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**Independent auditor's review report to the Directors of**

**Citi Bank N.A., Pakistan Branches**

**Report on review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Citibank N.A., Pakistan Branches ("the Bank") as at June 30, 2019 and the related condensed interim profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements 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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Other Matters**

The figures for the quarters ended June 30, 2019 and June 30, 2018 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.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

**Date: 27 August 2019**

**Karachi**

KPMG Taseer Hadi & Co.  
**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, 2019

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 9,466,762	9,126,210
Balances with other banks	7 566,650	641,152
Lendings to financial institutions	8 500,013	12,458,933
Investments	9 52,067,419	66,498,149
Advances	10 53,613,135	40,003,983
Fixed assets	11 524,672	485,702
Intangible assets	-	-
Deferred tax assets	-	-
Other assets	12 13,957,433	11,734,103
	<b>130,696,084</b>	<b>140,948,232</b>
<b>LIABILITIES</b>		
Bills payable	13 3,676,869	4,199,017
Borrowings	14 7,612,345	14,123,811
Deposits and other accounts	15 93,965,552	95,036,059
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	16 569,445	41,187
Other liabilities	17 15,487,721	16,928,628
	<b>121,311,932</b>	<b>130,328,702</b>
<b>NET ASSETS</b>	<b>9,384,152</b>	<b>10,619,530</b>
<b>REPRESENTED BY</b>		
Head office capital account	6,812,671	6,812,671
Reserves	161,543	161,543
(Deficit) on revaluation of assets	18 (51,337)	(75,530)
Unremitted profit	2,461,275	3,720,846
	<b>9,384,152</b>	<b>10,619,530</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	19	

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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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 Profit and Loss Account (Un-audited)

For the half year ended June 30, 2019

	Note	Quarter ended		Half Year ended	
		June 30, 2019	June 30, 2018 (Restated)	June 30, 2019	June 30, 2018 (Restated)
----- (Rupees in '000) -----					
Mark-up/Return/Interest Earned	21	<b>3,221,525</b>	1,660,983	<b>6,189,410</b>	3,361,385
Mark-up/Return/Interest Expensed	22	<b>1,408,846</b>	903,265	<b>2,706,322</b>	1,771,594
Net Mark-up / Interest Income		<b>1,812,679</b>	757,718	<b>3,483,088</b>	1,589,791
<b>NON MARK-UP/INTEREST INCOME</b>					
Fee and Commission Income	23	<b>198,091</b>	411,025	<b>422,480</b>	778,487
Foreign Exchange Income		<b>(392,047)</b>	(756,467)	<b>108,723</b>	743,745
Gain from derivatives		<b>1,493,400</b>	1,338,210	<b>1,492,113</b>	333,122
(Loss) / gain on securities	24	<b>(17,648)</b>	1,230	<b>(14,530)</b>	9,449
Other Income	25	<b>30</b>	692	<b>35</b>	31,123
Total non-markup/interest Income		<b>1,281,826</b>	994,690	<b>2,008,821</b>	1,895,926
Total Income		<b>3,094,505</b>	1,752,408	<b>5,491,909</b>	3,485,717
<b>NON MARK-UP/INTEREST EXPENSES</b>					
Operating expenses	26	<b>616,294</b>	487,928	<b>1,155,149</b>	1,020,230
Workers Welfare Fund		<b>40,084</b>	19,652	<b>66,928</b>	38,413
Other charges	27	<b>-</b>	-	<b>-</b>	-
Total non-markup/interest expenses		<b>656,378</b>	507,580	<b>1,222,077</b>	1,058,643
Profit before provisions		<b>2,438,127</b>	1,244,828	<b>4,269,832</b>	2,427,074
Provisions and write offs - net	28	<b>8,302</b>	(27,794)	<b>10,216</b>	(84,875)
<b>PROFIT BEFORE TAXATION</b>		<b>2,429,825</b>	1,272,622	<b>4,259,616</b>	2,511,949
Taxation	29	<b>887,331</b>	550,920	<b>1,790,142</b>	984,942
<b>PROFIT AFTER TAXATION</b>		<b>1,542,494</b>	721,702	<b>2,469,474</b>	1,527,007

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

**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, 2019

	<u>Quarter Ended</u>		<u>Half Year ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	----- (Rupees in '000) -----			
Profit after taxation for the period	<b>1,542,494</b>	721,702	<b>2,469,474</b>	1,527,007
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of investments - net of tax	<b>4,782</b>	(10,612)	<b>24,193</b>	(22,576)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	<b>2,645</b>	(2,004)	<b>(8,199)</b>	2,036
<b>Total comprehensive income</b>	<b><u>1,549,921</u></b>	<u>709,086</u>	<b><u>2,485,468</u></b>	<u>1,506,467</u>

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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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 Statement of Changes in Equity (Un-audited)

