



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

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Citibank N.A., Pakistan Branches ("the Bank") as at June 30, 2018 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 and reporting 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 and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

Other Matter

The figures for the quarters ended June 30, 2018 and June 30, 2017 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.

The engagement partner on the engagement resulting in this independent auditor's review report is Amir Jamil Abbasi.

Date: 29 August 2018

Karachi

A handwritten signature in black ink, appearing to read 'KPMG Taseer Hadi & Co.', written over a horizontal line.

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

Citibank N.A., Pakistan Branches
(Incorporated in the U.S.A. the liability of members being limited)
Condensed Interim Statement of Financial Position
As at June 30, 2018

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		7,722,312	5,907,205
Balances with other banks	9	9,853,762	1,091,101
Lendings to financial institutions	10	600,034	23,930,516
Investments - net	11	57,767,552	57,091,381
Advances - net	12	33,032,310	24,483,524
Fixed assets	13	484,728	541,286
Deferred tax assets - net		-	62,145
Other assets		4,795,920	4,068,828
		114,256,618	117,175,986
LIABILITIES			
Bills payable		2,889,767	1,836,429
Borrowings from financial institutions	14	11,991,024	15,460,370
Deposits and other accounts	15	81,656,699	78,817,906
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		3,122	-
Other liabilities		9,239,091	11,858,203
		105,779,703	107,972,908
NET ASSETS		8,476,915	9,203,078
REPRESENTED BY			
Head office capital account		6,812,671	6,812,671
Reserves		163,039	163,039
Unremitted profit		1,529,042	2,232,629
		8,504,752	9,208,339
Deficit on revaluation of assets - net of deferred tax		(27,837)	(5,261)
		8,476,915	9,203,078
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes 1 to 23 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, 2018

Note	Half Year ended		Quarter ended	
	June 30, 2018 (Rupees in '000)	June 30, 2017	June 30, 2018 (Rupees in '000)	June 30, 2017
Mark-up / return / interest earned	3,121,257	2,922,902	1,592,519	1,593,648
Mark-up / return / interest expensed	1,531,466	1,481,387	834,801	793,424
Net mark-up / return / interest income	1,589,791	1,441,515	757,718	800,224
Reversal of provision against loans and advances - net	(84,875)	(26,354)	(27,794)	(11,004)
Bad debts written off directly	-	-	-	-
Reversal of provision against off-balance sheet obligations - net	-	-	-	-
	(84,875)	(26,354)	(27,794)	(11,004)
Net mark-up / return / interest income after provisions	1,674,666	1,467,869	785,512	811,228
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	717,387	347,877	384,060	198,031
Income from dealing in foreign currencies	1,083,078	997,700	583,553	592,023
Gain / (loss) on sale of securities	9,450	92,816	1,231	(8,580)
Unrealised gain on revaluation of investments classified as held-for-trading	-	5,868	-	16,537
Other income	24,913	59,851	(1,117)	25,718
Total non mark-up / interest income - net	1,834,828	1,504,112	967,727	823,729
	3,509,494	2,971,981	1,753,239	1,634,957
NON MARK-UP / INTEREST EXPENSE				
Administrative expenses	959,133	1,047,012	460,962	562,587
Reversal against appreciation / diminution in the value of non-banking assets - net	-	-	-	-
Operating fixed assets written off	-	-	-	-
Other charges	38,413	29,827	19,652	16,183
Total non mark-up / interest expenses - net	997,546	1,076,839	480,614	578,770
	2,511,948	1,895,142	1,272,625	1,056,187
PROFIT BEFORE TAXATION				
Taxation				
- Current	908,616	633,403	510,393	355,312
- Prior years	-	190,482	-	190,482
- Deferred	76,326	53,260	40,527	430
	984,942	877,145	550,920	546,224
Profit after taxation	1,527,006	1,017,997	721,705	509,963

The annexed notes 1 to 23 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, 2018

