

**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 MARCH 31, 2017**

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
<b>ASSETS</b>			
Cash and balances with treasury banks		6,571,630	5,480,867
Balances with other banks	9	849,936	1,542,895
Lendings to financial institutions	10	21,210,547	13,325,003
Investments - net	11	70,264,922	66,676,243
Advances - net	12	16,451,745	21,421,510
Fixed assets	13	614,560	579,296
Deferred tax assets - net		116,188	133,999
Other assets		2,090,854	2,890,571
		118,170,382	112,050,384
<b>LIABILITIES</b>			
Bills payable		1,790,249	2,524,303
Borrowings from financial institutions	14	20,875,394	18,394,904
Deposits and other accounts	15	76,386,314	75,076,382
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		8,455,250	5,834,617
		107,507,207	101,830,206
<b>NET ASSETS</b>		<b>10,663,175</b>	<b>10,220,178</b>
<b>REPRESENTED BY</b>			
Head office capital account		6,812,671	6,812,671
Reserves		168,704	168,704
Unremitted profit		3,679,732	3,174,345
		10,661,107	10,155,720
Surplus on revaluation of assets - net of tax		2,068	64,458
		10,663,175	10,220,178
<b>CONTINGENCIES AND COMMITMENTS</b>	16		

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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

**GULZEB KHAN**  
Chief Financial Officer

**CITIBANK N.A., - PAKISTAN BRANCHES**  
**(INCORPORATED IN THE U.S.A. THE LIABILITY OF MEMBERS BEING LIMITED)**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2017**

Note	Quarter ended	
	March 31, 2017	March 31, 2016
	(Rupees in '000)	
Mark-up / return / interest earned	1,327,204	1,403,626
Mark-up / return / interest expensed	686,911	639,169
Net mark-up / return / interest income	640,293	764,457
Reversal of provision against loans and advances - net	(15,350)	(25,590)
Bad debts written off directly	-	-
Reversal of provision against off-balance sheet obligations - net	-	-
	(15,350)	(25,590)
Net mark-up / interest income after provisions	655,643	790,047
<b>NON MARK-UP / INTEREST INCOME</b>		
Fee, commission and brokerage income	149,846	481,678
Income from dealing in foreign currencies	405,677	228,536
Gain on sale of securities	101,396	551,798
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading	(9,671)	76,904
Other income	34,133	141,233
Total non mark-up / interest income - net	681,381	1,480,149
	1,337,024	2,270,196
<b>NON MARK-UP / INTEREST EXPENSE</b>		
Administrative expenses	484,425	468,223
Reversal of provision against diminution in the value of non-banking assets - net	-	-
Operating fixed assets written off	-	-
Other charges	13,644	25,794
Total non mark-up / interest expenses - net	498,069	494,017
	838,955	1,776,179
<b>PROFIT BEFORE TAXATION</b>		
Taxation		
- Current	278,091	551,642
- Prior years	-	-
- Deferred	52,830	68,936
	330,921	620,578
<b>PROFIT AFTER TAXATION</b>	<b>508,034</b>	<b>1,155,601</b>

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**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, 2017**

	<b>Quarter ended</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>(Rupees in '000)</b>	
Profit for the period after taxation	508,034	1,155,601
<b>Items that will not be reclassified to profit and loss account</b>		
<b>Components of comprehensive income reflected in equity</b>		
- Remeasurements of defined benefit plan loss	(4,072)	(1,739)
- Deferred tax asset on remeasurements of defined benefit plan	1,425	609
	<u>(2,647)</u>	<u>(1,130)</u>
<b>Comprehensive income transferred to statement of changes in equity</b>	<b>505,387</b>	<b>1,154,471</b>
<b>Items that may be reclassified subsequently to profit and loss account</b>		
<b>Components of comprehensive income not reflected in equity</b>		
- (Deficit) / Surplus on revaluation of available for sale securities	(95,984)	335,882
- Deferred tax asset / (liability) on revaluation of available for sale securities	33,594	(117,559)
	<u>(62,390)</u>	<u>218,323</u>
<b>Total comprehensive income for the period</b>	<b><u>442,997</u></b>	<b><u>1,372,794</u></b>