For the half year ended June 30, 2019

	Head office capital account	Surplus / (deficit) on revaluation of investments	Share based payment contribution reserve by the ultimate holding company	Unremitted profit	Total
	(Rupees in '000)				
<b>Opening Balance as at January 1, 2018 (audited)</b>	6,812,671	(5,261)	163,039	2,232,629	9,203,078
Profit after taxation for the quarter ended June 30, 2018	-	-	-	1,527,007	1,527,007
Other comprehensive income for the quarter ended June 30, 2018 - net of tax	-	-	-	2,036	2,036
Remittances made to head office	-	-	-	(2,232,629)	(2,232,629)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	(22,576)	-	-	(22,576)
<b>Transactions with owners, recorded directly in equity</b>					
Contribution by the head office in respect of share based payments	-	-	2,511	-	2,511
Recharged balance payable to the head office for share based payments	-	-	(2,511)	-	(2,511)
<b>Opening Balance as at July 1, 2018 (un-audited)</b>	<b>6,812,671</b>	<b>(27,837)</b>	<b>163,039</b>	<b>1,529,043</b>	<b>8,476,916</b>
Profit after taxation for the period July 1, 2018 to December 31, 2018	-	-	-	2,182,524	2,182,524
Other comprehensive income for the period July 1, 2018 to December 31, 2018 - net of tax	-	-	-	9,279	9,279
Remittances made to head office	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	(47,693)	-	-	(47,693)
<b>Transactions with owners, recorded directly in equity</b>					
Contribution by the head office in respect of share based payments	-	-	11,479	-	11,479
Recharged balance payable to the head office for share based payments	-	-	(11,479)	-	(11,479)
Effect of re-measurement of cost under share based payment - net of tax	-	-	(1,496)	-	(1,496)
<b>Opening Balance as at January 1, 2019 (audited)</b>	<b>6,812,671</b>	<b>(75,530)</b>	<b>161,543</b>	<b>3,720,846</b>	<b>10,619,530</b>
Profit after taxation for the half year ended June 30, 2019	-	-	-	2,469,474	2,469,474
Other comprehensive income for the half year ended June 30, 2019 - net of tax	-	-	-	(8,199)	(8,199)
Remittances made to head office	-	-	-	(3,720,846)	(3,720,846)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	24,193	-	-	24,193
<b>Transactions with owners, recorded directly in equity</b>					
Contribution by the head office in respect of share based payments	-	-	(1,014)	-	(1,014)
Recharged balance payable to the head office for share based payments	-	-	1,014	-	1,014
<b>Closing Balance as at June 30, 2019</b>	<b>6,812,671</b>	<b>(51,337)</b>	<b>161,543</b>	<b>2,461,275</b>	<b>9,384,152</b>

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

**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, 2019

Note	Half Year ended	
	June 30, 2019	June 30, 2018 (Restated)
(Rupees in '000)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	4,259,616	2,511,949
Profit before taxation		
Adjustments:		
	49,935	62,702
	27,982	-
	9,699	-
28	10,216	(84,875)
	-	(30,103)
	(1,636)	-
	23,419	20,064
	119,615	(32,212)
	4,379,231	2,479,737
(Increase)/ Decrease in operating assets		
	11,958,920	23,330,482
	(4,123,914)	7,806,488
	(13,619,368)	(8,463,911)
	(2,010,658)	(3,601,949)
	(7,795,020)	19,071,110
(Decrease) / Increase in operating liabilities		
	(522,148)	1,053,338
	(9,947,876)	(3,467,384)
	(1,070,507)	2,838,793
	(1,221,803)	148,058
	(12,762,334)	572,805
	(1,495,541)	(807,722)
	(12,032)	(10,137)
	(286,487)	-
	(17,972,183)	21,305,793
Income tax paid		
	(1,495,541)	(807,722)
	(12,032)	(10,137)
	(286,487)	-
	(17,972,183)	21,305,793
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	18,593,500	(8,517,392)
	(17,333)	(6,144)
	-	30,103
	18,576,167	(8,493,433)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	(53,498)	-
	(3,720,846)	(2,232,629)
	(3,774,344)	(2,232,629)
<b>(Decrease) / Increase in cash and cash equivalents</b>		
	(3,170,360)	10,579,731
	9,529,741	6,996,344
	6,359,381	17,576,075

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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Managing Director and  
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# Citibank N.A., Pakistan Branches

(Incorporated In The U.S.A. The Liability of Members Being Limited)

## Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the half year ended June 30, 2019

### 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.

The Bank is engaged in banking business as described in the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi. At June 30, 2019, the Bank operated through 3 branches (December 31, 2018: 3 branches) in Pakistan.

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.	A3	P-2
Citibank N.A.	Aa3	P-1

### 2. BASIS OF PRESENTATION

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

2.2 These condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated March 22, 2019.

### 2.3 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim 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 Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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 condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 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 these condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2018.

IFRS 9, Financial Instruments, was notified by the SECP as applicable for accounting periods beginning on or after July 1, 2018. However, the SECP vide its SRO Letter no 229 (I) / 2019 dated 14 February 2019, has deferred the applicability of this standard to banks, to accounting periods beginning on or after June 30, 2019.



## 2.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period

IFRS 16 introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The significant judgments in the implementation were determining if a contract contains a lease, and the determination of whether the Bank is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The weighted average discount rate applied to lease liabilities on the transition date 1 January 2019 was 12.5 percent.

The impact of the adoption of IFRS 16 on the Bank's condensed interim financial statements is disclosed in note 4.1.2 below.

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or to have any significant effect on the Bank's operations and are, therefore, not disclosed in these condensed interim financial statements.

## 2.5 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following new standards, interpretations of, and amendments to existing accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

<b>Standard, Interpretation or Amendment</b>	<b>Effective date (annual periods beginning on or after)</b>
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020
	<b>Effective date (periods beginning on or after)</b>
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for in preparation of these condensed interim financial statements.

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has impact on all assets of the Bank which are exposed to credit risk. The Bank has carried out an impact assessment as at 31 December 2017 which has been submitted to the State Bank of Pakistan. However, this assessment has not been updated to 30 June 2019 pending notification as to date the standard is applicable for banks.

The Bank expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

## 2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management and the key sources of estimates used in the preparation of these condensed interim financial statements are the same as those applied to the annual financial statements for the year ended December 31, 2018.

### **3 BASIS OF MEASUREMENT**

#### **3.1 Accounting convention**

These condensed interim financial statements have been prepared under the historical cost convention, except that held for trading and available for sale 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 and certain financial assets are stated net of provision.

