax paid	(810,935)	(945,893)
<b>Net cash generated from operating activities</b>	<u>1,360,282</u>	<u>519,976</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	479,387	1,405,504
Investments in fixed assets	(74,043)	(66,618)
Sale proceeds from disposal of fixed assets	3,580	1,141
<b>Net cash generated from investing activities</b>	<u>408,924</u>	<u>1,340,027</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit repatriated to Head Office during the period	-	(3,602,789)
Remittances made during the period on account of head office expenses	(203,911)	(197,427)
<b>Net cash used in financing activities</b>	<u>(203,911)</u>	<u>(3,800,216)</u>
<b>Increase / (Decrease) in cash and cash equivalents</b>	<u>1,565,295</u>	<u>(1,940,213)</u>
Cash and cash equivalents at the beginning of the period	6,933,596	5,514,220
<b>Cash and cash equivalents at end of the period</b>	<u>8,498,891</u>	<u>3,574,007</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

NADEEM LODHI  
Managing Director and  
Citi Country Officer

GULZEB KHAN  
Chief Financial Officer

Citibank, N.A. - Pakistan Branches  
(Incorporated in the U.S.A. the liability of members being limited)  
Condensed Interim Statement of Changes in Equity (Un-Audited)  
For the half year ended June 30, 2017

	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, 2016 (audited)	6,812,671	3,602,788	164,791	10,580,250
Profit for the half year ended June 30, 2016	-	1,761,779	-	1,761,779
<b>Other comprehensive income for the half year ended June 30, 2016</b>				
Remeasurements of defined benefit plan	-	(8,932)	-	(8,932)
Tax on remeasurements of defined benefit plan	-	3,126	-	3,126
	-	(5,806)	-	(5,806)
<b>Transactions with owners</b>				
Contribution by the ultimate holding company in respect of share based payments	-	-	3,369	3,369
Recharged balance payable to the ultimate holding company for share based payments	-	-	(3,369)	(3,369)
	-	-	-	-
Profit remittance made to head office		(3,602,789)		(3,602,789)
Balance as at June 30, 2016 (un-audited)	6,812,671	1,755,972	164,791	8,733,434
Profit for the half year ended December 31, 2016 (audited)	-	1,439,326	-	1,439,326
<b>Other comprehensive income for the period July 2016 to December 2016</b>				
Remeasurements of defined benefit plan	-	(32,237)	-	(32,237)
Tax on remeasurements of defined benefit plan	-	11,284	-	11,284
	-	(20,953)	-	(20,953)
<b>Transactions with owners</b>				
Contribution by the ultimate holding company in respect of share based payments	-	-	10,114	10,114
Recharged balance payable to the ultimate holding company for share based payments	-	-	(10,114)	(10,114)
Effect of re-measurement of cost under share based payment - net of tax	-	-	3,913	3,913
	-	-	3,913	3,913
Balance as at December 31, 2016(audited)	6,812,671	3,174,345	168,704	10,155,720
Profit for the half year ended June 30, 2017(un-audited)	-	1,017,997	-	1,017,997
<b>Other comprehensive income for the half year ended June 30, 2017</b>				
Remeasurements of defined benefit plan	-	(3,339)	-	(3,339)
Tax on remeasurements of defined benefit plan	-	1,169	-	1,169
	-	(2,170)	-	(2,170)
<b>Transactions with owners</b>				
Recharged by the ultimate holding company in respect of share based payments	-	-	15,978	15,978
Contribution balance payable to the ultimate holding company for share based payments	-	-	(15,978)	(15,978)
	-	-	-	-
Profit remittance made to head office	-	-	-	-
<b>Balance as at June 30, 2017 (un-audited)</b>	<b>6,812,671</b>	<b>4,190,172</b>	<b>168,704</b>	<b>11,171,547</b>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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

**GULZEB KHAN**  
Chief Financial Officer

# Citibank, N.A. - Pakistan Branches

(Incorporated in the U.S.A. the liability of members being limited)

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

For the half year ended June 30, 2017

## 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:

	<b>Long-term senior debt</b>	<b>Short-term debt</b>
Citigroup Inc.	Baa1	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 3 branches (December 31, 2016: 3 branches) in Pakistan.