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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 QUARTER ENDED MARCH 31, 2017**

	Quarter ended	
	March 31, 2017	March 31, 2016
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	838,955	1,776,179
<b>Adjustments for :</b>		
Depreciation	33,195	26,494
Reversals against loans and advances	(15,350)	(25,590)
Unrealised loss / (gain) on revaluation of investments classified as held-for-trading	9,671	(76,904)
Charge for defined benefit plan	10,129	9,626
Gain on disposals of fixed assets	-	(158)
	<u>37,645</u>	<u>(66,532)</u>
	876,600	1,709,647
<b>Increase in operating assets</b>		
Lendings to financial institutions	(7,885,544)	(52,039)
Held-for-trading securities	(1,637,184)	(6,277,569)
Advances	4,985,115	3,189,968
Other assets	726,828	952,518
	<u>(3,810,785)</u>	<u>(2,187,122)</u>
<b>Increase in operating liabilities</b>		
Bills payable	(734,054)	(491,285)
Borrowings from financial institutions	2,559,576	853,131
Deposits and other accounts	1,309,932	1,637,121
Other liabilities (excluding current taxation, Head Office Expenses and payable)	2,625,353	(1,694,072)
	<u>5,760,807</u>	<u>304,895</u>
	2,826,622	(172,580)
Contribution to gratuity fund	(18,927)	(2,841)
Income tax paid	(205,196)	(195,470)
<b>Net cash generated from / (used in) operating activities</b>	<u>2,602,499</u>	<u>(370,891)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(2,057,150)	906,354
Investments in operating fixed assets	(68,459)	(23,870)
Sale proceeds from disposal of property and equipment	-	1,141
<b>Net cash (used in) / generated from investing activities</b>	<u>(2,125,609)</u>	<u>883,625</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit repatriated to Head Office during the period	-	-
<b>Increase in cash and cash equivalents</b>	476,890	512,734
Cash and cash equivalents at beginning of the period	6,933,596	5,514,220
Cash and cash equivalents at end of the period	<u>7,410,486</u>	<u>6,026,954</u>

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**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, 2017**

	Head office capital account	Unremitted profit	Share based payment contribution reserve by the ultimate holding company	Total
	----- (Rupees in '000) -----			
<b>Balance as at January 1, 2016</b>	6,812,671	3,602,788	164,791	10,580,250
Profit for the quarter ended March 31, 2016	-	1,155,601	-	1,155,601
<b>Other comprehensive income for the quarter ended March 31, 2016</b>				
Remeasurements of defined benefit plan	-	(1,739)	-	(1,739)
Tax on remeasurements of defined benefit plan	-	609	-	609
	-	(1,130)	-	(1,130)
<b>Transactions with owners</b>				
Contribution by the ultimate holding company in respect of share based payments	-	-	672	672
Recharged balance payable to the ultimate holding company for share based payments	-	-	(672)	(672)
	-	-	-	-
Balance as at March 31, 2016	6,812,671	4,757,259	164,791	11,734,721
Profit after tax for the period April 01, 2016 to December 31, 2016	-	2,045,504	-	2,045,504
<b>Other comprehensive income for the period April 2016 to December 2016</b>				
Remeasurements of defined benefit plan	-	(39,430)	-	(39,430)
Tax on remeasurements of defined benefit plan	-	13,800	-	13,800
	-	(25,630)	-	(25,630)
<b>Transactions with owners</b>				
Contribution by the ultimate holding company in respect of share based payments	-	-	12,811	12,811
Recharged balance payable to the ultimate holding company for share based payments	-	-	(12,811)	(12,811)
Effect of re-measurement of cost under share based payment - net of tax	-	-	3,913	3,913
	-	-	3,913	3,913
Profit remittance made to head office	-	(3,602,788)	-	(3,602,788)
Balance as at December 31, 2016	6,812,671	3,174,345	168,704	10,155,720
Profit for the quarter ended March 31, 2017	-	508,034	-	508,034
<b>Other comprehensive income for the quarter ended March 31, 2017</b>				
Remeasurements of defined benefit plan	-	(4,072)	-	(4,072)
Tax on remeasurements of defined benefit plan	-	1,425	-	1,425
	-	(2,647)	-	(2,647)
<b>Transactions with owners</b>				
Contribution by the ultimate holding company in respect of share based payments	-	-	8,314	8,314
Recharged balance payable to the ultimate holding company for share based payments	-	-	(8,314)	(8,314)
	-	-	-	-
<b>Balance as at March 31, 2017</b>	<u>6,812,671</u>	<u>3,679,732</u>	<u>168,704</u>	<u>10,661,107</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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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 INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2017****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>
Citigroup Inc.	Baa1	P-2
Citibank N.A.,	A1	P-1

