

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, 2018

	Note	(Un-audited) March 31, 2018	(Audited) December 31, 2017
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		6,719,777	5,907,205
Balances with other banks	9	1,013,468	1,091,101
Lendings to financial institutions	10	52,709,381	23,930,516
Investments - net	11	29,337,058	57,091,381
Advances - net	12	23,608,245	24,483,524
Fixed assets	13	510,054	541,286
Deferred tax assets - net		30,611	62,145
Other assets		3,608,267	4,068,828
		<u>117,536,861</u>	<u>117,175,986</u>
LIABILITIES			
Bills payable		2,349,140	1,836,429
Borrowings from financial institutions	14	11,718,263	15,460,370
Deposits and other accounts	15	81,257,182	78,817,906
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		12,211,820	11,858,203
		<u>107,536,405</u>	<u>107,972,908</u>
NET ASSETS		<u>10,000,456</u>	<u>9,203,078</u>
REPRESENTED BY			
Head office capital account		6,812,671	6,812,671
Reserves		163,039	163,039
Unremitted profit		3,041,970	2,232,629
		<u>10,017,680</u>	<u>9,208,339</u>
Deficit on revaluation of assets - net deferred of tax		(17,224)	(5,261)
		<u>10,000,456</u>	<u>9,203,078</u>
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 23 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, 2018

Note	Quarter ended	
	March 31, 2018	March 31, 2017
(Rupees in '000)		
Mark-up / return / interest earned	1,528,738	1,329,254
Mark-up / return / interest expensed	696,665	687,963
Net mark-up / return / interest income	832,073	641,290
Reversal of provision against loans and advances - net	(57,081)	(15,350)
Bad debts written off directly	-	-
Reversal of provision against off-balance sheet obligations - net	-	-
	(57,081)	(15,350)
Net mark-up / interest income after provisions	889,154	656,640
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	333,327	149,846
Income from dealing in foreign currencies	499,525	405,677
Gain on sale of securities	12,849	101,396
Unrealised loss on revaluation of investments classified as held-for-trading	(4,630)	(10,668)
Other income	26,030	34,133
Total non mark-up / interest income - net	867,101	680,384
	1,756,255	1,337,024
NON MARK-UP / INTEREST EXPENSE		
Administrative expenses	498,171	484,425
Reversal of provision against diminution in the value of non-banking assets - net	-	-
Operating fixed assets written off	-	-
Other charges	18,761	13,644
Total non mark-up / interest expenses - net	516,932	498,069
	1,239,323	838,955
PROFIT BEFORE TAXATION		
Taxation		
- Current	398,223	278,091
- Prior years	-	-
- Deferred	35,799	52,830
	434,022	330,921
PROFIT AFTER TAXATION	805,301	508,034

The annexed notes 1 to 23 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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018

	Quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in '000)	
Profit for the period after taxation	805,301	508,034
Items that will not be reclassified to profit and loss account		
Components of comprehensive income reflected in equity		
- Remeasurements of defined benefit plan	6,216	(4,072)
- Deferred tax (liability) / asset on remeasurements of defined benefit plan	(2,176)	1,425
	<u>4,040</u>	<u>(2,647)</u>
Comprehensive income transferred to statement of changes in equity	809,341	505,387
Items that may be reclassified subsequently to profit and loss account		
Components of comprehensive income not reflected in equity		
- Deficit on revaluation of available for sale securities	(18,406)	(95,984)
- Deferred tax asset on revaluation of available for sale securities	6,442	33,594
	<u>(11,964)</u>	<u>(62,390)</u>
Total comprehensive income for the period	<u>797,377</u>	<u>442,997</u>

The annexed notes 1 to 23 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 CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018