## 2. BASIS OF PRESENTATION

**2.1** 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.

**2.2** 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, 2016.

## 3. STATEMENT OF COMPLIANCE

**3.1** This condensed interim financial information of the Bank for the half year ended June 30, 2017 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting. the provisions and directives issued under the repealed Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where the requirements differ, the provisions of the repealed Companies Ordinance, 1984. the Banking Companies Ordinance, 1962 and the said directives shall prevail.

**3.2** The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 on 30 May 2017. Securities and Exchange Commission of Pakistan vide its Circular No. 17 of 2017 and press release of 20 July 2017, has clarified that all those companies whose financial year, including quarterly and other interim period closes on or before 30 June 2017 can prepare financial statements in accordance with the provision of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures and has also enhanced the definition of related parties.

#### **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, 2016.

#### **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 in the preparation of annual financial statements of the Bank for the year ended December 31, 2016.

#### **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, 2016

	<b>(Un-audited)</b>	(Audited)
	<b>June</b>	December
	<b>30, 2017</b>	31, 2016
	<b>(Rupees in '000)</b>	
<b>9. BALANCES WITH OTHER BANKS</b>		
In Pakistan		
- Current accounts	<b>51,674</b>	38,825
Outside Pakistan		
- Current accounts	<b>839,121</b>	1,504,070
	<b>890,795</b>	1,542,895



10 LENDINGS TO FINANCIAL INSTITUTIONS	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
Placements	12,058,210	-
Repurchase agreement lendings (Reverse Repo)	22,151,251	13,325,003
	<u>34,209,461</u>	<u>13,325,003</u>

#### 11. INVESTMENTS - NET

	Note June 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Investments by type ----- (Rupees in '000) -----						
<b>Held-for-trading securities</b>						
Market treasury bills	20,577,754	-	20,577,754	22,996,286	-	22,996,286
Pakistan Investment Bonds	4,880,501	-	4,880,501	-	-	-
	<u>25,458,255</u>	<u>-</u>	<u>25,458,255</u>	22,996,286	-	22,996,286
<b>Available-for-sale securities</b>						
Market treasury bills	38,169,121	-	38,169,121	29,639,302	-	29,639,302
Pakistan Investment Bonds	4,935,601	-	4,935,601	13,944,807	-	13,944,807
Fully paid-up ordinary shares	-	-	-	2,000	-	2,000
Unlisted term finance certificates 11.1	248,090	-	248,090	248,090	-	248,090
	<u>43,352,812</u>	<u>-</u>	<u>43,352,812</u>	43,834,199	-	43,834,199
<b>Investments at cost</b>	<u>68,811,067</u>	<u>-</u>	<u>68,811,067</u>	66,830,485	-	66,830,485
Less: Provision for diminution in the value of investments	248,090	-	248,090	250,090	-	250,090
<b>Investments - net of provisions</b>	<u>68,562,977</u>	<u>-</u>	<u>68,562,977</u>	66,580,395	-	66,580,395
Deficit on revaluation of held-for-trading securities - net	(2,127)	-	(2,127)	(3,318)	-	(3,318)
Surplus on revaluation of available-for-sale securities - net	11,501	-	11,501	99,166	-	99,166
<b>Investments at market value</b>	<u>68,572,351</u>	<u>-</u>	<u>68,572,351</u>	66,676,243	-	66,676,243

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

12. ADVANCES - NET	Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
		(Rupees in '000)	
Loans, cash credits, running finances etc. - In Pakistan		23,635,816	22,930,708
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		948,156	1,357,767
Payable outside Pakistan		-	-
		<u>948,156</u>	1,357,767
Advances - gross		<u>24,583,972</u>	24,288,475
Provision against advances			
Specific - provision against non-performing advances	12.1	(2,840,346)	(2,866,751)
General - provision against advances	12.2	(265)	(214)
		<u>(2,840,611)</u>	(2,866,965)
Advances - net of provision		<u>21,743,361</u>	21,421,510