The Bank is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi. The Bank operates through 3 branches (December 31, 2016: 3 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 purchasing of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and sale arising under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilised and appropriate portion of mark-up thereon.

**3 STATEMENT OF COMPLIANCE**

**3.1** This condensed interim financial information has 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.

**3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also 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 this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

**3.3** The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2016.

**3.4** SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on Revaluation of Available-for-sale (AFS) Securities only, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.

**4. BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost convention except that certain investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligation in respect of staff retirement benefit is carried at present value.

**5. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

**6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016.

**7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

The significant judgments made by management and the key sources of estimates used in the preparation of this condensed interim financial information are the same as those applied to the annual financial statements for the year ended December 31, 2016.

**8 FINANCIAL RISK MANAGEMENT**

The Bank's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2016.

**9 BALANCES WITH OTHER BANKS**

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
In Pakistan		
- Current accounts	51,223	38,825
Outside Pakistan		
- Current accounts	798,713	1,504,070
	<u>849,936</u>	<u>1,542,895</u>

**10 LENDINGS TO FINANCIAL INSTITUTIONS**

Placements	3,774,449	-
Repurchase agreement lendings (Reverse Repo)	<u>17,436,098</u>	<u>13,325,003</u>
	<u>21,210,547</u>	<u>13,325,003</u>

**11 INVESTMENTS - NET**

	Note	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
------(Rupees in '000)-----							
<b>Investments by types</b>							
<b>Held-for-trading securities</b>							
Market Treasury Bills		21,023,214	-	21,023,214	22,996,286	-	22,996,286
Pakistan Investment Bonds		3,610,256	-	3,610,256	-	-	-
		24,633,470	-	24,633,470	22,996,286	-	22,996,286
<b>Available-for-sale securities</b>							
Market Treasury Bills		43,212,756	-	43,212,756	29,639,302	-	29,639,302
Pakistan Investment Bonds		2,428,503	-	2,428,503	13,944,807	-	13,944,807
Fully paid-up ordinary shares		-	-	-	2,000	-	2,000
Unlisted Term Finance Certificates	11.1	248,090	-	248,090	248,090	-	248,090
		45,889,349	-	45,889,349	43,834,199	-	43,834,199
<b>Investments at cost</b>		70,522,819	-	70,522,819	66,830,485	-	66,830,485
Less: Provision for diminution in the value of investments		248,090	-	248,090	250,090	-	250,090
<b>Investments - net of provisions</b>		70,274,729	-	70,274,729	66,580,395	-	66,580,395
Surplus/Deficit on revaluation of held-for-trading securities - net		(12,989)	-	(12,989)	(3,318)	-	(3,318)
Surplus on revaluation of available-for-sale securities - net		3,182	-	3,182	99,166	-	99,166
<b>Investments at market value</b>		70,264,922	-	70,264,922	66,676,243	-	66,676,243

**11.1** Represents term finance certificates received as partial settlement from Azgard Nine Limited against overdue suspended mark-up amounting to Rs 248.090 million kept in memorandum account and are completely provided for.