	Half Year ended		Quarter ended	
	June 30, 2018 (Rupees in '000)	June 30, 2017	June 30, 2018 (Rupees in '000)	June 30, 2017
Profit for the period after taxation	1,527,006	1,017,997	721,705	509,963
Items that will not be reclassified to profit and loss account				
Components of comprehensive income reflected in equity				
- Remeasurements of defined benefit plan gain / (loss)	3,133	(3,339)	(3,083)	733
- Deferred tax (liability) / asset on remeasurements of defined benefit plan	(1,097)	1,169	1,079	(256)
	2,036	(2,170)	(2,004)	477
Comprehensive income transferred to statement of changes in equity	1,529,042	1,015,827	719,701	510,440
Items that may be reclassified subsequently to profit and loss account				
Components of comprehensive income not reflected in equity				
- (Deficit) / Surplus on revaluation of available for sale securities	(34,733)	(87,665)	(16,327)	8,319
- Deferred tax asset / (liability) on revaluation of available for sale securities	12,157	30,683	5,715	(2,911)
	(22,576)	(56,982)	(10,612)	5,408
Total comprehensive income for the period	1,506,466	958,845	709,089	515,848

The annexed notes 1 to 23 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 Cash Flow Statement (Un-Audited)
For the half year ended June 30, 2018

	Half year ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,511,948	1,895,142
Adjustments for:		
Depreciation	62,702	66,074
Reversal of provision against loans and advances - net	(84,875)	(26,354)
Unrealised gain on revaluation of investments classified as held-for-trading	-	(5,869)
Charge for defined benefit plan	20,064	20,269
Gain on disposals of fixed assets	(30,103)	(3,384)
	(32,212)	50,736
	2,479,736	1,945,878
(Increase) / decrease in operating assets		
Lendings to financial institutions	23,330,482	(20,884,458)
Held-for-trading securities	7,806,488	(2,457,292)
Advances	(8,463,911)	(295,497)
Other assets	(827,985)	508,491
	21,845,074	(23,128,756)
Increase / (decrease) in operating liabilities		
Bills payable	1,053,338	(680,373)
Borrowings from financial institutions	(3,467,384)	(1,528,098)
Deposits and other accounts	2,838,793	20,196,592
Other liabilities (excluding current taxation, Head office expenses and payable to defined benefit plan)	(2,625,906)	5,398,819
	(2,201,159)	23,386,940
	22,123,651	2,204,062
Contribution to gratuity fund	(10,137)	(32,845)
Income tax paid	(807,722)	(810,935)
Net cash generated from operating activities	21,305,792	1,360,282
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(8,517,392)	479,387
Investments in fixed assets	(6,144)	(74,043)
Sale proceeds from disposal of fixed assets	30,103	3,580
Net cash (used) / generated from investing activities	(8,493,433)	408,924
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit repatriated to Head Office during the period	(2,232,629)	-
Remittances made during the period on account of head office expenses	-	(203,911)
Net cash used in financing activities	(2,232,629)	(203,911)
Increase in cash and cash equivalents	10,579,730	1,565,295
Cash and cash equivalents at the beginning of the period	6,996,344	6,933,596
Cash and cash equivalents at end of the period	17,576,074	8,498,891

The annexed notes 1 to 23 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, 2018

