

Citibank, N.A. - Pakistan Branches

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

Condensed Interim Balance Sheet

As at 31 March 2008

		(Un-audited) 31 March 2008	(Audited) 31 December 2007
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		8,570,627	7,799,117
Balances with other banks	5	206,499	192,370
Lendings to financial institutions	6	15,643,138	4,530,449
Investments	7	16,255,787	21,276,196
Advances	8	47,886,989	49,068,211
Operating fixed assets		1,525,456	1,420,645
Deferred tax assets - net		1,380,376	1,199,429
Other assets		8,856,629	6,982,434
		100,325,501	92,468,851
LIABILITIES			
Bills payable		1,375,202	2,120,612
Borrowings from financial institutions		2,075,370	5,977,312
Deposits and other accounts		78,168,164	68,627,815
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		12,508,781	9,417,201
		94,127,517	86,142,940
NET ASSETS		6,197,984	6,325,911
REPRESENTED BY			
Head office capital account		5,443,260	5,443,260
Reserves		-	-
Unremitted profit		932,236	936,022
		6,375,496	6,379,282
Deficit on revaluation of securities		(177,512)	(53,371)
		6,197,984	6,325,911
CONTINGENCIES AND COMMITMENTS			

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The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

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 three months ended 31 March 2008

	Quarter ended	
	31 March 2008	31 March 2007
	(Rupees in '000)	
Mark-up/return/interest earned	2,531,410	2,729,228
Mark-up/return/interest expensed	1,010,784	1,348,126
Net mark-up/interest income	1,520,626	1,381,102
(Reversal) / Provision against non-performing loans and advances - net	(56,225)	5,551
Bad debts written off directly	899,070	449,821
	842,845	455,372
Net mark-up/interest income after provisions	677,781	925,730
NON MARK-UP/INTEREST INCOME		
Fee, commission and brokerage income	379,288	343,960
Income from dealing in foreign currencies	6,394	195,341
Dividend income	-	-
(Loss) / Gain on sale of securities	(31,084)	36,736
Unrealised gain / (loss) on revaluation of investments classified as held for trading	3,963	(7,916)
Other income	401,074	383,163
Total non mark-up/interest income	759,635	951,284
	1,437,416	1,877,014
NON MARK-UP/INTEREST EXPENSES		
Administrative expenses	1,197,625	1,090,418
Provision / (Reversal) for diminution in the value of non-banking assets - net	1,473	(171)
Operating fixed assets written off	-	-
Other charges	45	5
Total non mark-up/interest expenses	1,199,143	1,090,252
	238,273	786,762
Extraordinary/unusual items	-	-
PROFIT BEFORE TAXATION	238,273	786,762
Taxation - Current	356,164	409,899
- Prior years	-	-
- Deferred	(114,102)	(36,941)
	242,062	372,958
(LOSS) / PROFIT AFTER TAXATION	(3,789)	413,804

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Chief Executive

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Citibank, N.A. - Pakistan Branches
(Incorporated in the U.S.A. the liability of members being limited)
Condensed Interim Cash Flow Statement (Un-audited)
For the three months ended 31 March 2008

	Three months ended	
	31 March 2008	31 March 2007
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	238,273	786,762
Adjustments		
Depreciation	101,388	68,751
Amortisation	4,896	2,047
(Reversal) / Provision against non-performing loans and advances - net	(56,225)	5,551
Provison / (Reversal) for diminution in the value of non-banking assets - net	1,473	(171)
Unrealised (gain) / loss on revaluation of held for trading securities	(3,963)	7,916
Bad debts written off directly	899,070	449,821
Charge for defined benefit plan	15,452	14,528
Loss / (Gain) on disposal of operating fixed assets	4,495	(8,885)
Dividend income	-	-
Lease rentals	2,499	2,720
	<u>969,085</u>	<u>542,278</u>
	1,207,358	1,329,040
(Increase) / decrease in operating assets		
Lendings to financial institutions	(11,112,689)	(4,947,282)
Held-for-trading securities	1,643,439	(3,738,513)
Advances	338,377	(35,209)
Other assets	(1,875,668)	(850,891)
	<u>(11,006,541)</u>	<u>(9,571,895)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(745,410)	341,553
Borrowings from financial institutions	(3,475,948)	7,111,965
Deposits and other accounts	9,540,349	4,455,769
Other liabilities (excluding current taxation and payable to defined benefit plan)	2,876,363	511,207
	<u>8,195,354</u>	<u>12,420,494</u>
	(1,603,829)	4,177,639
Contribution to gratuity fund	(15,399)	(21,221)
Income tax paid	(141,000)	(188,182)
Net cash flow (used in) / from operating activities	<u>(1,760,228)</u>	<u>3,968,236</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	3,189,947	(2,564,473)
Dividends received	-	-
Investments in operating fixed assets	(225,038)	(179,615)
Sale proceeds from disposal of property and equipment	9,448	22,050
Net cash generated from / (used in) investing activities	<u>2,974,357</u>	<u>(2,722,038)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(2,499)	(2,720)
Remittances made to head office	-	-
Net cash used in financing activities	<u>(2,499)</u>	<u>(2,720)</u>
Increase in cash and cash equivalents	<u>1,211,630</u>	<u>1,243,478</u>
Cash and cash equivalents at beginning of the period	7,388,289	6,407,024
Cash and cash equivalents at end of the period	<u><u>8,599,919</u></u>	<u><u>7,650,502</u></u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