#### **3.2 Functional and presentational currency**

These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentational currency. The amounts are rounded to the nearest thousand.

### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018, except for those disclosed in note 4.1.

#### **4.1 Changes in accounting policies**

**4.1.1** The SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 has amended the format of condensed interim financial statements of banks in order to align it with the annual financial statements, issued vide BPRD Circular No. 2 of 2018. All banks have been directed to prepare their quarterly and half yearly condensed interim financial statements on the revised format effective from the accounting year beginning on January 1, 2019. Accordingly, the Bank has prepared these condensed interim financial statements on the new format prescribed by the SBP. The amended format introduced certain new disclosures and has resulted in the following significant change:

Cost of foreign currency swaps (note 22) amounting to Rs. 280.148 million for the half year ended June 30, 2019 (Rs. 240.128 million for the half year ended June 30, 2018) which was previously shown as part of mark-up / return / interest earned has now been shown as part of mark-up / return / interest expensed in the profit and loss account.

Provision against advances amounting to Rs. 10.216 million for the half year ended June 30, 2019 (Reversal of provision against advances of Rs. 84.875 million for the half year ended June 30, 2018) which was previously shown on the face of Profit and Loss Account has now been shown as part of provisions and write-offs (note 28).

**4.1.2** The Bank has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on January 1, 2019.

On adoption of IFRS 16, the Bank recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

The change in accounting policy affected the following items in the balance sheet on June 30, 2019:

- Right-of-Use (RoU) assets recognized as Fixed assets by Rs. 71.572 million;
- Lease liabilities recognized as Other liabilities by Rs. 123.364 million;
- Depreciation on right-of-use assets and Interest expense on lease liability against right-of-use assets has been recognized as Operating expenses by Rs. 27.982 million and Rs. 9.699 million respectively.

In applying IFRS 16 for the first time, the Bank has used the following expedients permitted by the standard:

- The use of a single discount rate to the total portfolio of leases;
- Lease term considered to the extent of define period mentioned in lease agreements;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

### **5 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, 2018.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)	
<b>6</b>	<b>CASH AND BALANCES WITH TREASURY BANKS</b>		
	In hand		
	Local currency	79,721	160,717
	Foreign currency	95,569	105,913
		<b>175,290</b>	266,630
	With State Bank of Pakistan in		
	Local currency current account	7,217,216	7,252,520
	Foreign currency current account		
	- Cash reserve account	480,156	388,813
	- US Dollar clearing account	151,485	49,661
	Foreign currency deposit account		
	- Special cash reserve account	1,440,469	1,166,440
		<b>9,289,326</b>	8,857,434
	With National Bank of Pakistan in		
	Local currency current accounts	2,146	2,146
		<b>9,466,762</b>	9,126,210
		(Un-audited) June 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)	
<b>7</b>	<b>BALANCES WITH OTHER BANKS</b>		
	In Pakistan		
	In current accounts	26,326	30,299
	Outside Pakistan		
	In current accounts	540,324	610,853
		<b>566,650</b>	641,152
<b>8</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
	Repurchase agreement lendings (Reverse Repo)	500,013	12,458,933
		<b>500,013</b>	12,458,933
	Less: Provision held against Lending to Financial Institutions	-	-
	Lendings to Financial Institutions - net of provision	<b>500,013</b>	12,458,933
<b>9</b>	<b>INVESTMENTS</b>	(Un-audited) June 30, 2019	(Audited) December 31, 2018
<b>9.1</b>	<b>Investments by type:</b>	Cost / Amortised cost	Provision for diminution
		Surplus / (Deficit)	Carrying Value
		Cost / Amortised cost	Provision for diminution
		Surplus / (Deficit)	Carrying Value
		(Rupees in '000)	
	<b>Held-for-trading securities</b>		
	Federal Government Securities	11,206,968	-
		-	(1,229)
		11,205,739	7,083,054
		-	-
		(2,864)	7,080,190
	<b>Available-for-sale securities</b>		
	Federal Government Securities	40,940,659	-
	Non Government Debt Securities	248,090	(248,090)
		-	-
		(78,979)	40,861,680
		-	59,534,158
		(248,090)	(248,090)
		(116,199)	59,417,959
		(78,979)	59,782,248
		(248,090)	(248,090)
		(119,063)	66,498,149
	<b>Total Investments</b>	<b>52,395,717</b>	<b>(248,090)</b>
		<b>(80,208)</b>	<b>52,067,419</b>
		<b>66,865,302</b>	<b>(248,090)</b>
		<b>(119,063)</b>	<b>66,498,149</b>
<b>9.1.1</b>	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.		
<b>9.1.2</b>	<b>Investments given as collateral</b>	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		Rupees in '000	
	The market value of investments given as collateral is as follows:		
	<b>Federal Government securities:</b>		
	-Market Treasury Bills	3,938,548	-
<b>9.2</b>	<b>Provision for diminution in value of investments</b>		
<b>9.2.1</b>	Opening balance	(248,090)	(248,090)
	Exchange adjustments	-	-
	Charge / reversals		
	Charge for the period / year	-	-
	Reversals for the period / year	-	-
	Reversal on disposals	-	-
	Transfers - net	-	-
	Amounts written off	-	-
	Closing Balance	<b>(248,090)</b>	<b>(248,090)</b>

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	NPI	Provision	NPI	Provision
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	248,090	248,090	248,090	248,090
	<b>248,090</b>	<b>248,090</b>	<b>248,090</b>	<b>248,090</b>