**12.1** Advances include Rs. 2,840.346 million (December 31, 2016: Rs. 2,866.751 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2017 (Un-audited)				
	Classified Advances			Provision required	Provision held
Domestic	Overseas	Total	(Rupees in '000)		
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	<u>2,840,346</u>	-	<u>2,840,346</u>	<u>2,840,346</u>	<u>2,840,346</u>
	<u>2,840,346</u>	-	<u>2,840,346</u>	<u>2,840,346</u>	<u>2,840,346</u>
	December 31, 2016 (Audited)				
	Classified Advances			Provision required	Provision held
Domestic	Overseas	Total	(Rupees in '000)		
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	<u>2,866,751</u>	-	<u>2,866,751</u>	<u>2,866,751</u>	<u>2,866,751</u>
	<u>2,866,751</u>	-	<u>2,866,751</u>	<u>2,866,751</u>	<u>2,866,751</u>

**12.2** 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.

13. FIXED ASSETS	(Un-audited)		(Audited)
	June 30, 2017	December 31, 2016	December 31, 2016
	(Rupees in '000)		
Capital work-in-progress	12,579		57,835
Property and equipment	574,490	13.1 & 13.2	521,461
	<u>587,069</u>		<u>579,296</u>

**13.1** Additions to property and equipment are Rs. 119.298 million (June 30, 2016: Rs. 26.379 million).

	(Un-audited)	
	For the half year ended	
	June 30, 2017	June 30, 2016
	(Rupees in '000)	
Furniture and fixtures	104,607	-
Electrical and office equipment	14,691	26,379
	<u>119,298</u>	<u>26,379</u>

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

		<b>(Un-audited)</b>	
		<b>For the half year ended</b>	
		<b>June</b>	<b>June</b>
		<b>30, 2017</b>	<b>30, 2016</b>
		<b>(Rupees in '000)</b>	
Electrical and office equipment		196	-
Vehicles		-	983
		<u>196</u>	<u>983</u>
		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>June</b>	<b>December</b>
		<b>30, 2017</b>	<b>31, 2016</b>
		<b>(Rupees in '000)</b>	
<b>14. BORROWINGS FROM FINANCIAL INSTITUTIONS</b>			
In Pakistan		-	2,481
Outside Pakistan		16,802,370	18,392,423
		<u>16,802,370</u>	<u>18,394,904</u>
<b>14.1 Particulars of borrowings from financial institutions</b>			
In local currency		-	2,481
In foreign currency		16,802,370	18,392,423
		<u>16,802,370</u>	<u>18,394,904</u>
<b>14.2 Details of borrowings from financial institutions</b>			
<b>Unsecured</b>			
Call borrowings		16,776,640	18,304,738
Overdrawn nostro accounts		25,730	90,166
		16,802,370	18,394,904
		<u>16,802,370</u>	<u>18,394,904</u>
<b>15. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		23,420,499	19,457,869
Savings deposits		41,691,404	43,463,616
Current accounts - non-remunerative		23,336,206	10,774,265
Other deposits		3,184,238	108,556
		<u>91,632,347</u>	<u>73,804,306</u>
<b>Financial institutions</b>			
Non-remunerative deposits		3,640,627	1,272,076
		<u>95,272,974</u>	<u>75,076,382</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, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
(i) Government of Pakistan	<u>202</u>	<u>202</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.

(i) Government of Pakistan	884,540	544,938
(ii) Banking companies and other financial institutions	32,325	34,004
(iii) Others	<u>1,610,448</u>	<u>1,471,113</u>
	<u>2,527,313</u>	<u>2,050,055</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.

Letters of credit / acceptances / shipping guarantees	<u>12,697,271</u>	<u>9,178,119</u>
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### 16.4 Other contingencies

Claims not acknowledged as debts	<u>162,616</u>	<u>162,257</u>
16.4.1	<u>162,616</u>	<u>162,257</u>

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

### 16.5 Commitments in respect of forward transactions

Forward agreement lending (reverse repos)	<u>22,170,133</u>	<u>13,386,447</u>
Forward borrowing	<u>328,193,020</u>	<u>13,074,813</u>
Uncancellable commitments to extend credit	<u>4,012,336</u>	<u>3,930,698</u>
Forward purchase contracts of government securities	<u>-</u>	<u>210,813</u>

(Un-audited)	(Audited)
June	December
30, 2017	31, 2016
(Rupees in '000)	

**16.6 Commitments in respect of forward foreign exchange contracts**

Purchase	<u>101,694,832</u>	<u>121,436,578</u>
Sale	<u>95,287,824</u>	<u>103,510,839</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.