	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, 2017 (audited)	6,812,671	3,174,345	168,704	10,155,720
Profit for the half year ended June 30, 2017	-	1,017,997	-	1,017,997
Other comprehensive income for the half year ended June 30, 2017				
Remeasurements of defined benefit plan	-	(3,339)	-	(3,339)
Tax on remeasurements of defined benefit plan	-	1,169	-	1,169
	-	(2,170)	-	(2,170)
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	15,978	15,978
Recharged balance payable to the ultimate holding company for share based payments	-	-	(15,978)	(15,978)
	-	-	-	-
Balance as at June 30, 2017 (un-audited)	6,812,671	4,190,172	168,704	11,171,547
Profit for the half year ended December 31, 2017 (audited)	-	1,215,923	-	1,215,923
Other comprehensive income for the period July 2017 to December 2017				
Remeasurements of defined benefit plan	-	1,353	-	1,353
Tax on remeasurements of defined benefit plan	-	(474)	-	(474)
	-	879	-	879
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	(7,644)	(7,644)
Recharged balance payable to the ultimate holding company for share based payments	-	-	7,644	7,644
Effect of re-measurement of cost under share based payment - net of tax	-	-	(5,665)	(5,665)
	-	-	(5,665)	(5,665)
Profit remittance made to head office		(3,174,345)		(3,174,345)
Balance as at December 31, 2017 (audited)	6,812,671	2,232,629	163,039	9,208,339
Profit for the half year ended June 30, 2018 (un-audited)	-	1,527,006	-	1,527,006
Other comprehensive income for the half year ended June 30, 2018				
Remeasurements of defined benefit plan	-	3,133	-	3,133
Tax on remeasurements of defined benefit plan	-	(1,097)	-	(1,097)
	-	2,036	-	2,036
Transactions with owners				
Recharged by the ultimate holding company in respect of share based payments	-	-	2,511	2,511
Contribution balance payable to the ultimate holding company for share based payments	-	-	(2,511)	(2,511)
	-	-	-	-
Profit remittance made to head office	-	(2,232,629)	-	(2,232,629)
Balance as at June 30, 2018 (un-audited)	6,812,671	1,529,042	163,039	8,504,752

The annexed notes 1 to 23 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, 2018

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:

	Long-term senior debt	Short-term debt
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, 2017: 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, 2017.

3 STATEMENT OF COMPLIANCE

3.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017;
- Banking Companies Ordinance, 1962 and the directives issued by SBP;

In case the requirement of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued by SBP differ from the requirement of IAS 34, the requirement of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued by SBP has been followed.

- 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 in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has 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 these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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.

4.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

- **IFRS 9 'Financial Instruments' - effective date: July 1, 2018**

The Bank is currently awaiting instructions from the SBP as applicability of IAS 39 was deferred by the SBP till further instructions. However, the SBP has instructed banks and development financial institutions to prepare potential qualitative and quantitative impact assessments as a result of adoption of IFRS 9 using the performa financial statements for the year ended December 31, 2017. The Bank is required to submit its impact assessment to the SBP in due course of time.

- **IFRS 15 'Revenue from contracts with customers' - effective date: July 1, 2018**

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 'Revenue' which covers contracts for goods and services and IAS 11 'Construction Contracts' which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. A new five-step process has been introduced which must be applied before revenue can be recognised. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

The Bank does not expect any significant impact on revenue recognition from adoption of the standard.

- **IFRS 16 'Leases' - effective date: January 1, 2019**

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting for lessors will not significantly change. The Bank is currently in the process of assessing the potential impacts of changes as a result of adoption of IFRS 16.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

5 FUNCTIONAL AND PRESENTATION CURRENCY

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 used 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, 2017.

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, 2017.

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, 2017.

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
9 BALANCES WITH OTHER BANKS		
In Pakistan		
- Current accounts	29,002	48,308
Outside Pakistan		
- Current accounts	9,824,760	1,042,793
	<u>9,853,762</u>	<u>1,091,101</u>

10 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	600,034	23,930,516
	<u>600,034</u>	<u>23,930,516</u>

11 INVESTMENTS - NET

	June 30, 2018 (Un-audited)			December 31, 2017 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Investments by type ----- (Rupees in '000) -----						
Held-for-trading securities						
Market treasury bills	-	-	-	6,791,487	-	6,791,487
Pakistan Investment Bonds	-	-	-	1,017,501	-	1,017,501
	-	-	-	7,808,988	-	7,808,988
Available-for-sale securities						
Market treasury bills	42,554,792	11,991,504	54,546,296	46,007,977	-	46,007,977
Pakistan Investment Bonds	3,264,082	-	3,264,082	3,285,009	-	3,285,009
Unlisted term finance certificates 11.1	248,090	-	248,090	248,090	-	248,090
	<u>46,066,964</u>	<u>11,991,504</u>	<u>58,058,468</u>	49,541,076	-	49,541,076
Investments at cost	<u>46,066,964</u>	<u>11,991,504</u>	<u>58,058,468</u>	57,350,064	-	57,350,064
Less: Provision for diminution in the value of investments	248,090	-	248,090	248,090	-	248,090
Investments - net of provisions	<u>45,818,874</u>	<u>11,991,504</u>	<u>57,810,378</u>	57,101,974	-	57,101,974
Deficit on revaluation of held-for-trading securities - net	-	-	-	(2,500)	-	(2,500)
Deficit on revaluation of available-for-sale securities - net	(42,154)	(672)	(42,826)	(8,093)	-	(8,093)
Investments at market value	<u>45,776,720</u>	<u>11,990,832</u>	<u>57,767,552</u>	57,091,381	-	57,091,381