10 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Loans, cash credits, running finances, etc.	51,192,106	36,077,786	2,741,771	2,743,634	53,933,877	38,821,420
Bills discounted and purchased	2,421,446	3,926,623	-	-	2,421,446	3,926,623
Advances - gross	<b>53,613,552</b>	<b>40,004,409</b>	<b>2,741,771</b>	<b>2,743,634</b>	<b>56,355,323</b>	<b>42,748,043</b>
Provision against advances						
- Specific	-	-	(2,741,771)	(2,743,634)	(2,741,771)	(2,743,634)
- General	(417)	(426)	-	-	(417)	(426)
	<b>(417)</b>	<b>(426)</b>	<b>(2,741,771)</b>	<b>(2,743,634)</b>	<b>(2,742,188)</b>	<b>(2,744,060)</b>
Advances - net of provision	<b>53,613,135</b>	<b>40,003,983</b>	<b>-</b>	<b>-</b>	<b>53,613,135</b>	<b>40,003,983</b>

10.1 Particulars of advances (Gross)

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
In local currency	56,027,636	42,451,703
In foreign currencies	327,687	296,340
	<b>56,355,323</b>	<b>42,748,043</b>

10.2 Advances include Rs. 2,741.771 million (2018: Rs. 2,743.634 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
<b>Domestic</b>				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,741,771	2,741,771	2,743,634	2,743,634
Total	<b>2,741,771</b>	<b>2,741,771</b>	<b>2,743,634</b>	<b>2,743,634</b>

10.3 Particulars of provision against advances

	(Un-audited) June 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
Opening balance	2,743,634	426	2,744,060	2,798,643	255	2,798,898
Charge for the period / year	10,225	-	10,225	-	171	171
Reversals	-	(9)	(9)	(55,009)	-	(55,009)
	<b>10,225</b>	<b>(9)</b>	<b>10,216</b>	<b>(55,009)</b>	<b>171</b>	<b>(54,838)</b>
Amounts written off	(12,088)	-	(12,088)	-	-	-
Closing balance	<b>2,741,771</b>	<b>417</b>	<b>2,742,188</b>	<b>2,743,634</b>	<b>426</b>	<b>2,744,060</b>

10.3.1 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

11 FIXED ASSETS

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Capital work-in-progress	11.1	-	28,624
Property and equipment		453,100	457,078
Right-of-use assets	4.1.2	71,572	-
		<b>524,672</b>	<b>485,702</b>
11.1 Capital work-in-progress			
Civil works		-	8,624
Advances to suppliers		-	20,000
		-	<b>28,624</b>

	Note	(Un-audited)	
		June 30, 2019	June 30, 2018
(Rupees in '000)			
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		-	387
<b>Property and equipment</b>			
Furniture and fixture		3,227	-
Electrical office and computer equipment		33,053	-
Vehicles		37,821	-
		74,101	-
Total		74,101	387
<b>12 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency		1,405,861	831,646
Income / Mark-up accrued in foreign currency		41,873	30,365
Advances, deposits, advance rent and other prepayments		148,729	112,335
Advance taxation (payments less provisions)	12.2	1,146,557	921,512
Non-banking assets acquired in satisfaction of claims		7,954	7,954
Mark to market gain on forward foreign exchange contracts		6,684,468	3,578,806
Acceptances		4,518,661	6,249,450
Others		11,284	9,989
		13,965,387	11,742,057
Less: Provision held against other assets	12.1	7,954	7,954
Other Assets (Net of Provision)		13,957,433	11,734,103
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		-	-
		13,957,433	11,734,103
<b>12.1 Provision held against other assets</b>			
Non-banking assets acquired in satisfaction of claims		7,954	7,954
		7,954	7,954

**12.1.1** The management has made provision against the amount of non-banking assets acquired in satisfaction of claims taking a conservative view. Therefore, the management has not disclosed the market value of these assets.

**12.2** The Income Tax returns of the Bank have been filed up to the tax year 2018 (accounting year ended December 31, 2017).

The income tax authorities have issued amended assessment orders for up to tax years 2018, and created additional tax demands (including disallowances of reversal of provisions made prior to Seventh Schedule and charging of Minimum Tax) of Rs. 393 million (December 31, 2018: Rs. 630 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.

	(Un-audited)	(Audited)
	June 30, 2019	December 31, 2018
(Rupees in '000)		
<b>13 BILLS PAYABLE</b>		
In Pakistan	3,676,869	4,199,017
<b>14 BORROWINGS</b>		
<b>Secured</b>		
Repurchase agreement borrowings	3,938,314	-
<b>Total secured</b>	3,938,314	-
<b>Unsecured</b>		
Call borrowings	-	13,886,190
Overdrawn nostro accounts	3,674,031	237,621
<b>Total unsecured</b>	3,674,031	14,123,811
	7,612,345	14,123,811

	(Un-audited)			(Audited)		
	June 30, 2019			December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
(Rupees in '000)						
<b>Customers</b>						
Current deposits	34,702,038	1,141,629	35,843,667	37,301,239	3,526,445	40,827,684
Savings deposits	32,373,396	6,323,299	38,696,695	22,070,832	2,366,723	24,437,555
Term deposits	13,595,996	34,951	13,630,947	24,428,822	30,323	24,459,145
Others	4,075,813	11,883	4,087,696	3,305,257	5,848	3,311,105
	84,747,243	7,511,762	92,259,005	87,106,150	5,929,339	93,035,489
<b>Financial Institutions</b>						
Current deposits	1,454,094	252,453	1,706,547	1,725,187	275,383	2,000,570
	1,454,094	252,453	1,706,547	1,725,187	275,383	2,000,570
	86,201,337	7,764,215	93,965,552	88,831,337	6,204,722	95,036,059

