

Citibank, N.A. - Pakistan Branches

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

Condensed Interim Balance Sheet

As at March 31, 2009

	(Un-audited) March 31 2009	(Audited) December 31 2008
Note	(Rupees '000)	
ASSETS		
Cash and balances with treasury banks	9,664,479	10,583,830
Balances with other banks	7 4,115,698	7,358,861
Lendings to financial institutions	8 15,818,608	14,166,060
Investments	9 27,835,106	9,194,307
Advances	10 37,546,737	41,856,749
Operating fixed assets	1,509,595	1,474,167
Deferred tax assets - net	3,765,382	3,585,127
Other assets	11 9,035,308	13,432,726
	109,290,913	101,651,827
LIABILITIES		
Bills payable	1,617,566	1,660,227
Borrowings from financial institutions	14,057,374	3,152,988
Deposits and other accounts	65,213,454	65,484,768
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	12 18,781,165	22,340,772
	99,669,559	92,638,755
NET ASSETS	9,621,354	9,013,072
REPRESENTED BY		
Head office capital account	7,790,437	7,742,345
Reserves	75,785	75,785
Unremitted profit	1,995,195	1,689,600
	9,861,417	9,507,730
Deficit on revaluation of securities - net	(240,063)	(494,658)
	9,621,354	9,013,072
CONTINGENCIES AND COMMITMENTS	13	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Arif Usmani
Chief Executive

Anjum Hai
Chief Financial Officer

Citibank, N.A. - Pakistan Branches
(Incorporated in the U.S.A. the liability of members being limited)
Condensed Interim Profit and Loss Account (Un-audited)
For the quarter ended March 31, 2009

	Quarter ended	
	March 31 2009	March 31 2008
	(Rupees '000)	
Mark-up / return / interest earned	2,558,532	2,536,483
Mark-up / return / interest expensed	<u>1,186,629</u>	<u>1,010,784</u>
Net mark-up / return / interest income	1,371,903	1,525,699
Provision against non-performing loans and advances - net	155,666	(51,519)
Provision for diminution in value of investments	-	-
Bad debts written off directly	887,339	894,364
	<u>1,043,005</u>	<u>842,845</u>
Net mark-up / return / interest income after provisions	328,898	682,854
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	210,848	379,288
Income from dealing in foreign currencies	558,944	338,747
Dividend income	-	-
Gain / (loss) on sale of securities	136,967	(31,084)
Unrealised gain / (loss) on revaluation of investments classified as held for trading	6,600	(1,107)
Other income	349,251	68,721
Total non mark-up / interest income	<u>1,262,610</u>	<u>754,565</u>
	1,591,508	1,437,419
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	1,001,445	1,197,625
Other provisions	311	1,473
Other charges	11,601	45
Total non mark-up / interest expenses	<u>1,013,357</u>	<u>1,199,143</u>
Extraordinary / unusual items	-	-
PROFIT BEFORE TAXATION	578,151	238,276
Taxation - Current	589,901	356,164
- Prior years	-	-
- Deferred	(317,345)	(114,102)
	<u>272,556</u>	<u>242,062</u>
PROFIT / (LOSS) AFTER TAXATION	305,595	(3,786)

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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 quarter ended March 31, 2009

	Head office capital account	Unremitted profit	Share based payment contribution reserve by the ultimate holding company	Total
	(Rupees '000)			
Balance as at January 01, 2008	5,443,260	889,238	46,784	6,379,282
Loss for the three months ended March 31, 2008	-	(3,786)	-	(3,786)
Contribution by the ultimate holding company in respect of share based payments under IFRS - 2	-	-	18,125	18,125
Recharged balance payable to the ultimate holding company for share based payments	-	-	(18,125)	(18,125)
			-	-
Balance as at March 31, 2008	5,443,260	885,452	46,784	6,375,496
Profit for the period April 1, 2008 to December 31, 2008	-	804,148	-	804,148
Contribution by the ultimate holding company in respect of share based payments under IFRS - 2	-	-	28,587	28,587
Recharged balance payable to the ultimate holding company for share based payments	-	-	(28,587)	(28,587)
Effect of re-measurement of cost under share based payment - net of tax	-	-	29,001	29,001
			29,001	29,001
Capital injected during the year	2,168,394	-	-	2,168,394
Exchange adjustments on revaluation of capital	130,691	-	-	130,691
Balance as at December 31, 2008	7,742,345	1,689,600	75,785	9,507,730
Profit for the three months ended March 31, 2009	-	305,595	-	305,595
Contribution by the ultimate holding company in respect of share based payments under IFRS - 2	-	-	3,134	3,134
Recharged balance payable to the ultimate holding company for share based payments	-	-	(3,134)	(3,134)
			-	-
Exchange adjustments on revaluation of capital	48,092	-	-	48,092
Balance as at March 31, 2009	7,790,437	1,995,195	75,785	9,861,417

