

Citibank, N.A. - Pakistan Branches

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

Condensed Interim Statement of Financial Position (Un-audited)

As at March 31, 2010

	Note	(Un-audited) March 31, 2010 (Rupees in '000)	(Audited) December 31, 2009
ASSETS			
Cash and balances with treasury banks		9,664,501	7,706,034
Balances with other banks	7	4,102,463	2,735,953
Lendings to financial institutions	8	4,696,334	10,155,661
Investments - net	9	44,614,090	33,122,217
Advances - net (include assets held for sale amounting to Rs. 2,442.225 million)	10	25,713,456	28,245,029
Fixed assets	11	1,158,342	1,266,456
Deferred tax assets - net		3,762,873	3,637,578
Other assets (include mark-up receivable on account of assets held for sale amounting to Rs. 41.967 million)	12	3,437,962	2,911,872
		97,150,021	89,780,800
LIABILITIES			
Bills payable		1,450,688	1,654,759
Borrowings from financial institutions	13	7,226,936	5,561,411
Deposits and other accounts		63,209,383	58,147,204
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	14	16,626,402	15,892,011
		88,513,409	81,255,385
NET ASSETS		8,636,612	8,525,415
REPRESENTED BY			
Head office capital account		6,776,369	6,780,848
Reserves		92,715	92,715
Unremitted profit	10.4	1,960,910	1,778,573
		8,829,994	8,652,136
Deficit on revaluation of securities - net		(193,382)	(126,721)
		8,636,612	8,525,415
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

ARIF USMANI
 Managing Director and Citi Country Officer

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, 2010

	Note	Quarter ended	
		March 31, 2010	March 31, 2009
		(Rupees in '000)	
Mark-up / return / interest earned		2,191,329	2,558,532
Mark-up / return / interest expensed		979,533	1,186,629
Net mark-up / return / interest income		1,211,796	1,371,903
Provision / (reversal) against advances - net		469,053	155,666
Provision for diminution in the value of investments		-	-
Bad debts written off directly		3,421	887,339
		472,474	1,043,005
Net mark-up / interest income after provisions		739,322	328,898
NON-MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		207,672	210,848
Income from dealing in foreign currencies	16	542,532	558,944
Dividend income		-	-
Gain on sale of government securities		2,808	136,967
Gain on sale of shares		229,715	-
Unrealised (loss) / gain on revaluation of investments classified as held for trading		(6,246)	6,600
Other income	17	(492,618)	349,251
Total non mark-up / interest income		483,863	1,262,610
		1,223,185	1,591,508
NON-MARK-UP / INTEREST EXPENSES			
Administrative expenses		936,141	1,001,445
Provision / (reversal) for diminution in the value of non-banking assets - net		471	311
Other charges		8,255	11,601
Total non mark-up / interest expenses		944,867	1,013,357
		278,318	578,151
PROFIT BEFORE TAXATION			
Taxation - Current	18	181,753	589,901
- Prior years		-	-
- Deferred		(85,772)	(317,345)
		95,981	272,556
PROFIT AFTER TAXATION			
		182,337	305,595

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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Managing Director and Citi Country Officer