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Rupees in '000			
<b>16 DEFERRED TAX LIABILITIES</b>			
Deductible Temporary Differences on			
- Post retirement employee benefits		77,566	73,151
- Deficit on revaluation of investments		27,644	40,669
		<b>105,210</b>	113,820
Taxable Temporary Differences on			
- Accelerated tax depreciation		69	(9,999)
- Effect of re-measurement of cost under share based payment		(86,985)	(86,985)
- Unrealized gain on derivatives		(587,739)	(58,023)
		<b>(674,655)</b>	(155,007)
		<b>(569,445)</b>	(41,187)

**17 OTHER LIABILITIES**

Mark-up / Return / Interest payable in local currency		502,460	502,742
Mark-up / Return / Interest payable in foreign currency		-	926
Unearned commission and income on bills discounted		26,510	54,619
Accrued expenses	17.1 & 17.2	785,097	889,733
Acceptances		4,518,661	6,249,450
Mark to market loss on forward foreign exchange contracts		4,987,697	3,380,425
Unremitted head office expenses		679,505	769,833
Payable to regional offices for support services		85,561	75,151
Payable to defined benefit plan		203,020	179,019
Payable on account of sale proceeds of securities held under custody		1,052,087	1,700,155
Payable on account of sale proceeds of shares sold by an associated undertaking		184,092	420,887
Securities sold but not yet purchased		479,139	495,449
Lease liability against right-of-use assets		123,364	-
Others		1,860,528	2,210,239
		<b>15,487,721</b>	16,928,628

**17.1** This includes the Bank's obligation to the head office under the stock award and stock option programmes. As of June 30, 2019, recognised liability for share based incentive plans was Rs. 211.254 million (December 31, 2018: Rs. 212.268 million).

**17.2** The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive or final till the review petitions are decided. Accordingly, the Bank maintains full provision of Rs. 252.638 million in respect of federal WWF law from the date of its levy till December 2013. Further the Bank maintains provision of Rs 458.172 million against provincial WWF law from the date of its levy till June 30, 2019.

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
(Rupees in '000)			
<b>18 (DEFICIT) ON REVALUATION OF ASSETS</b>			
(Deficit) on revaluation of			
- Available for sale securities	9.1	(78,979)	(116,199)
Deferred tax on (deficit) on revaluation of:			
- Available for sale securities		27,642	40,669
		<b>(51,337)</b>	(75,530)

**19 CONTINGENCIES AND COMMITMENTS**

-Guarantees	19.1	2,269,948	2,328,536
-Commitments	19.2	170,614,944	243,706,429
-Other contingent liabilities	19.3	240,070	210,336
		<b>173,124,962</b>	246,245,301

**19.1 Guarantees:**

Financial guarantees		202	202
Performance guarantees		2,160,633	2,328,334
Other guarantees		109,113	-
		<b>2,269,948</b>	2,328,536

**19.2 Commitments:**

Documentary credits and short-term trade-related transactions		15,095,107	12,151,417
- letters of credit			
Commitments in respect of:			
- Forward foreign exchange contracts	19.2.1	148,446,721	213,647,263
- Forward government securities transactions	19.2.2	4,972,268	13,009,599
- Derivatives - interest rate swaps	19.2.3	983,333	1,966,667
- Forward lending	19.2.4	1,103,698	1,757,470
Commitments for acquisition of:			
- Fixed assets		13,817	7,573
Other commitments	19.2.5	-	1,166,440
		<b>170,614,944</b>	243,706,429

	Note	(Un-audited) June 30, 2019 (Rupees in '000)	(Audited) December 31, 2018
<b>19.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		77,737,989	115,534,754
Sale		70,708,732	98,112,509
		<u>148,446,721</u>	<u>213,647,263</u>
<b>19.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		4,467,234	539,830
Sale		505,034	12,469,769
		<u>4,972,268</u>	<u>13,009,599</u>
<b>19.2.3 Commitments in respect of derivatives</b>			
Purchase*		983,333	1,966,667
Sale		-	-
		<u>983,333</u>	<u>1,966,667</u>
* Interest rate derivative contract			
<b>19.2.4 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	19.2.4.1	<u>1,103,698</u>	<u>1,757,470</u>
<b>19.2.4.1</b>	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.		

	Note	(Un-audited) June 30, 2019 (Rupees in '000)	(Audited) December 31, 2018
<b>19.2.5 Other commitments</b>			
Forward placement		-	1,166,440
<b>19.3 Other contingent liabilities</b>			
Claims not acknowledged as debt	19.3.1	<u>240,070</u>	<u>210,336</u>
<b>19.3.1</b>	These are not recognised as debt as the probability of these crystallising against the Bank is considered remote.		

## 20 DERIVATIVE INSTRUMENTS

### Product Analysis

#### Counterparties

##### With other entities for

Hedging  
Market Making

##### Total

Hedging  
Market Making

(Un-audited) June 30, 2019 (Rupees in '000)	
Notional Principal	Mark to market loss
-	-
983,333	(17,517)
-	-
983,333	(17,517)

#### Counterparties

##### With other entities for

Hedging  
Market Making

##### Total

Hedging  
Market Making

(Audited) December 31, 2018 (Rupees in '000)	
Notional Principal	Mark to market loss
-	-
1,966,667	(32,600)
-	-
1,966,667	(32,600)