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Arif Usmani
Chief Executive

Anjum Hai
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 quarter ended March 31, 2009

	Quarter ended	
	March 31 2009	March 31 2008
	(Rupees '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	578,151	238,276
Adjustments		
Depreciation	99,974	101,388
Amortisation	5,680	4,896
Provision against non-performing advances - net	155,666	(51,519)
Bad debts written off directly	887,339	894,364
Other provisions	311	1,473
Unrealised (gain) / loss on revaluation of held for trading securities	(6,600)	1,107
Charge for defined benefit plan	10,316	13,528
(Gain) / Loss on disposal of operating fixed assets	(7,780)	4,495
Lease rentals	2,502	2,499
	<u>1,147,408</u>	<u>972,231</u>
	1,725,559	1,210,507
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,652,548)	(11,112,689)
Held-for-trading securities	(1,240,166)	1,646,294
Advances	3,267,007	338,377
Other assets	4,397,108	(1,806,486)
	<u>4,771,401</u>	<u>(10,934,504)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(42,661)	(745,410)
Borrowings from financial institutions	10,921,873	(3,475,948)
Deposits and other accounts	(271,314)	9,540,349
Other liabilities (excluding current taxation and payable to defined benefit plan)	(4,133,004)	2,876,363
	<u>6,474,894</u>	<u>8,195,354</u>
	12,971,854	(1,528,643)
Contribution to gratuity fund	(10,081)	(13,475)
Income tax paid	(16,740)	(141,000)
	<u>(16,740)</u>	<u>(141,000)</u>
Net cash flow from operating activities	<u>12,945,033</u>	<u>(1,683,118)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(17,002,348)	3,182,022
Investments in operating fixed assets	(171,994)	(225,038)
Sale proceeds from disposal of property and equipment	38,692	9,448
Net cash generated from investing activities	<u>(17,135,650)</u>	<u>2,966,432</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(2,502)	(2,499)
Net cash used in financing activities	<u>(2,502)</u>	<u>(2,499)</u>
Effects of exchange rate changes on cash and cash equivalents	48,092	-
Increase in cash and cash equivalents	<u>(4,145,027)</u>	<u>1,280,815</u>
Cash and cash equivalents at beginning of the period	<u>17,922,742</u>	<u>7,319,107</u>
Cash and cash equivalents at end of the period	<u><u>13,777,715</u></u>	<u><u>8,599,922</u></u>

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Chief Executive

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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 quarter ended March 31, 2009

1. STATUS AND NATURE OF BUSINESS

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

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 (December 31, 2008: 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 (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase 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 the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 and the directives issued by SBP. In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 and the directives issued by the SBP shall prevail.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and approved accounting standards as applicable in Pakistan relating to interim 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, 2008.

The SBP has deferred the applicability of International Accounting Standard 39 - Financial instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40 - Investment Property (IAS 40) through BSD Circular No. 10 dated August 26, 2002. Further, applicability of IFRS 7 - "Financial Instruments - Disclosure" has been deferred by the Securities and Exchange Commission of Pakistan (SECP) through its notification dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in preparation of these financial statements. However, investments have been classified and valued in accordance with the categories prescribed by the SBP through various circulars.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used 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, 2008.

5. USE OF ESTIMATES AND JUDGEMENTS

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

The significant judgments made by management and the key sources of estimates used in the preparation of these condensed interim financial statements were the same as those applied to the annual financial statements for the year ended December 31, 2008.

6. FINANCIAL RISK MANAGEMENT

The bank's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the bank for the year ended December 31, 2008.

7. BALANCES WITH OTHER BANKS

	March 31 2009	December 31 2008
	------(Rupees '000)-----	
In Pakistan:		
In current accounts	49,276	122,871
Outside Pakistan:		
In current accounts	409,105	296,041
In deposit accounts	3,657,317	6,939,949
	4,066,422	7,235,990
	<u>4,115,698</u>	<u>7,358,861</u>

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	100,000	100,000
Repurchase agreement lendings	15,718,608	14,066,060
	<u>15,818,608</u>	<u>14,166,060</u>