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.

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
		(Rupees in '000)	
12 ADVANCES - NET			
Loans, cash credits, running finances etc. - In Pakistan		33,178,896	25,862,946
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,567,437	1,419,476
Payable outside Pakistan		-	-
		<u>2,567,437</u>	1,419,476
Advances - gross		<u>35,746,333</u>	27,282,422
Provision against advances			
Specific - provision against non-performing advances	12.1	(2,713,658)	(2,798,643)
General - provision against advances	12.2	(365)	(255)
		<u>(2,714,023)</u>	(2,798,898)
Advances - net of provision		<u>33,032,310</u>	24,483,524

- 12.1 Advances include Rs. 2,713.66 million (December 31, 2017: Rs. 2,798.64 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2018 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	<u>2,713,658</u>	-	<u>2,713,658</u>	<u>2,713,658</u>	<u>2,713,658</u>
	<u>2,713,658</u>	<u>-</u>	<u>2,713,658</u>	<u>2,713,658</u>	<u>2,713,658</u>
	December 31, 2017 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	<u>2,798,643</u>	-	<u>2,798,643</u>	<u>2,798,643</u>	<u>2,798,643</u>
	<u>2,798,643</u>	<u>-</u>	<u>2,798,643</u>	<u>2,798,643</u>	<u>2,798,643</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, 2018	December 31, 2017
		(Rupees in '000)	
	Capital work-in-progress	1,617	-
	Property and equipment	13.1 & 13.2 <u>483,111</u>	<u>541,286</u>
		<u>484,728</u>	<u>541,286</u>

- 13.1 Additions to property and equipment are Rs. 4.526 million (June 30, 2017: Rs. 119.298 million).

	(Un-audited)	
	For the half year ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Furniture and fixtures	#REF!	104,607
Electrical and office equipment	#REF!	14,691
	<u>#REF!</u>	<u>119,298</u>

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

		(Un-audited)	
		For the half year ended	
		June	June
		30, 2018	30, 2017
		(Rupees in '000)	
	Electrical and office equipment	-	196
		<u>-</u>	<u>196</u>
		(Un-audited)	(Audited)
		June	December
14	BORROWINGS FROM FINANCIAL INSTITUTIONS	30, 2018	31, 2017
		(Rupees in '000)	
	In Pakistan	11,991,024	3
	Outside Pakistan	-	15,460,367
		<u>11,991,024</u>	<u>15,460,370</u>
14.1	Particulars of borrowings from financial institutions		
	In local currency	11,991,024	3
	In foreign currency	-	15,460,367
		<u>11,991,024</u>	<u>15,460,370</u>
14.2	Details of borrowings from financial institutions		
	Secured		
	Repurchase agreement borrowings	11,991,024	-
	Unsecured		
	Call borrowings	-	15,458,408
	Overdrawn nostro accounts	-	1,962
		<u>-</u>	<u>15,460,370</u>
		<u>11,991,024</u>	<u>15,460,370</u>
15	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	Fixed deposits	19,242,460	11,102,097
	Savings deposits	25,134,497	45,306,553
	Current accounts - non-remunerative	32,431,632	17,398,456
	Other deposits	2,602,279	3,369,429
		<u>79,410,868</u>	<u>77,176,535</u>
	Financial institutions		
	Non-remunerative deposits	2,245,831	1,641,371
		<u>81,656,699</u>	<u>78,817,906</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, 2018	(Audited) December 31, 2017
	(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.