	Quarter ended	
	March 31, 2018	March 31, 2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,239,323	838,955
Adjustments for :		
Depreciation	31,619	33,195
Reversals against loans and advances	(57,081)	(15,350)
Unrealised loss on revaluation of investments classified as held-for-trading	4,630	10,668
Charge for defined benefit plan	10,034	10,129
Gain on disposals of fixed assets	(29,459)	-
	<u>(40,257)</u>	<u>38,642</u>
	1,199,066	877,597
Increase in operating assets		
Lendings to financial institutions	(28,778,865)	(7,885,544)
Held-for-trading securities	(10,801,003)	(1,638,181)
Advances	932,360	4,985,115
Other assets	350,640	726,828
	<u>(38,296,868)</u>	<u>(3,811,782)</u>
(Decrease) / Increase in operating liabilities		
Bills payable	512,711	(734,054)
Borrowings from financial institutions	(3,908,418)	2,559,576
Deposits and other accounts	2,439,276	1,309,932
Other liabilities (excluding current taxation, Head Office Expenses and payable to defined benefit plan)	354,908	2,625,353
	<u>(601,523)</u>	<u>5,760,807</u>
	(37,699,325)	2,826,622
Contribution to gratuity fund	(5,106)	(18,927)
Income tax paid	(288,302)	(205,196)
Net cash (used in) / generated from operating activities	<u>(37,992,733)</u>	<u>2,602,499</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	38,532,289	(2,057,150)
Investments in operating fixed assets	(387)	(68,459)
Sale proceeds from disposal of property and equipment	29,459	-
Net cash generated from / (used in) investing activities	<u>38,561,361</u>	<u>(2,125,609)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit repatriated to Head Office during the period	-	-
Increase in cash and cash equivalents	568,628	476,890
Cash and cash equivalents at beginning of the period	6,996,344	6,933,596
Cash and cash equivalents at end of the period	<u><u>7,564,972</u></u>	<u><u>7,410,486</u></u>

The annexed notes 1 to 23 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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
AS AT MARCH 31, 2018

	Head office capital account	Unremitted profit	Share based payment contribution reserve by the ultimate holding company	Total
	----- (Rupees in '000) -----			
Balance as at January 1, 2017 (audited)	6,812,671	3,174,345	168,704	10,155,720
Profit for the quarter ended March 31, 2017	-	508,034	-	508,034
Other comprehensive income for the quarter ended March 31, 2017 (un-audited)				
Remeasurements of defined benefit plan	-	(4,072)	-	(4,072)
Tax on remeasurements of defined benefit plan	-	1,425	-	1,425
	-	(2,647)	-	(2,647)
Transactions with owners				
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)
	-	-	-	-
Balance as at March 31, 2017 (un-audited)	6,812,671	3,679,732	168,704	10,661,107
Profit after tax for the period April 01, 2017 to December 31, 2017	-	1,725,886	-	1,725,886
Other comprehensive income for the period April 2017 to December 2017 (un-audited)				
Remeasurements of defined benefit plan	-	2,086	-	2,086
Tax on remeasurements of defined benefit plan	-	(730)	-	(730)
	-	1,356	-	1,356
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	20	20
Recharged balance payable to the ultimate holding company for share based payments	-	-	(20)	(20)
Effect of re-measurement of cost under share based payment - net of tax	-	-	(5,665)	(5,665)
	-	-	(5,665)	(5,665)
Profit remittance made to head office	-	(3,174,345)	-	(3,174,345)
Balance as at December 31, 2017 (audited)	6,812,671	2,232,629	163,039	9,208,339
Profit for the quarter ended March 31, 2018	-	805,301	-	805,301
Other comprehensive income for the quarter ended March 31, 2018 (un-audited)				
Remeasurements of defined benefit plan	-	6,216	-	6,216
Tax on remeasurements of defined benefit plan	-	(2,176)	-	(2,176)
	-	4,040	-	4,040
Transactions with owners				
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)
	-	-	-	-
Balance as at March 31, 2018 (un-audited)	<u>6,812,671</u>	<u>3,041,970</u>	<u>163,039</u>	<u>10,017,680</u>

The annexed notes 1 to 23 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)****NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2018****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, 2017: 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 Act, 2017, provisions of and directives issued under the Companies Act, 2017, 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 Act, 2017, 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, 2017.