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
(Rupees in '000)			
<b>12 ADVANCES - NET</b>			
Loans, cash credits, running finances etc. - In Pakistan		18,533,214	22,930,708
Bills discounted and purchased (excluding Market treasury bills)			
Payable in Pakistan		770,146	1,357,767
Payable outside Pakistan		-	-
		770,146	1,357,767
Advances - gross		19,303,360	24,288,475
Provision against advances			
- Specific	12.2	(2,851,406)	(2,866,751)
- General	12.3	(209)	(214)
		(2,851,615)	(2,866,965)
Advances - net of provision		16,451,745	21,421,510

**12.1** Advances include Rs. 2,851,406 million (December 31, 2016: Rs. 2,866.751 million) which have been placed under non-performing status as detailed below:



## 12.2 Category of classification

	March 31, 2017 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
----- (Rupees in '000) -----					
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	2,851,406	-	2,851,406	2,851,406	2,851,406
	<u>2,851,406</u>	<u>-</u>	<u>2,851,406</u>	<u>2,851,406</u>	<u>2,851,406</u>

  

	December 31, 2016 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
----- (Rupees in '000) -----					
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	2,866,751	-	2,866,751	2,866,751	2,866,751
	<u>2,866,751</u>	<u>-</u>	<u>2,866,751</u>	<u>2,866,751</u>	<u>2,866,751</u>

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

13	FIXED ASSETS	Note	(Un-audited)	(Audited)
			March 31, 2017	December 31, 2016
(Rupees in '000)				
	Capital work-in-progress		7,835	57,835
	Property and equipment	13.1 & 13.2	606,725	521,461
			<u>614,560</u>	<u>579,296</u>

- 13.1 Additions to fixed assets are Rs 118.459 million (March 31, 2016: 24.158 million).

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

	(Un-audited)	
	For the quarter ended	
	March 31, 2017	March 31, 2016
(Rupees in '000)		
- Vehicles	-	983
	<u>-</u>	<u>983</u>

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
<b>14 BORROWINGS FROM FINANCIAL INSTITUTIONS</b>	(Rupees in '000)	
In Pakistan	11,080	2,481
Outside Pakistan	20,864,314	18,392,423
	<u>20,875,394</u>	<u>18,394,904</u>
<b>14.1 Particulars of borrowings from financial institutions</b>		
In local currency	11,080	2,481
In foreign currencies	20,864,314	18,392,423
	<u>20,875,394</u>	<u>18,394,904</u>
<b>14.2 Details of borrowings from financial institutions</b>		
<b>Unsecured</b>		
Call borrowings	20,864,314	18,304,738
Overdrawn accounts	11,080	90,166
	<u>20,875,394</u>	<u>18,394,904</u>
<b>15 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	22,445,996	19,457,869
Savings deposits	36,856,994	43,463,616
Current accounts - non-remunerative	13,179,832	10,774,265
Other deposits	1,342,993	108,556
	73,825,815	73,804,306
<b>Financial institutions</b>		
Non-remunerative deposits	2,560,499	1,272,076
	<u>76,386,314</u>	<u>75,076,382</u>
<b>16 CONTINGENCIES AND COMMITMENTS</b>		
<b>16.1 Direct credit substitutes</b>		
Includes general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities.		
	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
(i) Government of Pakistan	<u>202</u>	<u>202</u>

## 16.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and stand by letters of credit related to particular transactions.

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
(i) Government of Pakistan	510,690	544,938
(ii) Banking companies and other financial institutions	32,237	34,004
(iii) Others	1,571,293	1,471,113
	<u>2,114,220</u>	<u>2,050,055</u>

## 16.3 Trade-related contingent liabilities

Includes short-term self liquidating trade related contingent liabilities arising from the movement of goods, such as documentary credits where the underlying shipment is used as security.