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
(i) Government of Pakistan	1,435,899	959,479
(ii) Banking companies and other financial institutions	8,000	11,042
(iii) Others	<u>1,079,138</u>	<u>1,299,681</u>
	<u>2,523,037</u>	<u>2,270,202</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.

	<i>Note</i>	(Un-audited) June 30, 2018	(Audited) December 31, 2017
		(Rupees in '000)	
Letters of credit / acceptances / shipping guarantees		<u>17,339,112</u>	<u>14,765,357</u>

16.4 Other contingencies

Claims not acknowledged as debts		<u>185,970</u>	<u>170,422</u>
	16.4.1	<u>185,970</u>	<u>170,422</u>

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

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
16.5 Commitments in respect of forward transactions	(Rupees in '000)	
Forward agreement lending (reverse repos)	<u>606,473</u>	<u>23,964,259</u>
Forward agreement borrowings (repos)	<u>11,995,620</u>	<u>-</u>
Forward borrowing	<u>-</u>	<u>8,833,376</u>
Forward sale contracts of government securities	<u>-</u>	<u>7,717,243</u>
Uncancellable commitments to extend credit	<u>1,541,817</u>	<u>1,362,871</u>
Forward purchase contracts of government securities	<u>708,139</u>	<u>1,609,683</u>
Forward placement	<u>838,331</u>	<u>662,503</u>

16.6 Commitments in respect of forward foreign exchange contracts

Purchase	<u>90,397,026</u>	<u>94,204,250</u>
Sale	<u>98,597,965</u>	<u>77,215,996</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, 2018	(Audited) December 31, 2017
16.7 Other commitments	(Rupees in '000)	
Interest rate derivative (notional amount)	<u>2,950,000</u>	<u>3,933,333</u>
16.8 Commitments in respect of capital expenditure	<u>18,080</u>	<u>1,451</u>

16.9 The Income Tax returns of the Bank have been filed up to the tax year 2017 (accounting year ended December 31, 2016) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The income tax authorities have issued amended assessment orders for the tax years 2012, 2014, 2015, 2016 and 2017, and created additional tax demands (including disallowances of reversal of provisions made prior to Seventh Schedule and charging of Minimum Tax) of Rs. 902 million (2017: Rs. 837 million), which have been fully paid as required under the law. The Bank has filed appeals before the appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favour of the Bank.

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 30, 2018	June 30, 2017
18 OTHER INCOME	(Rupees in '000)	
(Loss) / gain from interest rate derivative contracts	<u>(6,210)</u>	<u>53,979</u>
Net profit on sale of property and equipment	<u>30,103</u>	<u>3,384</u>
Others	<u>1,020</u>	<u>2,488</u>
	<u>24,913</u>	<u>59,851</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, 2018 (Un-audited)								
		Carrying Value					Fair Value			
Note	Available for Sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
						(Rupees in '000)				
Financial assets measured at fair value										
	Investments									
	Market Treasury Bills	54,542,389	-	-	-	54,542,389	-	54,542,389	-	54,542,389
	Pakistan Investment Bonds	3,225,162	-	-	-	3,225,162	-	3,225,162	-	3,225,162
Financial assets not measured at fair value										
	Cash and balances with treasury banks	19.2	-	-	7,722,312	7,722,312	-	-	-	-
	Balances with other banks	19.2	-	-	9,853,762	9,853,762	-	-	-	-
	Lendings to financial institutions	19.2	-	600,034	-	600,034	-	-	-	-
	Advances - net	19.2	-	33,032,310	-	33,032,310	-	-	-	-
	Other financial assets	19.2	-	-	3,958,174	3,958,174	-	-	-	-
			57,767,551	33,632,344	21,534,248	112,934,143	-	57,767,551	-	57,767,551
Financial liabilities not measured at fair value										
	Bills payable	19.2	-	-	-	2,889,767	-	-	-	-
	Borrowings from financial institutions	19.2	-	-	-	11,991,024	-	-	-	-
	Deposits and other accounts	19.2	-	-	-	81,656,699	-	-	-	-
	Other financial liabilities	19.2	-	-	-	9,098,321	-	-	-	-
			-	-	-	105,635,811	-	-	-	-