**16.7 Other commitments**

Interest rate derivative and Cross currency contracts (notional amount)	<u>4,916,667</u>	<u>5,961,225</u>
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<b>16.8</b> Commitments in respect of capital expenditure	<u>8,968</u>	<u>53,192</u>
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**16.9** The Bank filed appeals for the different assesment years before tax appellate authorities. The Bank is rigorously contesting its appeals and is confident of favourable decision in the appeals.

**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.

	(Un-audited)	
	June	June
<b>18. OTHER INCOME</b>	<b>30, 2017</b>	<b>30, 2016</b>
(Rupees in '000)		
Gain from interest rate derivative contracts	53,979	199,700
Net profit on sale of property and equipment	3,384	158
Others	2,488	28
	<u>59,851</u>	<u>199,886</u>

**19 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

On balance sheet financial instruments		June 30, 2017 (Un-audited)							Fair Value						
		Carrying Value					Total	Level 1	Level 2	Level 3	Total				
Note	Available for sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities										
<b>Financial assets measured at fair value</b>						<b>(Rupees in '000)</b>					<b>(Rupees in '000)</b>				
Investments															
	Market Treasury Bills	38,164,747	20,577,503	-	-	-	58,742,250	-	58,742,250	-	58,742,250				
	Pakistan Investment Bonds	4,951,476	4,878,625	-	-	-	9,830,101	-	9,830,101	-	9,830,101				
	Fully Paid-up Ordinary Shares	-	-	-	-	-	-	-	-	-	-				
<b>Financial assets not measured at fair value</b>															
	Cash and balances with treasury banks	19.2	-	-	7,633,826	-	7,633,826	-	-	-	-				
	Balances with other banks	19.2	-	-	890,795	-	890,795	-	-	-	-				
	Lendings to financial institutions	19.2	-	-	34,209,461	-	34,209,461	-	-	-	-				
	Advances - net	19.2	-	-	21,743,361	-	21,743,361	-	-	-	-				
	Other financial assets	19.2	-	-	1,450,445	-	1,450,445	-	-	-	-				
			<b>43,116,223</b>	<b>25,456,128</b>	<b>55,952,822</b>	<b>9,975,066</b>	<b>134,500,239</b>	<b>-</b>	<b>68,572,351</b>	<b>-</b>	<b>68,572,351</b>				
<b>Financial liabilities not measured at fair value</b>															
	Bills payable	19.2	-	-	-	1,843,930	1,843,930	-	-	-	-				
	Borrowings from financial institutions	19.2	-	-	-	16,802,370	16,802,370	-	-	-	-				
	Deposits and other accounts	19.2	-	-	-	95,272,974	95,272,974	-	-	-	-				
	Other financial liabilities	19.2	-	-	-	10,968,694	10,968,694	-	-	-	-				
			<b>-</b>	<b>-</b>	<b>-</b>	<b>124,887,968</b>	<b>124,887,968</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				

Off balance sheet financial instruments		June 30, 2017 (Un-audited)				
		Carrying Value	Level 1	Level 2	Level 3	Total
<b>(Rupees in '000)</b>						
	Forward foreign exchange purchase contracts	<b>101,694,832</b>	<b>-</b>	<b>102,193,853</b>	<b>-</b>	<b>102,193,853</b>
	Forward foreign exchange sale contracts	<b>95,287,824</b>	<b>-</b>	<b>94,851,584</b>	<b>-</b>	<b>94,851,584</b>
	Interest rate derivative Contracts	<b>4,916,667</b>	<b>-</b>	<b>5,025,088</b>	<b>-</b>	<b>5,025,088</b>