	Note	(Un-audited) March 31, 2017	(Audited) December 31, 2016
		(Rupees in '000)	
Letters of credit / acceptances		<u>12,316,067</u>	<u>9,178,119</u>

## 16.4 Other contingencies

Claims not acknowledged as debts	16.4.1	<u>162,604</u>	<u>162,257</u>
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16.4.1 These are not recognised as debt as the probability of these crystallising against the Bank is considered remote.

## 16.5 Commitments in respect of forward transactions

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
Forward agreement lending (reverse repos)	<u>17,467,310</u>	<u>13,386,447</u>
Forward borrowings	<u>104,216,725</u>	<u>13,074,813</u>
Forward sale contracts of government securities	<u>4,720,250</u>	<u>210,813</u>
Forward purchase of government securities	<u>2,495,261</u>	<u>-</u>
Uncancellable commitments to extend credit	<u>4,143,490</u>	<u>3,930,698</u>

## 16.6 Commitments in respect of forward foreign exchange contracts

Purchase	<u>99,260,669</u>	<u>121,436,578</u>
Sale	<u>82,603,272</u>	<u>103,510,839</u>

## 16.7 Other commitments

	(Un-audited) March 31, 2017	(Audited) December 31, 2016
	(Rupees in '000)	
Cross currency and interest rate derivative contracts (notional amount)	<u>5,469,558</u>	<u>5,961,225</u>

## 16.8 Commitments in respect of capital expenditure

	<u>11,658</u>	<u>53,192</u>
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## 17 INCOME FROM DEALING IN FOREIGN CURRENCIES

It includes income from foreign exchange dealings, forward settled interbank deals, revaluation of on balance sheet exposure and foreign exchange impact with respect to derivative contracts.

18 OTHER INCOME	(Un-audited)	
	March 31, 2017	March 31, 2016
	(Rupees in '000)	
Income from interest rate derivative contracts	34,133	141,047
Net profit on sale of property and equipment	-	158
Others	-	28
	34,133	141,233

## 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 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.

### 19.1 Details of significant transactions with related parties and balances with them as at period end are as follows:

	Balance as at December 31, 2016	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at March 31, 2017
<b>Deposits</b>				
Associated undertakings	602,059	626,049	(152,382)	1,075,726
Staff retirement benefit funds	12,221	56,873	(62,396)	6,698
			<b>(Un-audited)</b>	<b>(Audited)</b>
			<b>March</b>	<b>December</b>
			<b>31, 2017</b>	<b>31, 2016</b>
			<b>(Rupees in '000)</b>	
Nostro balances / placements with Citibank Branches outside Pakistan			4,571,824	1,474,013
Call borrowings			20,864,314	18,304,738
Overdrawn Nostro Accounts			11,080	87,685
Unremitted head office expenses			948,230	882,605
Markup return interest payable			1,458	1,177
Markup return interest receivable			5,746	6,374
Payable for expenses and share based payment			234,795	214,516
Payable to defined benefit plan			172,276	176,996
Commitments in respect of forward exchange contracts				
Purchase			16,773,402	22,437,431
Sale			16,773,402	22,428,603
Unrealised gain / (loss) on forward foreign exchange contracts - purchase			79,944	(120,488)
Unrealised (loss) / gain on forward foreign exchange contracts - sale			(30,491)	108,913
Contribution to staff retirement benefit funds			25,168	70,760
Counter guarantees to branches			903,325	916,657
Payable on account of sale proceeds of shares sold by an associated undertaking			372,828	372,828
Payable on account of tax refund received relating to disposal of an associate undertaking			48,058	-