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 nine months ended 31 March 2008

	Head office capital account	Unremitted profit	Total
	----- (Rupees in '000) -----		
Balance at 01 January 2007	3,794,244	2,274,831	6,069,075
Profit after taxation for the three months ended 31 March 2007	-	413,804	413,804
Balance at 31 March 2007	<u>3,794,244</u>	<u>2,688,635</u>	<u>6,482,879</u>
Loss after taxation for the nine months ended 31 December 2007	-	(107,339)	(107,339)
Capitalisation of unremitted profits for the year 2006	1,645,274	(1,645,274)	-
Exchange adjustments on revaluation of capital	<u>3,742</u>	<u>-</u>	<u>3,742</u>
Balance at 31 December 2007	5,443,260	936,022	6,379,282
Loss after taxation for the three months ended 31 March 2008	-	(3,786)	(3,786)
Balance at 31 March 2008	<u>5,443,260</u>	<u>932,236</u>	<u>6,375,496</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Chief Financial Officer

Citibank, N.A. - Pakistan Branches

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

Notes to the Condensed Interim Financial Statements (Un-audited)

For the three months ended 31 March 2008

1. STATUS AND NATURE OF BUSINESS

Citibank, N.A. - Pakistan Branches ("the bank") operates as a branch of a foreign entity. Citibank, N.A., is incorporated and domiciled in the U.S.A., and is a member of Citigroup, which is the ultimate holding company of the bank.

The bank is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. Its registered office is at State Life Building No.1, I. I. Chundrigar Road, Karachi and presently operates through 26 branches (31 December 2007: 26 branches) in Pakistan.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade related modes of financing including 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 these financial statements as such but are restricted to the amount of facility actually utilized and appropriate portion of mark-up there on.

3. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Companies Ordinance, 1984. Whenever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence. The disclosures made in these condensed interim financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies adopted 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 31 December 2007.

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 these condensed interim financial statements were the same as those applied to the annual financial statements for the year ended 31 December 2007.

5. BALANCES WITH OTHER BANKS

	31 March 2008	31 December 2007
	(Rupees in '000)	
In Pakistan:		
In current accounts	13,495	56,505
Outside Pakistan:		
In current accounts	193,004	135,865
	<u>206,499</u>	<u>192,370</u>

6. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	400,000	700,000
Repurchase agreement lendings (reverse repos)	5,081,526	3,830,449
Others	10,161,612	-
	<u>15,643,138</u>	<u>4,530,449</u>

7. INVESTMENTS

	31 March 2008			31 December 2007		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	------(Rupees in '000)-----					
Investments by types						
Held-for-trading securities						
Market Treasury Bills	3,086,891	-	3,086,891	3,536,269	-	3,536,269
Pakistan Investment Bonds	370,972	-	370,972	1,574,193	-	1,574,193
	3,457,863	-	3,457,863	5,110,462	-	5,110,462
Available-for-sale securities						
Market Treasury Bills	6,113,142	-	6,113,142	7,309,306	1,863,640	9,172,946
Pakistan Investment Bonds	6,961,840	-	6,961,840	6,787,863	296,195	7,084,058
Unlisted shares	52,000	-	52,000	52,000	-	52,000
	13,126,982	-	13,126,982	14,149,169	2,159,835	16,309,004
Investments at cost	16,584,845	-	16,584,845	19,259,631	2,159,835	21,419,466
Less: Provision for diminution in value of investments	52,000	-	52,000	52,000	-	52,000
Investments - (net of provisions)	16,532,845	-	16,532,845	19,207,631	2,159,835	21,367,466
Surplus / (Deficit) on revaluation of held-for-trading securities	3,963	-	3,963	(9,161)	-	(9,161)
(Deficit) / surplus on revaluation of available-for-sale securities	(281,021)	-	(281,021)	(90,843)	8,734	(82,109)
Total investments at market value	16,255,787	-	16,255,787	19,107,627	2,168,569	21,276,196