		<b>(Un-audited)</b>	
		<b>June 30,</b>	<b>June 30,</b>
		<b>2019</b>	<b>2018</b>
		<b>(Rupees in '000)</b>	
<b>21</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>		
	On:		
	a) Loans and advances	<b>2,550,880</b>	908,158
	b) Investments	<b>1,768,615</b>	1,728,453
	c) Lendings to financial institutions	<b>1,807,281</b>	709,125
	d) Balances with banks	<b>62,634</b>	15,649
		<b>6,189,410</b>	<b>3,361,385</b>
<b>22</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	On:		
	a) Deposits	<b>2,269,585</b>	1,350,583
	b) Borrowings	<b>156,589</b>	180,883
	c) Cost of foreign currency swaps against foreign currency deposits / borrowings	<b>280,148</b>	240,128
		<b>2,706,322</b>	<b>1,771,594</b>
<b>23</b>	<b>FEE &amp; COMMISSION INCOME</b>		
	Branch banking customer fees	<b>10,202</b>	9,706
	Card related fees (credit cards)	<b>4,862</b>	4,083
	Credit related fees	<b>390</b>	390
	Custody related fees	<b>142,110</b>	172,525
	Commission on trade	<b>76,388</b>	60,081
	Commission on guarantees	<b>4,574</b>	7,605
	Commission on cash management	<b>176,646</b>	521,989
	Commission on remittances including home remittances	<b>20</b>	13
	Others	<b>7,288</b>	2,095
		<b>422,480</b>	<b>778,487</b>
<b>24</b>	<b>(LOSS) / GAIN ON SECURITIES</b>		
	Realised	<b>(16,166)</b>	9,449
	Unrealised - held for trading	<b>1,636</b>	-
		<b>(14,530)</b>	9,449
<b>24.1</b>	Realised (loss) / gain on:		
	Federal Government Securities	<b>(16,166)</b>	6,949
		<b>(16,166)</b>	6,949
<b>25</b>	<b>OTHER INCOME</b>		
	Gain on sale of fixed assets-net	-	30,103
	Sale of non-capitalized assets	<b>4</b>	78
	Incidental Income	<b>31</b>	942
		<b>35</b>	<b>31,123</b>



	Note	(Un-audited)	
		June 30, 2019	June 30, 2018
		(Rupees in '000)	
<b>26 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		<b>389,427</b>	<b>307,414</b>
<b>Property expense</b>			
Rent & taxes		8,685	81,715
Insurance		18	593
Utilities cost		13,319	17,350
Security (including guards)		22,559	23,283
Repair & maintenance (including janitorial charges)		21,121	27,912
Depreciation		24,031	36,473
Depreciation on right-of-use assets		27,982	-
Interest expense on lease liability against right-of-use assets		9,699	-
Others		237	-
		<b>127,651</b>	<b>187,326</b>
<b>Information technology expenses</b>			
Software maintenance		17,347	1,578
Hardware maintenance		504	1,078
Depreciation		22,122	23,626
Amortisation		-	-
Network charges		21,369	16,205
Others		885	-
		<b>62,227</b>	<b>42,487</b>
<b>Other operating expenses</b>			
Legal & professional charges		16,434	11,398
Outsourced services costs		105,139	98,743
Travelling & conveyance		42,417	56,078
Depreciation		3,782	2,603
Training & development		550	-
Postage & courier charges		14,484	13,398
Communication		16,699	18,753
Head office expenses	26.1	196,159	158,586
Stationery & printing		12,571	16,109
Marketing, advertisement & publicity		730	300
Donations		400	398
Auditors Remuneration		1,576	1,514
Banking Service Charges		75,518	56,507
Brokerage and commission paid		33,249	37,468
Card Association Fees		17,975	-
Others		38,161	11,148
		<b>575,844</b>	<b>483,003</b>
		<b>1,155,149</b>	<b>1,020,230</b>

26.1 Head office expenses are estimated based on head office certificates of prior year and are subject to true ups / actualisation.

		(Un-audited)	
		June 30, 2019	June 30, 2018
		(Rupees in '000)	
<b>27 OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		-	-
Penalties imposed by other regulatory bodies (to be specified)		-	-
Others (to be specified, if material)		-	-
		<b>-</b>	<b>-</b>

	Note	(Un-audited)	
		June 30, 2019	June 30, 2018
<b>28 PROVISIONS &amp; WRITE OFFS - NET</b>			
Provisions against lending to financial institutions		-	-
Provisions for diminution in value of investments	9.2.1	-	-
Provisions / (reversal) against loans & advances	10.3	10,216	(84,875)
Other provisions / write offs (to be specified)		-	-
Bad debts written off directly		-	-
Recovery of written off / charged off bad debts		-	-
		<b>10,216</b>	<b>(84,875)</b>
<b>29 TAXATION</b>			
Current		1,101,283	908,616
Prior periods		169,210	-
Deferred		519,649	76,326
		<b>1,790,142</b>	<b>984,942</b>

### 30 FAIR VALUE MEASUREMENTS

'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.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

#### 30.1 Fair value of financial assets

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 asset 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).

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:

	Note	(Un-audited)			
		June 30, 2019			
	Carrying / Notional Value	Fair Value			Total
		Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities		52,067,419	-	52,067,419	-
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	30.2	9,466,762	-	-	-
Balances with other banks	30.2	566,650	-	-	-
Lendings to financial institutions	30.2	500,013	-	-	-
Advances - net	30.2	53,613,135	-	-	-
Other financial assets	30.2	12,656,815	-	-	-
		<b>128,870,794</b>	<b>-</b>	<b>52,067,419</b>	<b>-</b>

Note	(Un-audited)				
	June 30, 2019				
	Carrying / Notional Value	Fair Value			Total
Level 1		Level 2	Level 3		
----- (Rupees in '000) -----					
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	77,737,989	-	84,145,273	-	84,145,273
Forward sale of foreign exchange	70,708,732	-	65,998,379	-	65,998,379
Forward purchase contracts of government securities	4,467,234	-	4,445,827	-	4,445,827
Forward sale contracts of government securities	505,034	-	505,034	-	505,034
Interest rate derivative contracts	983,333	-	965,817	-	965,817

	(Audited)				
	December 31, 2018				
	Carrying / Notional Value	Fair Value			Total
Level 1		Level 2	Level 3		
----- (Rupees in '000) -----					