19.2 Contribution to staff retirement benefit funds	(Un-audited)	
	March 31, 2017	March 31, 2016
19.3 Income / expense for the period	For the quarter ended	
	(Rupees in '000)	
Mark-up / return / interest earned	25,168	15,230
Mark-up / return / interest expensed	5,001	4,203
Fee, commission and brokerage income	42,450	4,652
Other income	3,245	17,248
Regional expenses for support services	13,890	7,038
Head office expenses	3,012	6,980
Remuneration paid to key management personnel	65,624	52,783
Gain on sale of securities	24,501	21,075
Gain on sale of fixed assets	-	566
	-	63

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:

<b>For the quarter ended March 31, 2017</b>			
	<b>Corporate Banking</b>	<b>Trading &amp; Sales</b>	<b>Total</b>
----- (Rupees in '000) -----			
External revenue			
Mark-up / return / interest earned	315,775	1,011,429	1,327,204
Fee, commission and brokerage	149,846	-	149,846
Other income	-	531,536	531,536
Intersegment revenue	3,908	(3,908)	-
<b>Total revenue</b>	<b>469,529</b>	<b>1,539,057</b>	<b>2,008,586</b>
Depreciation and amortisation	(16,597)	(16,597)	(33,194)
Other expenses	(439,486)	(1,027,872)	(1,467,358)
<b>Total expenses</b>	<b>(456,083)</b>	<b>(1,044,469)</b>	<b>(1,500,552)</b>
Reportable segment profit	13,446	494,588	508,034

<b>For the quarter ended March 31, 2016</b>			
(Un-audited)			
	<b>Corporate Banking</b>	<b>Trading &amp; Sales</b>	<b>Total</b>
----- (Rupees in '000) -----			
External revenue			
Mark-up / return / interest earned	373,857	1,029,769	1,403,626
Fee, commission and brokerage	481,678	-	481,678
Other income	7,264	991,207	998,471
Intersegment revenue	944,410	(944,410)	-
<b>Total revenue</b>	<b>1,807,209</b>	<b>1,076,566</b>	<b>2,883,775</b>
Depreciation and amortisation	(26,494)	(26,494)	(52,988)
Other expenses	(1,205,759)	(469,427)	(1,675,186)
<b>Total expenses</b>	<b>(1,232,253)</b>	<b>(495,921)</b>	<b>(1,728,174)</b>
Reportable segment profit	574,956	580,645	1,155,601

<b>For the quarter ended 31 March, 2017 (Un-audited)</b>			
	<b>Corporate Banking</b>	<b>Trading &amp; Sales</b>	<b>Total</b>
----- (Rupees in '000) -----			
Segment assets	23,228,610	94,941,772	118,170,382
Segment liabilities	85,650,863	21,856,344	107,507,207
Segment return on net assets*	0.22%	2.17%	1.77%
Segment cost of funds**	2.99%	0.91%	2.58%

<b>As at December 2016 (Audited)</b>			
Segment assets	24,581,622	87,468,762	112,050,384
Segment liabilities	82,878,589	18,951,617	101,830,206
Segment return on net assets*	4.00%	3.00%	3.00%
Segment cost of funds**	3.40%	1.30%	3.10%

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

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

**21. FAIR VALUE OF FINANCIAL INSTRUMENTS**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in principal or, in its absence, the most advantageous market to which the Bank has access at that date.