9. INVESTMENTS

	March 31, 2009			December 31, 2008		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	------(Rupees '000)-----					
Investments by types						
Held-for-trading securities						
Market Treasury Bills	3,815,216	-	3,815,216	3,425,229	-	3,425,229
Pakistan Investment Bonds	874,829	-	874,829	24,650	-	24,650
	4,690,045	-	4,690,045	3,449,879	-	3,449,879
Available-for-sale securities						
Market Treasury Bills	16,516,742	1,800,770	18,317,512	2,165,273	-	2,165,273
Pakistan Investment Bonds	4,569,342	-	4,569,342	4,340,233	-	4,340,233
Term Finance Certificates - unlisted	621,000	-	621,000	-	-	-
Unlisted shares	52,000	-	52,000	52,000	-	52,000
	21,759,084	1,800,770	23,559,854	6,557,506	-	6,557,506
Investments at cost	<u>26,449,129</u>	<u>1,800,770</u>	<u>28,249,899</u>	<u>10,007,385</u>	<u>-</u>	<u>10,007,385</u>
Less: Provision for diminution in value of investments	52,000	-	52,000	52,000	-	52,000
Investments - (net of provisions)	<u>26,397,129</u>	<u>1,800,770</u>	<u>28,197,899</u>	<u>9,955,385</u>	<u>-</u>	<u>9,955,385</u>
Surplus / (deficit) on revaluation of held-for-trading securities	6,535	-	6,535	(65)	-	(65)
Deficit on revaluation of available-for-sale securities	(369,205)	(123)	(369,328)	(761,013)	-	(761,013)
Total investments at market value	<u>26,034,459</u>	<u>1,800,647</u>	<u>27,835,106</u>	<u>9,194,307</u>	<u>-</u>	<u>9,194,307</u>

9.1 As at March 31, 2009, 47,491 shares (December 31, 2008 : 47,491) of VISA International were held by the bank carried at nil value.

10. ADVANCES	March 31	December 31
	2009	2008
	----- (Rupees '000) -----	
Loans, cash credits, running finances etc. In Pakistan	38,269,143	41,763,352
Bills discounted and purchased (excluding Market Treasury Bills)		
Payable in Pakistan	664,979	936,699
Payable outside Pakistan	547,346	935,763
	1,212,325	1,872,462
Advances - gross	39,481,468	43,635,814
Provision for non-performing advances		
- Specific	(1,420,578)	(1,173,983)
- General	(514,153)	(605,082)
	(1,934,731)	(1,779,065)
Advances - net of provision	37,546,737	41,856,749

10.1

Advances include Rs 2,181.791 million (December 31, 2008: Rs. 1,955.724 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2009			December 31, 2008		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	----- (Rupees '000) -----					
Substandard	568,168	145,890	145,890	842,363	223,914	223,914
Doubtful	432,585	177,450	177,450	299,872	180,502	180,502
Loss	1,181,038	1,097,238	1,097,238	813,489	769,567	769,567
	2,181,791	1,420,578	1,420,578	1,955,724	1,173,983	1,173,983

10.1.1 As at March 31, 2009, the bank has an overdue exposure of Rs. 840 million against a group for which no provision has been created, as the bank has approached State Bank of Pakistan for specific waiver under the Prudential Regulations. Consequently, this exposure is also not included in total non-performing loans as mentioned above. If the provision is created, it would result in profit before tax being lower by Rs. _____ and profit after tax by Rs. _____.

11. OTHER ASSETS

It includes unrealised gain on forward foreign exchange contracts, foreign currency options and interest rate derivatives as at March 31, 2009 amounting to Rs. 7.113 billion (2008: Rs. 11.199 billion).

12. OTHER LIABILITIES

It includes unrealised loss on forward foreign exchange contracts, foreign currency options and interest rate derivatives as at March 31, 2009 amounting to Rs. 12.816 billion (2008: Rs. 16.505 billion).

13. CONTINGENCIES AND COMMITMENTS

13.1 Direct credit substitutes

Includes general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities.

	March 31	December 31
	2009	2008
	----- (Rupees '000) -----	
(i) Government	19,774	12,121
(ii) Banking companies and other financial institutions	-	79,614
(iii) Others	3,084,875	2,835,467
	3,104,649	2,927,202

	March 31	December 31
	2009	2008
	----- (Rupees '000) -----	
13.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees and shipping guarantees related to particular transactions.		
(i) Government	1,124,767	1,161,956
(ii) Banking companies and other financial institutions	91,352	97,167
(iii) Others	414,131	2,218,121
	<u>1,630,250</u>	<u>3,477,244</u>
13.3 Trade-related contingent liabilities		
Includes short-term self-liquidating trade-related contingent liabilities arising from the movement of goods, such as documentary credits where the underlying shipment is used as security.		
Letters of credit	<u>9,272,475</u>	<u>17,218,899</u>
13.4 Other contingencies		
Indemnity issued	15,484	15,484
Claims not acknowledged as debts	231,720	229,601
	<u>247,204</u>	<u>245,085</u>
13.5 Commitments in respect of forward transactions		
Forward agreement lending (reverse repos)	<u>15,836,055</u>	<u>14,188,450</u>
Forward agreement borrowings (repos)	<u>3,593,603</u>	<u>497,928</u>
Uncancellable commitments to extend credit	<u>-</u>	<u>400,000</u>
13.6 Commitments in respect of forward foreign exchange contracts		
Purchase	<u>121,321,701</u>	<u>112,481,147</u>
Sale	<u>71,755,518</u>	<u>68,350,414</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.		
13.7 Commitments in respect of operating leases		
Not later than one year	4,358	6,193
Over one year to five years	4,228	4,896
	<u>8,586</u>	<u>11,089</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.		
13.8 Other commitments		
Interest rate derivative contracts (notional amount)	<u>64,530,747</u>	<u>53,332,586</u>
Foreign currency options	<u>22,131,425</u>	<u>35,611,738</u>
14. 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.		