**On balance sheet financial instruments**

**Financial assets - measured at fair value**

Investments					
Federal Government Securities	66,498,149	-	66,498,149	-	66,498,149

**Financial assets - disclosed but not measured at fair value**

Cash and balances with treasury banks	30.2	9,126,210	-	-	-	-
Balances with other banks	30.2	641,152	-	-	-	-
Lendings to financial institutions	30.2	12,458,933	-	-	-	-
Advances - net	30.2	40,003,983	-	-	-	-
Other financial assets	30.2	10,696,740	-	-	-	-
		<u>139,425,167</u>	<u>-</u>	<u>66,498,149</u>	<u>-</u>	<u>66,498,149</u>

**Off-balance sheet financial instruments - measured at fair value**

Forward purchase of foreign exchange	115,534,754	-	119,113,702	-	119,113,702
Forward sale of foreign exchange	98,112,509	-	94,729,805	-	94,729,805
Forward purchase contracts of government securities	539,830	-	522,514	-	522,514
Forward sale contracts of government securities	12,469,769	-	12,469,769	-	12,469,769
Forward placement	1,166,440	-	1,166,440	-	1,166,440
Interest rate derivative contracts	1,966,667	-	1,934,066	-	1,934,066

**30.2** 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.

## 31 SEGMENT INFORMATION

### 31.1 Segment Details with respect to Business Activities

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, 2019  
(Un-audited)**

	<b>Corporate Banking</b>	<b>Trading &amp; Sales</b>	<b>Total</b>
	----- (Rupees in '000) -----		
<b>Profit &amp; Loss</b>			
Net mark-up / return / profit	281,295	3,201,793	3,483,088
Inter segment revenue - net	1,931,115	(1,931,115)	-
Non mark-up / return / interest income	422,497	1,586,324	2,008,821
<b>Total Income</b>	<b>2,634,907</b>	<b>2,857,002</b>	<b>5,491,909</b>
Segment direct expenses	865,228	356,849	1,222,077
Inter segment expense allocation	-	-	-
<b>Total expenses</b>	<b>865,228</b>	<b>356,849</b>	<b>1,222,077</b>
Provisions	10,216	-	10,216
<b>Profit before tax</b>	<b>1,759,463</b>	<b>2,500,153</b>	<b>4,259,616</b>

**As at June 30, 2019  
(Un-audited)**

	<b>Corporate Banking</b>	<b>Trading &amp; Sales</b>	<b>Total</b>
	----- (Rupees in '000) -----		
<b>Balance Sheet</b>			
Cash & Bank balances	175,290	9,858,122	10,033,412
Investments	-	52,067,419	52,067,419
Net inter segment lending	46,007,916	(46,007,916)	-
Lendings to financial institutions	-	500,013	500,013
Advances - performing	53,613,135	-	53,613,135
- non-performing net of provision	-	-	-
Others	7,772,522	6,709,583	14,482,105
<b>Total Assets</b>	<b>107,568,863</b>	<b>23,127,221</b>	<b>130,696,084</b>
Borrowings	-	7,612,345	7,612,345
Deposits & other accounts	93,351,989	613,563	93,965,552
Net inter segment borrowing	(46,007,916)	46,007,916	-
Others	14,216,875	5,517,160	19,734,035
<b>Total liabilities</b>	<b>61,560,948</b>	<b>59,750,984</b>	<b>121,311,932</b>
Equity	-	9,384,152	9,384,152
<b>Total Equity &amp; liabilities</b>	<b>61,560,948</b>	<b>69,135,136</b>	<b>130,696,084</b>
<b>Contingencies &amp; Commitments</b>	<b>18,722,640</b>	<b>154,402,322</b>	<b>173,124,962</b>

For the half year ended June 30, 2018  
(Un-audited)

	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
Profit & Loss			
Net mark-up / return / profit	(442,425)	2,032,216	1,589,791
Inter segment revenue - net	1,278,423	(1,278,423)	-
Non mark-up / return / interest income	809,100	1,086,826	1,895,926
Total Income	<u>1,645,098</u>	<u>1,840,619</u>	<u>3,485,717</u>
Segment direct expenses	736,968	321,675	1,058,643
Inter segment expense allocation	-	-	-
Total expenses	<u>736,968</u>	<u>321,675</u>	<u>1,058,643</u>
Provisions	(84,875)	-	(84,875)
Profit before tax	<u>993,005</u>	<u>1,518,944</u>	<u>2,511,949</u>

As at December 31, 2018  
(Audited)

	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
Balance Sheet			
Cash & Bank balances	266,629	9,500,733	9,767,362
Investments	-	66,498,149	66,498,149
Net inter segment lending	62,790,652	(62,790,652)	-
Lendings to financial institutions	-	12,458,933	12,458,933
Advances - performing	40,003,983	-	40,003,983
- non-performing	-	-	-
Others	8,609,484	3,610,321	12,219,805
Total Assets	<u>111,670,748</u>	<u>29,277,484</u>	<u>140,948,232</u>
Borrowings	-	14,123,811	14,123,811
Deposits & other accounts	94,446,990	589,069	95,036,059
Net inter segment borrowing	(62,790,652)	62,790,652	-
Others	17,223,758	3,945,074	21,168,832
Total liabilities	<u>48,880,096</u>	<u>81,448,606</u>	<u>130,328,702</u>
Equity	-	10,619,530	10,619,530
Total Equity & liabilities	<u>48,880,096</u>	<u>92,068,136</u>	<u>140,948,232</u>
Contingencies & Commitments	<u>16,455,332</u>	<u>229,789,969</u>	<u>246,245,301</u>

## 32 RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of business with the Head Office and 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.