On balance sheet financial instruments		December 31, 2016 (Audited)							Fair Value						
		Carrying Value					Total	Level 1	Level 2	Level 3	Total				
Note	Available for sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities										
<b>Financial assets measured at fair value</b>						<b>(Rupees in '000)</b>					<b>(Rupees in '000)</b>				
Investments															
	Market Treasury Bills	29,613,378	22,992,968	-	-	-	52,606,346	-	52,606,346	-	52,606,346				
	Pakistan Investment Bonds	14,069,897	-	-	-	-	14,069,897	-	14,069,897	-	14,069,897				
	Fully Paid-up Ordinary Shares	-	-	-	-	-	-	-	-	-	-				
<b>Financial assets not measured at fair value</b>															
	Cash and balances with treasury banks	19.2	-	-	5,480,867	-	5,480,867	-	-	-	-				
	Balances with other banks	19.2	-	-	1,542,895	-	1,542,895	-	-	-	-				
	Lendings to financial institutions	19.2	-	-	13,325,003	-	13,325,003	-	-	-	-				
	Advances - net	19.2	-	-	21,421,510	-	21,421,510	-	-	-	-				
	Other financial assets	19.2	-	-	1,974,689	-	1,974,689	-	-	-	-				
			<b>43,683,275</b>	<b>22,992,968</b>	<b>34,746,513</b>	<b>8,998,451</b>	<b>110,421,207</b>	<b>-</b>	<b>66,676,243</b>	<b>-</b>	<b>66,676,243</b>				
<b>Financial liabilities not measured at fair value</b>															
	Bills payable	19.2	-	-	-	2,524,303	2,524,303	-	-	-	-				
	Borrowings from financial institutions	19.2	-	-	-	18,394,904	18,394,904	-	-	-	-				
	Deposits and other accounts	19.2	-	-	-	75,076,382	75,076,382	-	-	-	-				
	Other financial liabilities	19.2	-	-	-	5,805,541	5,805,541	-	-	-	-				
			<b>-</b>	<b>-</b>	<b>-</b>	<b>101,801,130</b>	<b>101,801,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				

Off balance sheet financial instruments		December 31, 2016 (Audited)				
		Carrying Value	Level 1	Level 2	Level 3	Total
<b>(Rupees in '000)</b>						
	Forward foreign exchange contracts - purchase	<b>121,436,578</b>	<b>-</b>	<b>120,993,943</b>	<b>-</b>	<b>120,993,943</b>
	Forward foreign exchange contracts - sale	<b>103,510,839</b>	<b>-</b>	<b>104,343,718</b>	<b>-</b>	<b>104,343,718</b>
	Forward purchase of trading securities	<b>210,813</b>	<b>-</b>	<b>209,761</b>	<b>-</b>	<b>209,761</b>
	Cross currency and interest rate derivative contracts	<b>5,961,225</b>	<b>-</b>	<b>6,061,660</b>	<b>-</b>	<b>6,061,660</b>

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

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

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

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

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

19.3 The fair value of traded investments other than those classified as held to maturity is based on quoted market price.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in these financial statements.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

## 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.

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:

	<b>Balance as at December 31, 2016</b>	<b>Net placements / disbursements / deposits / transfers</b>	<b>Net settlements / repayments / withdrawals / transfers</b>	<b>Balance as at June 30, 2017</b>
----- (Rupees in '000) -----				
<b>Deposits</b>				
Associated undertakings	602,059	1,820,432	(1,216,705)	<b>1,205,786</b>
Staff retirement benefit funds	12,221	125,000	(124,429)	<b>12,792</b>
			<b>(Un-audited) June 30, 2017</b>	<b>(Audited) December 31, 2016</b>
			<b>(Rupees in '000)</b>	
Nostro balances / placements with Citibank				
Branches outside Pakistan			<b>12,895,462</b>	1,474,013
Call borrowings			<b>16,776,640</b>	18,304,738
Mark-up / return / interest payable			<b>500</b>	1,177
Mark-up / return / interest receivable			<b>11,688</b>	6,374
Overdrawn Nostro Accounts			<b>25,730</b>	87,685
Unremitted head office expenses			<b>853,940</b>	882,605
Payable for expenses and share based payment			<b>227,078</b>	214,516
Payable to defined benefit plan			<b>167,759</b>	176,996
Commitments in respect of forward exchange contracts				
Purchase			<b>25,409,015</b>	22,437,431
Sale			<b>25,438,168</b>	22,428,603
Unrealised gain / (loss) on forward foreign exchange contracts - purchase			<b>305,615</b>	(120,488)
Unrealised (loss) / gain on forward foreign exchange contracts - sale			<b>(301,760)</b>	108,913
Payable to associated undertaking			<b>420,887</b>	372,828
Counter guarantees to branches			<b>884,797</b>	916,657