Off balance sheet financial instruments		June 30, 2018 (Un-audited)								
		Carrying Value	Fair Value			Total				
						(Rupees in '000)				
	Forward foreign exchange purchase contracts	90,397,026	-	93,733,679	-	93,733,679				
	Forward foreign exchange sale contracts	98,597,965	-	95,465,662	-	95,465,662				
	Forward repurchase agreement lendings (reverse repos)	606,473	-	606,473	-	606,473				
	Forward resale agreement borrowings (repos)	11,995,620	-	11,995,620	-	11,995,620				
	Forward placement	838,331	-	838,331	-	838,331				
	Forward purchase of government securities	708,139	-	708,139	-	708,139				
	Interest Rate derivative Contracts	2,950,000	-	2,967,570	-	2,967,570				

On balance sheet financial instruments		December 31, 2017 (Audited)								
		Carrying Value					Fair Value			
Note	Available for Sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
						(Rupees in '000)				
Financial assets measured at fair value										
	Investments									
	Market Treasury Bills	46,006,518	6,788,987	-	-	52,795,505	-	52,795,505	-	52,795,505
	Pakistan Investment Bonds	3,278,375	1,017,501	-	-	4,295,876	-	4,295,876	-	4,295,876
Financial assets not measured at fair value										
	Cash and balances with treasury banks	19.2	-	-	5,907,205	5,907,205	-	-	-	-
	Balances with other banks	19.2	-	-	1,091,101	1,091,101	-	-	-	-
	Lendings to financial institutions	19.2	-	23,930,516	-	23,930,516	-	-	-	-
	Advances - net	19.2	-	24,483,524	-	24,483,524	-	-	-	-
	Other financial assets	19.2	-	-	3,127,177	3,127,177	-	-	-	-
			49,284,893	7,806,488	48,414,040	10,125,483	-	57,091,381	-	57,091,381
Financial liabilities not measured at fair value										
	Bills payable	19.2	-	-	-	1,836,429	-	-	-	-
	Borrowings from financial institutions	19.2	-	-	-	15,460,370	-	-	-	-
	Deposits and other accounts	19.2	-	-	-	78,817,906	-	-	-	-
	Other financial liabilities	19.2	-	-	-	11,755,390	-	-	-	-
		19.2	-	-	-	107,870,095	-	-	-	-

Off balance sheet financial instruments		December 31, 2017 (Audited)								
		Carrying Value	Fair Value			Total				
						(Rupees in '000)				
	Forward foreign exchange purchase contracts	94,204,250	-	96,841,760	-	96,841,760				
	Forward foreign exchange sale contracts	77,215,996	-	74,448,477	-	74,448,477				
	Forward repurchase agreement lendings (reverse repos)	23,964,259	-	23,964,259	-	23,964,259				
	Forward purchase contracts of government securities	1,609,683	-	1,609,683	-	1,609,683				
	Forward Borrowing	8,833,376	-	8,833,376	-	8,833,376				
	Forward sale contracts of government securities	7,717,243	-	7,717,243	-	7,717,243				
	Forward placement	662,503	-	662,503	-	662,503				
	Interest rate derivative contracts	3,933,333	-	3,991,331	-	3,991,331				

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 liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the assets or liabilities 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:

	Balance as at December 31, 2017	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at June 30, 2018
----- (Rupees in '000) -----				
Deposits				
Associated undertakings	328,864	766,704	(279,052)	816,516
Staff retirement benefit funds	273,096	1,331,397	(1,603,390)	1,103
			(Un-audited)	(Audited)
			June	December
			30, 2018	31, 2017
			(Rupees in '000)	
Nostro balances / placements with Citibank				
Branches outside Pakistan			9,824,279	1,040,846
Call borrowings			-	15,458,408
Mark-up / return/ fee / commission / interest payable			-	1,857
Mark-up / return / fee / commission / interest receivable			4,536	4,685
Overdrawn Nostro Accounts			-	1,959
Unremitted head office expenses			914,276	755,690
Payable for expenses and share based payment			201,531	205,842
Payable to defined benefit plan			183,272	176,478
Commitments in respect of forward exchange contracts				
Purchase			16,289,310	18,777,952
Sale			16,259,167	18,776,061
Unrealised gain on forward foreign exchange contracts - purchase			513,666	773,715
Unrealised (loss) on forward foreign exchange contracts - sale			(639,548)	(681,413)
Payable to associated undertaking			2,121,042	4,265,948
Counter guarantees to Citi affiliates			1,328,619	884,286

	(Un-audited)	
	Half year ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	
20.2 Contribution to staff retirement benefit funds	22,212	45,088
20.3 Income / expense for the period		
Mark-up / return / interest earned	12,722	13,189
Mark-up / return / interest expensed	43,619	103,786
Fee, commission and brokerage income	21,167	28,012
Regional expenses for support services	6,772	19,227
Head office expenses	158,586	175,246
Remuneration paid to key management personnel	50,779	42,934
Gain on sale of securities	37	-

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, 2018 (Un-audited)		
	Corporate Banking	Trading & Sales	Total
	(Rupees in '000)		
External revenue			
Mark-up / return / interest earned	908,158	2,213,099	3,121,257
Fee, commission and brokerage	717,387	-	717,387
Other income	15,561	1,101,879	1,117,440
Intersegment revenue	229,539	(229,539)	-
Total revenue	1,870,645	3,085,439	4,956,084
Depreciation and amortisation	(16,302)	(46,399)	(62,701)
Impairment of assets	-	-	-
Other immaterial non cash items	-	-	-
Other expenses	(1,235,696)	(2,130,681)	(3,366,377)
Total expenses	(1,251,998)	(2,177,080)	(3,429,078)
Reportable segment profit	618,647	908,359	1,527,006
	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)	-
Total revenue	1,256,533	3,169,429	4,425,962
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)
Total expenses	(943,318)	(2,464,647)	(3,407,965)
Reportable segment profit	313,215	704,782	1,017,997

	For the half year ended June 30, 2018 (Un-audited)		
	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
Segment assets	35,344,077	78,912,541	114,256,618
Segment liabilities	89,685,532	16,094,171	105,779,703
Segment return on net assets*	3.98%	2.15%	2.64%
Segment cost of funds**	2.98%	1.36%	2.70%
	As at December 2017 (Audited)		
	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
Segment assets	26,868,141	90,307,845	117,175,986
Segment liabilities	88,010,159	19,962,749	107,972,908
Segment return on net assets*	3.82%	1.40%	1.90%
Segment cost of funds**	3.00%	1.40%	2.70%

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

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

22 RISK MANAGEMENT

(Un-audited)	(Audited)
June	December
30, 2018	31, 2017
----- (Rupees in '000) -----	

22.1 Liquidity Coverage Ratio

High quality liquid assets	67,914,558	88,102,934
Net cash outflows	25,944,100	36,702,434
Liquidity Coverage Ratio (%)	262%	240%
Minimum Requirement (%)	90%	90%

22.2 Net Stable Funding Ratio

(Un-audited)	(Audited)
June	December
30, 2018	31, 2017
----- (Rupees in '000) -----	

Available stable funding	79,787,136	89,286,589
Required stable funding	46,144,836	34,475,951
Net Stable Funding Ratio	173%	259%
Minimum Requirement (%)	100%	100%

23 GENERAL

23.1 This condensed interim financial information was authorised for issue by the management of the Bank 29 August 2018.

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

23.3 Corresponding figures have been re-classified, re-arranged or additionally incorporated in this financial information, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period.

NADEEM LODHI
 Managing Director and
 Citi Country Officer

GULZEB KHAN
 Chief Financial Officer