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, 2017.

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, 2017.

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, 2017.

9 BALANCES WITH OTHER BANKS

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
In Pakistan		
- Current accounts	49,250	48,308
Outside Pakistan		
- Current accounts	964,218	1,042,793
	<u>1,013,468</u>	<u>1,091,101</u>

10 LENDINGS TO FINANCIAL INSTITUTIONS

Placements	-	-
Repurchase agreement lendings (Reverse Repo)	52,709,381	23,930,516
	<u>52,709,381</u>	<u>23,930,516</u>

11 INVESTMENTS - NET

	Note	March 31, 2018 (Un-audited)			December 31, 2017 (Audited)		
		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		18,609,991	-	18,609,991	6,791,487	-	6,791,487
Pakistan Investment Bonds		-	-	-	1,017,501	-	1,017,501
		18,609,991	-	18,609,991	7,808,988	-	7,808,988
Available-for-sale securities							
Market Treasury Bills		7,486,485	-	7,486,485	46,007,977	-	46,007,977
Pakistan Investment Bonds		3,274,212	-	3,274,212	3,285,009	-	3,285,009
Fully paid-up ordinary shares		-	-	-	-	-	-
Unlisted Term Finance Certificates	11.1	248,090	-	248,090	248,090	-	248,090
		11,008,787	-	11,008,787	49,541,076	-	49,541,076
Investments at cost		29,618,778	-	29,618,778	57,350,064	-	57,350,064
Less: Provision for diminution in the value of investments		248,090	-	248,090	248,090	-	248,090
Investments - net of provisions		29,370,688	-	29,370,688	57,101,974	-	57,101,974
Deficit on revaluation of held-for-trading securities - net		(7,131)	-	(7,131)	(2,500)	-	(2,500)
Deficit on revaluation of available-for-sale securities - net		(26,499)	-	(26,499)	(8,093)	-	(8,093)
Investments at market value		29,337,058	-	29,337,058	57,091,381	-	57,091,381

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, 2018	(Audited) December 31, 2017
(Rupees in '000)			
12 ADVANCES - NET			
Loans, cash credits, running finances etc. - In Pakistan		24,560,138	25,862,946
Bills discounted and purchased (excluding Market treasury bills)			
Payable in Pakistan		1,789,923	1,419,476
Payable outside Pakistan		-	-
		1,789,923	1,419,476
Advances - gross		26,350,061	27,282,422
Provision against advances			
- Specific	12.2	(2,741,443)	(2,798,643)
- General	12.3	(373)	(255)
		(2,741,816)	(2,798,898)
Advances - net of provision		23,608,245	24,483,524

12.1 Advances include Rs. 2,741.443 million (December 31, 2017: Rs. 2,798.643 million) which have been placed under non-performing status as detailed below:

12.2 Category of classification

	March 31, 2018 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
----- (Rupees in '000) -----					
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	2,741,443	-	2,741,443	2,741,443	2,741,443
	<u>2,741,443</u>	<u>-</u>	<u>2,741,443</u>	<u>2,741,443</u>	<u>2,741,443</u>
	December 31, 2017 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
----- (Rupees in '000) -----					

- 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.

	Note	(Un-audited)	(Audited)
		March 31, 2018	December 31, 2017
(Rupees in '000)			
13 FIXED ASSETS			
Capital work-in-progress		387	-
Property and equipment		509,667	541,286
		<u>510,054</u>	<u>541,286</u>