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, 2010

	Quarter ended	
	March 31, 2010	March 31, 2009
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	278,318	578,151
Adjustments for non cash and other items:		
Depreciation	117,949	99,974
Amortisation	13,156	5,680
Provision / (reversal) against advances - net	469,053	155,666
Bad debts written off directly	3,421	887,339
Provision for diminution in the value of non-banking assets - net	471	311
Unrealised loss / (gain) on revaluation of held-for-trading securities	6,246	(6,600)
Charge for defined benefit plan	8,786	10,316
Gain on disposals of fixed assets	(4,977)	(7,780)
Lease rentals	-	2,502
	614,105	1,147,408
	892,423	1,725,559
Decrease / (increase) in operating assets		
Lendings to financial institutions	5,459,327	(1,652,548)
Held-for-trading securities	(10,655,908)	(1,240,166)
Advances	2,059,099	3,267,007
Other assets	(526,561)	4,397,108
	(3,664,043)	4,771,401
(Decrease) / increase in operating liabilities		
Bills payable	(204,071)	(42,661)
Borrowings from financial institutions	1,707,143	10,921,873
Deposits and other accounts	5,062,179	(271,314)
Other liabilities (excluding current taxation and payable to defined benefit plan)	564,293	(4,133,004)
	7,129,544	6,474,894
	4,357,924	12,971,854
Contribution to gratuity fund	(8,786)	(10,081)
Income tax paid	(15,283)	(16,740)
Net cash inflow from operating activities	4,333,855	12,945,033
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(944,767)	(17,002,348)
Investments in fixed assets	(36,553)	(171,994)
Sale proceeds from disposal of property and equipment	18,539	38,692
Net cash (used in) / generated from investing activities	(962,781)	(17,135,650)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	-	(2,502)
Net cash used in financing activities	-	(2,502)
Effects of exchange rate changes on cash and cash equivalents	(4,479)	48,092
(Decrease) / increase in cash and cash equivalents	3,366,595	(4,145,027)
Cash and cash equivalents at the beginning of the period	10,400,369	17,922,742
Cash and cash equivalents at the end of the period	13,766,964	13,777,715

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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ANJUM HAI
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 quarter ended March 31, 2010

	Quarter ended	
	March 31, 2010	March 31, 2009
Profit after taxation	182,337	305,595
Components of comprehensive income not reflected in equity*		
Deficit on revaluation of securities	(102,556)	391,685
Deferred tax on revaluation of securities	35,895	(137,090)
Total comprehensive income for the year	115,676	560,190

* BSD Circular letter No.7 dated April 20, 2010 requires surplus / (deficit) on revaluation of available for sale securities to be included in the 'Statement of Comprehensive Income'. The same shall continue to be shown separately in Statement of Financial Position below equity.

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(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, 2010

	Head office capital account	Unremitted profit	Share based payment contribution reserve by the ultimate holding company	Total
	------(Rupees '000)-----			
Balance as at January 01, 2009	7,742,345	1,689,600	75,785	9,507,730
Profit for the quarter ended March 31, 2009	-	305,595	-	305,595
Contribution by the ultimate holding company in respect of share based payments	-	-	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
Loss for the period April 1, 2009 to December 31, 2009	-	(216,622)	-	(216,622)
Contribution by the ultimate holding company in respect of share based payments	-	-	25,645	25,645
Recharged balance payable to the ultimate holding company for share based payments	-	-	(25,645)	(25,645)
Effect of re-measurement of cost under share based payment - net of tax	-	-	16,930	16,930
			16,930	16,930
Capital remitted during the year	(1,099,363)	-	-	(1,099,363)
Exchange adjustments on revaluation of capital	89,774	-	-	89,774
Balance as at December 31, 2009	6,780,848	1,778,573	92,715	8,652,136
Profit for the quarter ended March 31, 2010	-	182,337	-	182,337
Contribution by the ultimate holding company in respect of share based payments	-	-	5,136	5,136
Recharged balance payable to the ultimate holding company for share based payments	-	-	(5,136)	(5,136)
			-	-
Exchange adjustments on revaluation of capital	(4,479)	-	-	(4,479)
Balance as at March 31, 2010	6,776,369	1,960,910	92,715	8,829,994

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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Managing Director and Citi Country Officer

Anjum Hai
Chief Financial Officer

Citibank, N.A. - Pakistan Branches

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

For the quarter ended March 31, 2010

1. STATUS AND NATURE OF BUSINESS

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

Credit ratings assigned to Citigroup Inc. and Citibank, N.A., by Moody's Investor Services are as follows:

	<u>Long-term senior debt</u>	<u>Short-term debt</u>	<u>Outlook</u>
Citigroup Inc.	A3	P-1	Stable
Citibank, N.A.	A1	P-1	Stable

The bank is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi and operates through 20 branches at March 31, 2010 (December 31, 2009: 21 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 include purchasing of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and sale arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually utilised and appropriate portion of mark-up thereon.

3. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards 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, Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by SBP prevail.

The State Bank of Pakistan (SBP) as per BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property for banking companies till further instructions. In addition, the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard 7, Financial Instruments: Disclosure vide SRO 411(1) / 2008 till further orders. 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 categories as prescribed by the SBP through various circulars.

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 No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for a full set of 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, 2009.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 December 31, 2009.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgments made by management and the key sources of estimates used in the preparation of these condensed interim financial statements were the same as those applied to the annual financial statements for the year ended December 31, 2009.

6. 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, 2009.

7. BALANCES WITH OTHER BANKS

	March 31, 2010	December 31, 2009
	(Rupees in '000)	
In Pakistan:		
In current accounts	18,349	79,589
Outside Pakistan:		
In current accounts	2,668,850	1,270,691
In deposit accounts	1,415,264	1,385,673
	4,084,114	2,656,364
	4,102,463	2,735,953

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	-	-
Repurchase agreement lendings	4,696,334	10,155,661
	4,696,334	10,155,661

9. INVESTMENTS - NET

	March 31, 2010			December 31, 2009		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
------(Rupees in '000)-----						
Investments by types						
Held-for-trading securities						
Market Treasury Bills	12,177,255	-	12,177,255	2,166,271	-	2,166,271
Pakistan Investment Bonds	1,206,835	-	1,206,835	561,911	-	561,911
	13,384,090	-	13,384,090	2,728,182	-	2,728,182
Available-for-sale securities						
Market Treasury Bills	25,441,835	-	25,441,835	24,211,458	673,194	24,884,652
Pakistan Investment Bonds	3,884,183	-	3,884,183	3,496,599	-	3,496,599
Unlisted Term Finance Certificates	2,206,000	-	2,206,000	2,206,000	-	2,206,000
Fully Paid-up Ordinary Shares 9.1	52,000	-	52,000	52,000	-	52,000
	31,584,018	-	31,584,018	29,966,057	673,194	30,639,251
Investments at cost	44,968,108	-	44,968,108	32,694,239	673,194	33,367,433
Less: Provision for diminution in value of investments	(52,000)	-	(52,000)	52,000	-	52,000
Investments - net of provisions	44,916,108	-	44,916,108	32,642,239	673,194	33,315,433
(Deficit) / surplus on revaluation of held-for-trading securities	(4,507)	-	(4,507)	1,739	-	1,739
(Deficit) / surplus on revaluation of available-for-sale securities	(297,511)	-	(297,511)	(196,898)	1,943	(194,955)
Total investments	44,614,090	-	44,614,090	32,447,080	675,137	33,122,217

9.1 Includes 16,622 'Class C' (unlisted) shares of Visa Inc. [2009: 14,247 'Class A' (listed) and 33,244 'Class C' (unlisted) shares]. These are carried by the bank at nil cost (2009: Nil). 30,869 'Class A' (listed) shares were sold during the period.

10. ADVANCES - NET

	March 31, 2010	December 31, 2009
(Rupees in '000)		
Loans, cash credits, running finances etc. In Pakistan	27,990,578	30,338,609
Bills discounted and purchased (excluding Market Treasury Bills) Payable in Pakistan	649,319	619,207
Payable outside Pakistan	345,003	247,037
	994,322	866,244
Advances - gross	28,984,900	31,204,853
Provision for non-performing advances		
- Specific	10.2 (2,850,743)	(2,486,006)
- General	10.3 (420,701)	(473,818)
	(3,271,444)	(2,959,824)
Advances - net of provision	25,713,456	28,245,029

10.1 Advances include Rs.3,540.218 million (December 31, 2009: Rs.3,158.076 million) which have been placed under non-performing status as detailed below:

10.2 Category of classification

	March 31, 2010			December 31, 2009		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
------(Rupees in '000)-----						
Substandard	400,430	101,337	101,337	428,714	104,123	104,123
Doubtful	516,330	244,636	244,636	399,864	170,130	170,130
Loss	2,623,458	2,504,770	2,504,770	2,329,498	2,211,753	2,211,753
	3,540,218	2,850,743	2,850,743	3,158,076	2,486,006	2,486,006

10.3 General provision against consumer loans includes 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.

10.4 State Bank of Pakistan (SBP) introduced certain amendments in the Prudential Regulations in respect of maintenance of provisioning requirements against non-performing loans and advances vide BSD Circular No. 10 dated October 20, 2009. Under the revised guidelines issued by SBP, banks have been allowed to avail the benefit of 40% of forced sales value of pledged stocks and mortgaged commercial, residential and industrial properties held as collateral against all non-performing loans for 3 years from the date of classification for calculating provisioning requirement with effect from September 30, 2009. However, as per the Circular the additional impact on profitability arising from availing the benefit of forced sales value against pledged stocks and mortgaged residential, commercial and industrial properties would not be available for remittance of profits. The additional profit arising from availing the FSV benefit - net of tax at March 31, 2010 which is not available for remittance of profits amounted to approximately Rs. 29.753 million (2009:29.753 million).

10.5 Non-current assets held for sale

As at March 31, 2010, the Bank has classified its mortgage and auto loans (amounting to Rs.2,442.225 million) as 'assets held of sale'. This is consequent to the Bank's decision to exit from these businesses.

11. FIXED ASSETS		March 31, 2010	December 31, 2009
		(Rupees in '000)	
Capital work-in-progress		15,532	15,692
Property and equipment	11.1 & 11.2	973,344	1,068,145
Intangible assets	11.1	169,466	182,619
		<u>1,158,342</u>	<u>1,266,456</u>

**For the quarter
ended March 31,
2010**

(Rupees in '000)

11.1 The following additions were made at cost during the period:

- Furniture and fixtures	112
- Electrical and office equipment	6,195
- Vehicles	3,649
- Intangibles	-
	<u>9,956</u>

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

- Furniture and fixtures	1,249
- Electrical and office equipment	8,133
- Vehicles	1,581
	<u>10,963</u>

12. OTHER ASSETS

12.1 Unrealised gain on derivatives

It includes unrealised gain on forward foreign exchange contracts, foreign currency options and interest rate derivatives as at March 31, 2010 amounting to Rs. 1,947.844 million (December 31, 2009: Rs. 1,339.075 million).

12.2 Assets held for sale

As more fully explained in note 10.5 to these condensed interim financial statements, other assets also include assets held for sale amounting to Rs. 41.967 million which represent mark-up receivable on advances classified as "assets held for sale."

	March 31, 2010	December 31, 2009
13. BORROWINGS FROM FINANCIAL INSTITUTIONS	(Rupees in '000)	
In Pakistan	7,226,936	5,561,411
Outside Pakistan	-	-
	<u>7,226,936</u>	<u>5,561,411</u>
13.1 Particulars of borrowings from financial institutions		
In local currency	7,226,936	5,561,411
In foreign currencies	-	-
	<u>7,226,936</u>	<u>5,561,411</u>
13.2 Details of borrowings from financial institutions		
Secured		
Borrowings from State Bank of Pakistan under		
- Export refinance scheme	1,682,504	1,598,680
- Long-term finance for export oriented project	337,880	340,414
Repurchase agreement borrowings	4,406,552	3,080,699
	<u>6,426,936</u>	<u>5,019,793</u>
Unsecured		
Call borrowings	800,000	500,000
Overdrawn bank accounts	-	41,618
	<u>800,000</u>	<u>541,618</u>
	<u>7,226,936</u>	<u>5,561,411</u>

14. OTHER LIABILITIES

It includes unrealised loss on forward foreign exchange contracts, foreign currency options and interest rate derivatives as at March 31, 2010 amounting to Rs. 12,291.218 million (December 31, 2009: Rs. 11,377.517 million).