	(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	Head Office	Branches and other related parties	Head Office	Branches and other related parties
----- (Rupees in '000) -----				
<b>Balances with other banks</b>				
In current accounts	-	540,109	-	536,690
	-	540,109	-	536,690
<b>Other Assets</b>				
Interest / mark-up accrued	-	-	-	-
Other receivables	-	1,256	-	3,510
Unrealised gain on forward foreign exchange contracts - purchase	-	1,282,042	-	720,788
	-	1,283,298	-	724,298
<b>Borrowings</b>				
Opening balance	-	13,886,190	-	15,458,408
Borrowings during the period	-	490,340,029	-	979,524,899
Settled during the period	-	(504,226,219)	-	(981,097,117)
Closing balance	-	-	-	13,886,190
<b>Overdrawn Nostros</b>	3,400,505	111,312	237,618	-
<b>Deposits and other accounts</b>				
Opening balance	766	706,394	616	601,343
Received during the period	10,851	2,859,572	1,090,363	6,415,088
Withdrawn during the period	(2,195)	(2,854,922)	(1,090,213)	(6,310,037)
Closing balance	9,422	711,044	766	706,394
<b>Other Liabilities</b>				
Interest / mark-up payable	-	-	-	926
Unremitted Head Office Expense	679,505	-	769,833	-
Unrealised loss on forward foreign exchange contracts - sale	-	1,357,838	-	719,410
Payable to defined benefit plan	-	203,020	-	179,019
Payable to associated undertakings	-	1,236,178	-	2,121,042
Payable for expenses and share based payments	211,254	85,561	212,268	75,151
Other liabilities	-	3,007	-	5,231
	890,759	2,885,604	982,101	3,100,779
<b>Contingencies and Commitments</b>				
Forward exchange contracts				
Purchase	-	19,662,464	-	29,964,551
Sales	-	19,612,464	-	29,964,551
Counter guarantees to branches	256,727	1,116,248	150,623	1,233,307
	256,727	40,391,176	150,623	61,162,409
----- (Rupees in '000) -----				
	(Un-audited) Half year ended			
	June 30, 2019		June 30, 2018	
	Head Office	Branches and other related parties	Head Office	Branches and other related parties
<b>Income</b>				
Mark-up / return / interest earned	53,795	554	483	12,239
Fee and commission income	8,271	161,615	9,900	489,266
Net gain / (loss) on sale of securities	-	(30)	-	37
Foreign Exchange Income	-	4,039	-	23,880
<b>Expense</b>				
Mark-up / return / interest paid	97	54,094	1,104	43,619
Regional expenses for support services	3,286	26,824	3,546	3,226
Head office expenses	196,159	-	158,586	-
Contribution to staff retirement benefit funds	-	26,200	-	22,212
Remuneration of Key Management Personnel	-	91,765	-	50,779

### 33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

June 30,      December 31,  
2019              2018  
(Rupees in '000)

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)

6,812,671      6,812,671

**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital

9,384,152      10,619,530

Eligible Additional Tier 1 (ADT 1) Capital

-      -

Total Eligible Tier 1 Capital

9,384,152      10,619,530

Eligible Tier 2 Capital

417      426

Total Eligible Capital (Tier 1 + Tier 2)

9,384,569      10,619,956

Risk Weighted Assets (RWAs):

Credit Risk

36,580,787      29,188,301

Market Risk

893,704      957,497

Operational Risk

12,444,529      12,444,529

Total

49,919,020      42,590,327

Common Equity Tier 1 Capital Adequacy Ratio

18.80%      24.93%

Tier 1 Capital Adequacy Ratio

18.80%      24.93%

Total Capital Adequacy Ratio

18.80%      24.94%

The State Bank of Pakistan through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of losses) for Banks / Development Finance Institutions to be raised to Rs. 10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.10 billion capital (net of losses) from the end of the financial year 2013 onwards. However, branches of foreign banks operating in Pakistan whose head office holds paid-up capital (free of losses) of atleast US\$ 300 million, have a CAR of 8% or minimum prescribed by the home regulator and have prescribed number of branches, are allowed to maintain lower amount with prior approval of SBP. In this regard the Bank is maintaining higher capital to support business requirements.

The Head office capital account of the Bank for the half year ended June 30, 2019 stands at Rs 6.813 billion and is in compliance with the SBP requirement for the said period. In addition, the banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.90% of the risk weighted exposures of the Bank as of June 30, 2019. The Bank's CAR as at June 30, 2019 was 18.80% of its risk weighted exposure.

A framework for Domestic Systemically Important Bank – (D-SIB) was issued by State Bank of Pakistan in April 2018. Under the framework, the bank is required to hold additional CET 1 capital on its risk weighted assets in Pakistan at the rate applicable on G-SIB. Citigroup Inc., the ultimate parent company, is currently required to maintain 3% additional capital buffer under the G-SIB framework. Accordingly, bank also holds additional 3% under Pillar 1 capital requirement.

The capital to risk weighted assets ratio, is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

June 30,      December 31,  
2019              2018  
(Rupees in '000)

**Leverage Ratio (LR):**

Eligible Tier-1 Capital

9,384,152      10,619,530

Total Exposure

159,159,324      167,813,928

Leverage Ratio

5.90%      6.33%

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets

58,461,093      68,163,186

Total Net Cash Outflow

21,804,475      25,765,502

Liquidity Coverage Ratio

268.12%      264.55%

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding

96,911,498      99,839,445

Total Required Stable Funding

65,470,683      49,670,959

Net Stable Funding Ratio

148.02%      201.00%

**34 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on August 27, 2019 by the management of the Bank.

**35 GENERAL**

**35.1** Figures have been rounded off to the nearest thousand rupees.

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

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

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**GULZEB KHAN**  
Chief Financial Officer