21.1 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

**On balance sheet financial instruments**

		March 31, 2017 (Un-audited)					Fair Value			
Note	Available for Sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
						(Rupees in '000)				
<b>Financial assets measured at fair value</b>										
Investments										
Market Treasury Bills	43,199,837	21,022,163	-	-	-	64,222,000	-	64,222,000	-	64,222,000
Pakistan Investment Bonds	2,444,604	3,598,318	-	-	-	6,042,922	-	6,042,922	-	6,042,922
Fully Paid-up Ordinary Shares	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>										
Cash and balances with treasury banks	21.2	-	-	6,571,630	-	6,571,630	-	-	-	-
Balances with other banks	21.2	-	-	849,936	-	849,936	-	-	-	-
Lendings to financial institutions	21.2	-	-	21,210,547	-	21,210,547	-	-	-	-
Advances - net	21.2	-	-	16,451,745	-	16,451,745	-	-	-	-
Other financial assets	21.2	-	-	1,256,328	-	1,256,328	-	-	-	-
		<b>45,644,441</b>	<b>24,620,481</b>	<b>46,340,186</b>	<b>-</b>	<b>116,605,108</b>	<b>-</b>	<b>70,264,922</b>	<b>-</b>	<b>70,264,922</b>
<b>Financial liabilities not measured at fair value</b>										
Bills payable	21.2	-	-	-	1,790,249	1,790,249	-	-	-	-
Borrowings from financial institutions	21.2	-	-	-	20,875,394	20,875,394	-	-	-	-
Deposits and other accounts	21.2	-	-	-	76,386,314	76,386,314	-	-	-	-
Other financial liabilities	21.2	-	-	-	8,415,329	8,415,329	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>107,467,286</b>	<b>107,467,286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Off balance sheet financial instruments**

		March 31, 2017 (Un-audited)					Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total					
						(Rupees in '000)				
Forward foreign exchange purchase contracts	99,260,669	-	99,126,394	-	99,126,394					
Forward foreign exchange sale contracts	82,603,272	-	82,779,314	-	82,779,314					
Forward sale of government securities	4,720,250	-	4,720,250	-	4,720,250					
Forward purchase of government securities	2,495,261	-	2,495,261	-	2,495,261					
Cross currency and interest rate derivative contracts	5,469,558	-	5,594,630	-	5,594,630					

**On balance sheet financial instruments**

		December 31, 2016 (Audited)					Fair Value			
Note	Available for Sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
						(Rupees in '000)				
<b>Financial assets measured at fair value</b>										
Investments										
Market Treasury Bills	29,613,378	22,992,968	-	-	-	52,606,346	-	52,606,346	-	52,606,346
Pakistan Investment Bonds	14,069,897	-	-	-	-	14,069,897	-	14,069,897	-	14,069,897
Fully Paid-up Ordinary Shares	-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>										
Cash and balances with treasury banks	21.2	-	-	5,480,867	-	5,480,867	-	-	-	-
Balances with other banks	21.2	-	-	1,542,895	-	1,542,895	-	-	-	-
Lendings to financial institutions	21.2	-	-	13,325,003	-	13,325,003	-	-	-	-
Advances - net	21.2	-	-	21,421,510	-	21,421,510	-	-	-	-
Other financial assets	21.2	-	-	1,974,689	-	1,974,689	-	-	-	-
		<b>43,683,275</b>	<b>22,992,968</b>	<b>43,744,964</b>	<b>-</b>	<b>110,421,207</b>	<b>-</b>	<b>66,676,243</b>	<b>-</b>	<b>66,676,243</b>
<b>Financial liabilities not measured at fair value</b>										
Bills payable	21.2	-	-	-	2,524,303	2,524,303	-	-	-	-
Borrowings from financial institutions	21.2	-	-	-	18,394,904	18,394,904	-	-	-	-
Deposits and other accounts	21.2	-	-	-	75,076,382	75,076,382	-	-	-	-
Other financial liabilities	21.2	-	-	-	5,805,541	5,805,541	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>101,801,130</b>	<b>101,801,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Off balance sheet financial instruments**

		December 31, 2016 (Audited)					Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total					
						(Rupees in '000)				
Forward foreign exchange contracts - purchase	121,436,578	-	120,993,943	-	120,993,943					
Forward foreign exchange contracts - sale	103,510,839	-	104,343,718	-	104,343,718					
Forward purchase of trading securities	210,813	-	209,761	-	209,761					
Cross currency and interest rate derivative contracts	5,961,225	-	6,061,660	-	6,061,660					

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or 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).

21.2 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.

21.3 The fair value of traded investments other than those classified as held to maturity is based on quoted market price.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in these financial statements.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

**22. GENERAL**

**22.1** This condensed interim financial information was authorised for issue by the management of the Bank on April 28, 2017

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

**22.3** 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