8. ADVANCES

	31 March 2008	31 December 2007
	(Rupees in '000)	
Loans, cash credits, running finances etc.		
In Pakistan	48,426,415	49,735,561
Bills discounted and purchased (excluding Market Treasury Bills)		
Payable in Pakistan	461,052	426,572
Payable outside Pakistan	791,201	750,161
	1,252,253	1,176,733
Advances - gross	49,678,668	50,912,294
Provision for non-performing advances		
- Specific	(951,324)	(921,958)
- General	(840,355)	(922,125)
	(1,791,679)	(1,844,083)
Advances - net of provision	47,886,989	49,068,211

8.1 Advances include Rs. 1,165.585 million (31 December 2007: Rs. 1,044.729 million) which have been placed under non-performing status as detailed below:

	31 March 2008			31 December 2007		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	------(Rupees in '000)-----					
Category of classification						
Substandard	282,859	76,287	76,287	509,354	391,850	391,850
Doubtful	15,378	7,689	7,689	10,533	5,266	5,266
Loss	867,348	867,348	867,348	524,842	524,842	524,842
	1,165,585	951,324	951,324	1,044,729	921,958	921,958

9. CONTINGENCIES AND COMMITMENTS	31 March 2008	31 December 2007
9.1 Direct credit substitutes	(Rupees in '000)	
Include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities.		
(i) Government	12,370	8,831
(ii) Banking companies and other financial institutions	2,547,076	2,594,171
(iii) Others	196,638	192,044
	<u>2,756,084</u>	<u>2,795,046</u>
9.2 Transaction-related contingent liabilities		
Include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.		
(i) Government	1,334,861	1,334,820
(ii) Banking companies and other financial institutions	29,487	4,613
(iii) Others	2,434,049	2,604,822
	<u>3,798,397</u>	<u>3,944,255</u>
9.3 Trade-related contingent liabilities		
Include short-term self-liquidating trade-related contingent liabilities arising from the movement of goods, such as documentary credits where the underlying shipment is used as security.		
Letters of credit	<u>22,427,906</u>	<u>21,901,504</u>
9.4 Other contingencies		
Indemnity issued	15,484	15,484
Claims not acknowledged as debts	1,684	1,684
	<u>17,168</u>	<u>17,168</u>
	<i>9.4.1</i>	
9.4.1 These are not recognised as debt as the probability of these crystallising against the bank is considered remote.		
9.5 Commitments in respect of forward transactions		
Forward purchase of trading securities	<u>1,487,994</u>	-
Uncancellable commitments to extend credit	<u>400,000</u>	<u>650,000</u>
9.6 Commitments in respect of forward foreign exchange contracts		
Purchase	<u>108,867,264</u>	<u>114,967,483</u>
Sale	<u>105,712,298</u>	<u>109,460,801</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.		
9.7 Commitments in respect of operating leases		
Not later than one year	9,987	9,987
Later than one year and not later than five years	9,090	11,589
	<u>19,077</u>	<u>21,576</u>
The bank has obtained vehicles under operating lease agreements for upto five years. The above represents minimum lease payments under the non-cancellable operating lease agreements.		
9.8 Other commitments		
Interest rate and cross currency derivative contracts (notional amount)	<u>70,610,959</u>	<u>59,063,686</u>
Foreign currency options	<u>62,461,583</u>	<u>64,413,044</u>
10. 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 plan and key management personnel of the bank. These transactions were made on commercial terms and conditions.		

10.1 Details of significant transactions with related parties are as follows:	31 March 2008	31 December 2007
	(Rupees in '000)	
Balances outstanding as at the period / year end		
Placements with other Citibank branches		
At 01 January	-	2,436,400
Placements during the period / year	35,656,516	1,095,411,135
Settlements during the period / year	(25,494,904)	(1,097,847,535)
At 31 March / 31 December	<u>10,161,612</u>	<u>-</u>
Balances due from other Citibank branches	191,038	134,896
Interest receivable on placements with other Citibank branches	508	-
Balances due to other Citibank branches	-	590,532
Unremitted head office expenses	677,438	640,377
Payable to regional offices for support services	56,338	50,609
Payable to defined benefit plan	28,015	27,962
	For the three months ended	
	31 March	31 March
	2008	2007
	(Rupees in '000)	
Income / Expense for the period		
Interest received on placements with other Citibank branches	8,039	94,437
Regional expenses for support services	62,648	54,155
Head office expenses	37,061	40,740
Remuneration paid to key management personnel	15,287	14,650

11. GENERAL

11.1 These condensed interim financial statements were authorised for issue by the management of the bank on 28 April 2008.

11.2 Figures have been rounded off to the nearest thousand rupees.

11.3 Corresponding information has been reclassified, rearranged or additionally incorporated in these condensed interim financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in current period.

Chief Executive

Chief Financial Officer