	March 31, 2010	December 31, 2009
15. CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
15.1 Direct credit substitutes		
Includes general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities.		
(i) Government	51,210	55,985
(ii) Banking companies and other financial institutions	60,029	12,398
(iii) Others	9,193,377	8,122,020
	<u>9,304,616</u>	<u>8,190,403</u>
15.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees and shipping guarantees related to particular transactions.		
(i) Government	1,016,259	1,226,058
(ii) Banking companies and other financial institutions	121,739	126,201
(iii) Others	344,494	395,622
	<u>1,482,492</u>	<u>1,747,881</u>

March 31, December 31,
2010 2009
(Rupees in '000)

15.3 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>6,947,381</u>	<u>9,330,190</u>
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15.4 Other contingencies

Indemnity issued	15,484	15,484
Claims not acknowledged as debts	<u>275,742</u>	<u>275,972</u>
15.4.1	<u>291,226</u>	<u>291,456</u>

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

15.5 Commitments in respect of forward transactions

Forward agreement lending (reverse repos)	<u>4,696,334</u>	<u>10,317,618</u>
Forward agreement borrowings (repos)	<u>4,406,552</u>	<u>3,085,119</u>
Forward agreement to purchase (reverse repos)	<u>-</u>	<u>2,808,113</u>

15.6 Commitments in respect of forward foreign exchange contracts

Purchase	<u>129,198,772</u>	<u>120,306,365</u>
Sale	<u>76,586,290</u>	<u>63,979,867</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.

15.7 Other commitments

Interest rate and cross currency derivative contracts (notional amount)	<u>62,722,426</u>	<u>64,724,267</u>
Foreign currency options	<u>5,384,374</u>	<u>2,613,192</u>

16. INCOME FROM DEALING IN FOREIGN CURRENCIES

It includes income from foreign exchange swap trading positions, forward settled inter bank deals and revaluation of nostro accounts.

17. OTHER INCOME

This includes funding cost of foreign exchange swaps.

18. TAXATION

18.1 The income tax assessments of the Bank have been finalised upto and including tax year 2009. Matters of disagreement exist between the Bank and tax authorities for various assessment / tax years and are pending with the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal (ITAT).

The issues mainly relate to addition of mark-up in suspense to income, bad debts written off and disallowances relating to various profit and loss expenses and payments for support services from regional office. However, adequate provision has been made in these financial statements in respect of these matters.

18.2 Amendments in the Seventh Schedule to the Income Tax Ordinance, 2001

The Finance Act, 2009 has made significant amendments in the Seventh Schedule to Income Tax Ordinance, 2001. Through these amendments the deduction for provisions for advances and off balance sheet items will be allowed upto 1% of total advances. The amendments introduced in the Seventh Schedule and not provide for any transitional mechanism i.e. how and when the provision for bad debts disallowed upto December 31, 2007 would be allowed as a deduction. The matter was taken up by the Pakistan Banks Association (PBA) and the Institute of Chartered Accountants of Pakistan (ICAP) with the Federal Board of Revenue (FBR). FBR vide its letter reference F.No. 4(1)ITP/2008-49 dated December 23, 2009 has informed ICAP that it has decided to insert a new Rule 8(a) in Seventh Schedule to allow for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off.

However, to date no SRO has been issued to incorporate the agreed amendments to the Seventh Schedule. The Bank based on advise of its tax consultant has treated the FBR commitment as effective. Accordingly, the Bank has maintained the amount of deferred tax asset of Rs 1,135.604 million recognised on provisions against loans, advances and off-balance sheet obligations disallowed as a tax deduction upto tax year 2008 after taking into account the related recoveries pertaining to such loans and advances made subsequent to tax year 2008.