14.1 Details of significant transactions with related parties are as follows:

Balances outstanding as at the period / year end

	Balance as at January 01, 2009	Net placements / disbursements / transfers	Repayments / withdrawals / transfers	Balance as at March 31, 2009
	-----Rupees '000-----			
Loans and Advances				
Key management personnel	4,627	309	(204)	4,732
Deposits				
Associated undertakings	121,882	93,156	(80,836)	134,202
Key management personnel	2,994	10,185	(10,228)	2,951
Staff retirement benefit funds	17,360	80,101	(43,096)	54,365
			March 31	December 31
			2009	2008
			------(Rupees '000)-----	
Nostro Balances / Placements with Citibank branches outside Pakistan			4,064,500	7,235,450
Unremitted head office expenses			656,522	621,960
Payable for expenses and share based payments			112,248	142,084
Payable to defined benefit plan			53,803	53,568
Claims received / receivable from Citi Global Insurance Reserve Plan			26,536	12,867
			For the three months ended	
			March 31	March 31
			2009	2008
			------(Rupees '000)-----	
Income / Expense for the period				
Mark-up/return/interest earned			9,360	13,908
Mark-up/return/interest expensed			61	15,733
Other income			11,033	7,161
Regional expenses for support services			113,927	62,648
Head office expenses			34,562	37,061
Remuneration paid to key management personnel			6,177	15,287
Contribution to staff retirement benefit funds			24,064	29,063

15. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	March 31, 2009			
	Trading and Sales	Retail Banking	Corporate Banking	Total
	------(Rupees '000)-----			
Total Income	1,502,527	1,292,615	1,026,000	3,821,142
Total Expenses *	593,563	1,694,568	1,227,416	3,515,547
Net Income / (loss)	908,964	(401,953)	(201,416)	305,595
Segment Assets (Gross)	42,309,298	38,363,859	30,621,545	111,294,702
Segment Non-Performing Loans	-	410,545	1,771,246	2,181,791
Segment Provision Required**	-	712,239	1,291,550	2,003,789
Segment Liabilities	18,455,556	36,156,370	45,057,633	99,669,559
Segment Return on net Assets (ROA) (%)***	8.6%	-4.3%	-2.7%	1.1%
Segment Cost of funds (%)****	11.4%	5.8%	6.3%	6.4%

	March 31, 2008			
	Trading and Sales	Retail Banking	Corporate Banking	Total
	------(Rupees '000)-----			
Total Income	627,276	1,736,594	927,178	3,291,048
Total Expenses *	351,922	1,998,481	944,431	3,294,834
Net Income	275,354	(261,887)	(17,253)	(3,786)
Segment Assets (Gross)	29,037,694	42,592,695	30,553,910	102,184,299
Segment Non-Performing Loans	-	321,553	844,032	1,165,585
Segment Provision Required**	-	1,020,455	838,342	1,858,797
Segment Liabilities	4,420,236	38,990,630	50,716,651	94,127,517
Segment Return on net Assets (ROA) (%)***	3.8%	-2.5%	-0.2%	0.0%
Segment Cost of funds (%)****	7.1%	4.1%	6.0%	5.2%

* Total expenses include provisions and taxation expense

** The provision against each segment represents provision held against advances, investments, and other assets.

*** Segment ROA = Net income / (Segment Assets - Segment Provisions)

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

16. CREDIT RATING

Credit ratings assigned to Citigroup Inc. (ultimate holding company) and Citibank N.A. New York, by Moody's Investor Services are as follows.

	Long term senior debt	Short term senior debt	Outlook
Citigroup Inc	A3	P-1	stable
Citibank, NA	A1	P-1	stable

17. GENERAL

17.1 These condensed interim financial statements were authorised for issue by the management of the bank on April 29, 2009.

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

17.3 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 the current period.

Arif Usmani
Chief Executive

Anjum Hai
Chief Financial Officer