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
14 BORROWINGS FROM FINANCIAL INSTITUTIONS		
In Pakistan	3	3
Outside Pakistan	11,718,260	15,460,367
	<u>11,718,263</u>	<u>15,460,370</u>
14.1 Particulars of borrowings from financial institutions		
In local currency	3	3
In foreign currencies	11,718,260	15,460,367
	<u>11,718,263</u>	<u>15,460,370</u>
14.2 Details of borrowings from financial institutions		
Unsecured		
Call borrowings	11,549,990	15,458,408
Overdrawn accounts	168,273	1,962
	<u>11,718,263</u>	<u>15,460,370</u>
15 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	16,027,307	11,102,097
Savings deposits	29,646,341	45,306,553
Current accounts - non-remunerative	28,484,803	17,398,456
Other deposits	5,120,853	3,369,429
	79,279,304	77,176,535
Financial institutions		
Non-remunerative deposits	1,977,878	1,641,371
	<u>81,257,182</u>	<u>78,817,906</u>
16 CONTINGENCIES AND COMMITMENTS		
16.1 Direct credit substitutes		
Includes general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities.		
	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
(i) Government	<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, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
(i) Government	1,110,225	959,479
(ii) Banking companies and other financial institutions	8,000	11,042
(iii) Others	1,441,743	1,299,681
	<u>2,559,968</u>	<u>2,270,202</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, 2018	(Audited) December 31, 2017
		(Rupees in '000)	
Letters of credit / acceptances		<u>18,147,479</u>	<u>14,765,357</u>

16.4 Other contingencies

Claims not acknowledged as debts	16.4.1	<u>177,554</u>	<u>170,422</u>
----------------------------------	--------	----------------	----------------

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, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
Forward repurchase agreement lendings (reverse repos)	<u>52,770,413</u>	<u>23,964,259</u>
Forward borrowings	<u>-</u>	<u>8,833,376</u>
Forward sale contracts of government securities	<u>-</u>	<u>7,717,243</u>
Forward purchase of government securities	<u>3,504,229</u>	<u>1,609,683</u>
Uncancellable commitments to extend credit	<u>1,504,662</u>	<u>1,362,871</u>
Forward placement	<u>762,299</u>	<u>662,503</u>

16.6 Commitments in respect of forward foreign exchange contracts

Purchase	<u>81,374,731</u>	<u>94,204,250</u>
Sale	<u>66,841,400</u>	<u>77,215,996</u>

16.7 Other commitments

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	(Rupees in '000)	
Interest rate derivative contracts (notional amount)	<u>3,441,667</u>	<u>3,933,333</u>

16.8 Commitments in respect of capital expenditure	<u>1,451</u>	<u>1,451</u>
--	--------------	--------------

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, 2018	March 31, 2017
	Income from interest rate derivative contracts	(4,401)	34,133
	Net profit on sale of property and equipment	29,459	-
	Others	972	-
		<u>26,030</u>	<u>34,133</u>

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, 2017	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at March 31, 2018
Deposits				
Associated undertakings	328,864	837,746	(347,563)	819,046
Staff retirement benefit funds	273,096	396,983	(607,396)	62,684
			(Un-audited) March 31, 2018	(Audited) December 31, 2017
			(Rupees in '000)	
Nostro balances / placements with Citibank Branches outside Pakistan			964,015	1,040,846
Call borrowings			11,549,990	15,458,408
Overdrawn Nostro Accounts			167,497	1,959
Unremitted head office expenses			834,983	755,690
Markup return interest payable			1,091	1,857
Markup return interest receivable			2,116	4,685
Payable for expenses and share based payment			219,494	205,842
Payable to defined benefit plan			175,187	176,478
Commitments in respect of forward exchange contracts				
Purchase			18,809,999	18,777,952
Sale			18,807,892	18,776,061
Unrealised gain on forward foreign exchange contracts - purchase			880,352	773,715
Unrealised loss on forward foreign exchange contracts - sale			(831,298)	(681,413)
Contribution to staff retirement benefit funds			11,237	67,269
Counter guarantees to branches			1,221,748	884,286
Payable on account of sale proceeds of shares sold by an associated undertaking			2,150,745	4,265,948