	(Un-audited)	
	Half year ended	
	June 30, 2017	June 30, 2016
	(Rupees in '000)	
<b>20.2 Contribution to staff retirement benefit funds</b>	<b>45,088</b>	42,753
<b>20.3 Income / expense for the period</b>		
Mark-up / return / interest earned	<b>13,189</b>	6,818
Mark-up / return / interest expensed	<b>103,786</b>	13,758
Fee, commission and brokerage income	<b>28,012</b>	26,242
Regional expenses for support services	<b>19,227</b>	39,552
Head office expenses	<b>175,246</b>	105,713
Remuneration paid to key management personnel	<b>42,934</b>	37,444
Gain on sale of securities	-	968
Sale of fixed assets	-	63

## 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, 2017 (Un-audited)		
	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
External revenue			
Mark-up / return / interest earned	613,683	2,312,843	2,926,526
Fee, commission and brokerage	347,877	-	347,877
Other income	2,936	1,148,623	1,151,559
Intersegment revenue	292,037	(292,037)	-
<b>Total revenue</b>	<b>1,256,533</b>	<b>3,169,429</b>	<b>4,425,962</b>
Depreciation and amortisation	(33,037)	(33,037)	(66,074)
Impairment of assets	-	-	-
Other immaterial non cash items	-	-	-
Other expenses	(910,281)	(2,431,610)	(3,341,891)
<b>Total expenses</b>	<b>(943,318)</b>	<b>(2,464,647)</b>	<b>(3,407,965)</b>
Reportable segment profit	<b>313,215</b>	<b>704,782</b>	<b>1,017,997</b>
	----- (Rupees in '000) -----		
	For the half year ended June 30, 2016 (Un-audited)		
	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
External revenue			
Mark-up / return / interest earned	862,362	1,930,865	2,793,227
Fee, commission and brokerage	584,178	-	584,178
Other income	16,948	1,938,821	1,955,769
Intersegment revenue	1,926,847	(1,926,847)	-
<b>Total revenue</b>	<b>3,390,335</b>	<b>1,942,839</b>	<b>5,333,174</b>
Depreciation and amortisation	(26,550)	(26,550)	(53,100)
Impairment of assets	-	-	-
Other immaterial non cash items	-	-	-
Other expenses	(2,640,620)	(877,675)	(3,518,295)
<b>Total expenses</b>	<b>(2,667,170)</b>	<b>(904,225)</b>	<b>(3,571,395)</b>
Reportable segment profit	<b>723,165</b>	<b>1,038,614</b>	<b>1,761,779</b>



	<b>For the half year ended June 30, 2017 (Un-audited)</b>		
	<b>Corporate Banking</b>	<b>Trading &amp; Sales</b>	<b>Total</b>
	----- (Rupees in '000) -----		
Segment assets	37,058,302	99,060,283	136,118,585
Segment liabilities	107,010,712	17,928,850	124,939,562
Segment return on net assets*	2.03%	1.51%	1.64%
Segment cost of funds**	2.90%	1.00%	2.54%

  

	<b>As at December 2016 (Audited)</b>		
	<b>Corporate Banking</b>	<b>Trading &amp; Sales</b>	<b>Total</b>
	----- (Rupees in '000) -----		
Segment assets	24,581,622	87,468,762	112,050,384
Segment liabilities	82,878,589	18,951,617	101,830,206
Segment return on net assets*	4.00%	3.00%	3.00%
Segment cost of funds**	3.40%	1.30%	3.10%

\* Segment return of net assets = Net income / Average (Segment Assets - Segment Provisions)

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

## 22 GENERAL

22.1 This condensed interim financial information was authorised for issue by the management of the Bank on August 21, 2017.

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

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

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**GULZEB KHAN**  
**Chief Financial Officer**