With reference to allowability of provision upto 1% of total advances, the management has carried out an exercise at period end and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognised deferred tax asset on such provision.

19. 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.

19.1 Balances outstanding as at the period / year end

	Balance as at December 31, 2009	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at March 31, 2010
----- (Rupees in '000) -----				
Loans and Advances				
Key management personnel	4,141	370	(340)	4,171
Deposits				
Associated undertaking	338,301	131,041	(302,718)	166,624
Key management personnel	2,464	8,187	(8,223)	2,428
Staff retirement benefit funds	20,229	89,940	(93,131)	17,038
			March 31, 2010	December 31, 2009
			(Rupees in '000)	
Nostro Balances / Placements with Citibank branches outside Pakistan			3,962,150	2,654,894
Unremitted head office expenses			749,244	728,818
Payable for expenses and share based payments			82,241	97,448
Payable to defined benefit plan			61,113	61,113
Claims received / receivable from Citi Global Insurance Reserve Plan			-	3,901

	For the quarter ended	
	March 31, 2010	March 31, 2009
	(Rupees in '000)	
Income / expense for the period		
Mark-up/return/interest earned	3,601	9,360
Mark-up/return/interest expensed	194	61
Other income	998	11,033
Regional expenses for support services	83,062	113,927
Head office expenses	20,426	34,562
Remuneration paid to key management personnel	9,683	6,177
Contribution to staff retirement benefit funds	22,194	24,064

20. SEGMENT INFORMATION

The Chief Operating Decision Maker (CODM) is the Managing Director and Citi Country Officer of the bank. The segment analysis with respect to business activity presented to the CODM is as follows:

	For the quarter ended March 31, 2010			
	Trading and Sales	Retail Banking	Corporate Banking	Total
	----- (Rupees in '000) -----			
Total Income	120,621	1,263,898	1,290,673	2,675,192
Total Expenses	79,593	1,399,176	1,014,086	2,492,855
Net Income / (loss)	41,028	(135,278)	276,587	182,337
Segment Return on net Assets (ROA) (%)**	0.3%	-2.1%	13.2%	0.8%
Segment Cost of funds (%)***	10.7%	5.5%	6.0%	6.0%

	For the quarter ended March 31, 2009			
	Trading and Sales	Retail Banking	Corporate Banking	Total
	----- (Rupees in '000) -----			
Total Income	1,502,527	1,292,615	1,026,000	3,821,142
Total Expenses	536,648	1,694,566	1,284,333	3,515,547
Net Income / (loss)	965,879	(401,951)	(258,333)	305,595
Segment Return on net Assets (ROA) (%)**	7.3%	-12.6%	-4.3%	1.4%
Segment Cost of funds (%)***	11.4%	5.8%	6.3%	6.4%

	March 31, 2010			
	Trading and Sales	Retail Banking	Corporate Banking	Total
	----- (Rupees in '000) -----			
Segment Assets (Gross)	62,368,943	27,944,792	10,063,134	100,376,869
Segment Non-Performing Loans	-	1,445,654	2,094,564	3,540,218
Segment Provision Required*	-	1,675,542	1,670,610	3,346,152
Segment Liabilities	11,346,248	31,247,490	45,800,367	88,394,105

December 31, 2009

	Trading and Sales	Retail Banking	Corporate Banking	Total
	------(Rupees in '000)-----			
Segment Assets (Gross)	53,029,921	14,132,647	25,652,293	92,814,861
Segment Non-Performing Loans	-	1,065,100	2,092,976	3,158,076
Segment Provision Required*	-	1,325,697	1,708,364	3,034,061
Segment Liabilities	10,335,616	32,468,358	38,451,411	81,255,385

* 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.

21. NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the quarter end, the Bank closed its three branches on April 1, 2010.

22. GENERAL

22.1 These condensed interim financial statements were authorised for issue by the management of the bank on April 28, 2010.

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

22.3 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
Managing Director and Citi Country Officer

ANJUM HAI
Chief Financial Officer