19.2	Contribution to staff retirement benefit funds	(Un-audited)	
		March 31, 2018	March 31, 2017
19.3	Income / expense for the period	(Rupees in '000)	
	Mark-up / return / interest earned	11,237	25,168
	Mark-up / return / interest expensed	2,965	5,001
	Fee, commission and brokerage income	34,083	42,450
	Other income	11,304	17,135
	Regional expenses for support services	-	13,890
	Head office expenses	3,336	3,012
	Remuneration paid to key management personnel	79,293	65,624
	Loss on sale of securities	34,323	24,501
		(2)	-

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, 2018			
	Corporate Banking	Trading & Sales	Total
----- (Rupees in '000) -----			
External revenue			
Mark-up / return / interest earned	403,397	1,125,341	1,528,738
Fee, commission and brokerage	333,327	-	333,327
Other income	15,215	518,559	533,774
Intersegment revenue	124,977	(124,977)	-
Total revenue	876,916	1,518,923	2,395,839
Depreciation and amortisation	(8,221)	(23,398)	(31,619)
Other expenses	(589,796)	(969,123)	(1,558,919)
Total expenses	(598,017)	(992,521)	(1,590,538)
Reportable segment profit	278,899	526,402	805,301

For the quarter ended March 31, 2017			
(Un-audited)			
	Corporate Banking	Trading & Sales	Total
----- (Rupees in '000) -----			
External revenue			
Mark-up / return / interest earned	315,775	1,013,479	1,329,254
Fee, commission and brokerage	149,846	-	149,846
Other income	-	530,538	530,538
Intersegment revenue	3,908	(3,908)	-
Total revenue	469,529	1,540,108	2,009,637
Depreciation and amortisation	(16,597)	(16,598)	(33,195)
Other expenses	(439,486)	(1,028,922)	(1,468,409)
Total expenses	(456,083)	(1,045,520)	(1,501,604)
Reportable segment profit	13,446	494,588	508,034

For the quarter ended 31 March, 2018 (Un-audited)			
	Corporate Banking	Trading & Sales	Total
----- (Rupees in '000) -----			
Segment assets	26,002,612	91,534,249	117,536,861
Segment liabilities	89,126,932	18,409,473	107,536,405
Segment return on net assets*	4.22%	2.32%	2.74%
Segment cost of funds**	2.69%	1.82%	2.59%

As at December 2017 (Audited)			
	Corporate Banking	Trading & Sales	Total
Segment assets	26,868,141	90,307,845	117,175,986
Segment liabilities	88,010,159	19,962,749	107,972,908
Segment return on net assets*	3.82%	1.40%	1.90%
Segment cost of funds**	3.00%	1.40%	2.70%

* 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, 2018 (Un-audited)					Fair Value			
Note	Carrying Value					Total	Level 1	Level 2	Level 3	Total
	Available for Sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities		(Rupees in '000)			
Financial assets measured at fair value										
Investments										
Market Treasury Bills	7,486,365	18,602,860	-	-	-	26,089,225	-	26,089,225	-	26,089,225
Pakistan Investment Bonds	3,247,833	-	-	-	-	3,247,833	-	3,247,833	-	3,247,833
Fully Paid-up Ordinary Shares	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value										
Cash and balances with treasury banks	21.2	-	-	6,719,777	-	6,719,777	-	-	-	-
Balances with other banks	21.2	-	-	1,013,468	-	1,013,468	-	-	-	-
Lendings to financial institutions	21.2	-	-	52,709,381	-	52,709,381	-	-	-	-
Advances - net	21.2	-	-	23,608,245	-	23,608,245	-	-	-	-
Other financial assets	21.2	-	-	2,778,963	-	2,778,963	-	-	-	-
		10,734,198	18,602,860	86,829,834	-	116,166,892	-	29,337,058	-	29,337,058
Financial liabilities not measured at fair value										
Bills payable	21.2	-	-	-	2,349,140	2,349,140	-	-	-	-
Borrowings from financial institutions	21.2	-	-	-	11,718,263	11,718,263	-	-	-	-
Deposits and other accounts	21.2	-	-	-	81,257,182	81,257,182	-	-	-	-
Other financial liabilities	21.2	-	-	-	12,085,827	12,085,827	-	-	-	-
		-	-	-	107,410,412	107,410,412	-	-	-	-

Off balance sheet financial instruments

		March 31, 2018 (Un-audited)				
		Carrying Value	Fair Value			Total
		(Rupees in '000)				
Forward foreign exchange purchase contracts		81,374,731	-	83,640,527	-	83,640,527
Forward foreign exchange sale contracts		66,841,400	-	63,461,062	-	63,461,062
Forward repurchase agreement lendings (reverse repos)		52,770,413	-	52,770,413	-	52,770,413
Forward placement		762,299	-	762,299	-	762,299
Forward purchase contracts of government securities		3,504,229	-	3,569,219	-	3,569,219
Interest rate derivative contracts		3,441,667	-	3,475,902	-	3,475,902

On balance sheet financial instruments

		December 31, 2017 (Audited)					Fair Value			
Note	Carrying Value					Total	Level 1	Level 2	Level 3	Total
	Available for Sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities		(Rupees in '000)			
Financial assets measured at fair value										
Investments										
Market Treasury Bills	46,006,518	6,788,987	-	-	-	52,795,505	-	52,795,505	-	52,795,505
Pakistan Investment Bonds	3,278,375	1,017,501	-	-	-	4,295,876	-	4,295,876	-	4,295,876
Fully Paid-up Ordinary Shares	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value										
Cash and balances with treasury banks	21.2	-	-	5,907,205	-	5,907,205	-	-	-	-
Balances with other banks	21.2	-	-	1,091,101	-	1,091,101	-	-	-	-
Lendings to financial institutions	21.2	-	23,930,516	-	-	23,930,516	-	-	-	-
Advances - net	21.2	-	24,483,524	-	-	24,483,524	-	-	-	-
Other financial assets	21.2	-	-	3,127,177	-	3,127,177	-	-	-	-
		49,284,893	7,806,488	48,414,040	10,125,483	115,630,904	-	57,091,381	-	57,091,381
Financial liabilities not measured at fair value										
Bills payable	21.2	-	-	-	1,836,429	1,836,429	-	-	-	-
Borrowings from financial institutions	21.2	-	-	-	15,460,370	15,460,370	-	-	-	-
Deposits and other accounts	21.2	-	-	-	78,817,906	78,817,906	-	-	-	-
Other financial liabilities	21.2	-	-	-	11,755,390	11,755,390	-	-	-	-
		-	-	-	107,870,095	107,870,095	-	-	-	-

Off balance sheet financial instruments

		December 31, 2017 (Audited)				
		Carrying Value	Fair Value			Total
		(Rupees in '000)				
Forward foreign exchange contracts - purchase		94,204,250	-	96,841,760	-	96,841,760
Forward foreign exchange contracts - sale		77,215,996	-	74,448,477	-	74,448,477
Forward repurchase agreement lendings (reverse repos)		23,964,259	-	23,964,259	-	23,964,259
Forward purchase contracts of government securities		1,609,683	-	1,613,172	-	1,613,172
Forward placement		662,503	-	662,503	-	662,503
Forward sale contracts of government securities		7,717,243	-	7,717,243	-	7,717,243
Forward Borrowing		8,833,376	-	8,833,376	-	8,833,376
Interest rate derivative contracts		3,933,333	-	3,933,333	-	3,933,333

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. RISK MANAGEMENT

(Un-audited)
March
31, 2018
(Rupees in '000)

22.1 Liquidity Coverage Ratio

High quality liquid assets	78,109,141
Net cash outflows	28,362,195
Liquidity Coverage Ratio (%)	275%

22.2 Net Stable Funding Ratio

Available stable funding	86,641,627
Required stable funding	33,332,565
Net Stable Funding Ratio	260%

23. GENERAL

23.1 This condensed interim financial information was authorised for issue by the management of the Bank on April 27, 2018

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

23.3 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.

NADEEM LODHI
Managing Director and
Citi Country Officer

GULZEB KHAN
Chief Financial Officer