

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, 2022

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	6 18,330,696	19,817,760
Balances with other banks	7 10,751,405	1,104,681
Lendings to financial institutions	8 -	8,178,322
Investments	9 102,919,413	134,784,771
Advances	10 56,011,062	36,788,242
Fixed assets	11 431,256	486,650
Intangible assets	-	-
Deferred tax assets	12 362,682	531,546
Other assets	13 9,854,137	9,473,700
	198,660,651	211,165,672
LIABILITIES		
Bills payable	14 939,796	855,130
Borrowings	15 35,397,654	15,302,778
Deposits and other accounts	16 137,954,870	172,542,423
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	12 -	-
Other liabilities	17 13,226,546	12,588,419
	187,518,866	201,288,750
NET ASSETS	11,141,785	9,876,922
REPRESENTED BY		
Head office capital account	6,812,671	6,812,671
Reserves	163,719	163,719
Deficit on revaluation of assets	18 (796,101)	(825,068)
Unremitted profit	4,961,496	3,725,600
	11,141,785	9,876,922
CONTINGENCIES AND COMMITMENTS	19	

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance 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, 2022

	Note	Quarter ended	
		March 31, 2022	March 31, 2021
----- (Rupees in '000) -----			
Mark-up / return / interest earned	20	4,006,350	2,530,901
Mark-up / return/ interest expensed	21	2,491,710	1,241,141
Net Mark-up / Interest Income		1,514,640	1,289,760
NON MARK-UP / INTEREST INCOME			
Fee and commission income	22	208,861	139,312
Foreign exchange income		944,617	587,321
Gain from derivatives		-	-
Gain on securities	23	(28,403)	61,718
Other income	24	(6)	-
Total non-markup / interest income		1,125,069	788,351
Total Income		2,639,709	2,078,111
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	25	556,946	509,978
Workers Welfare Fund		28,665	29,389
Other charges		-	-
Total non-markup / interest expenses		585,611	539,367
Profit before provisions		2,054,098	1,538,744
Reversals of provision and write offs - net	26	(1,010)	(29,127)
PROFIT BEFORE TAXATION		2,055,108	1,567,871
Taxation	27	819,212	633,849
PROFIT AFTER TAXATION		1,235,896	934,022

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance 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, 2022

	Quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in '000)	
Profit after taxation for the period	1,235,896	934,022
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	28,967	(186,646)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	-	-
Total comprehensive income	<u>1,264,863</u>	<u>747,376</u>

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance Officer

Citibank N.A., Pakistan Branches
(Incorporated in the U.S.A., the liability of members being limited)
Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter ended March 31, 2022

	Head office capital account	Surplus / (deficit) on revaluation of investments	Share based payment contribution reserve by the ultimate holding company	Unremitted profit	Total
	----- (Rupees in '000) -----				
Opening Balance as at January 1, 2021 (audited)	6,812,671	102,841	161,550	6,746,332	13,823,394
Profit after taxation for the quarter ended March 31, 2021	-	-	-	934,022	934,022
Other comprehensive income for the quarter ended March 31, 2021 - net of tax	-	(186,646)	-	-	(186,646)
Remittances made to head office	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Contribution by the head office in respect of share based payments	-	-	(6,816)	-	(6,816)
Recharged balance payable to the head office for share based payments	-	-	6,816	-	6,816
Effect of re-measurement of cost under share based payment - net of tax			-		-
Opening Balance as at April 1, 2021 (un-audited)	6,812,671	(83,805)	161,550	7,680,354	14,570,770
Profit after taxation for the period April 1, 2021 to December 31, 2021	-	-	-	2,790,224	2,790,224
Other comprehensive income for the period April 1, 2021 to December 31, 2021 - net of tax		(741,263)		1,354	(739,909)
Remittances made to head office	-	-	-	(6,746,332)	(6,746,332)
Transactions with owners, recorded directly in equity					
Contribution by the head office in respect of share based payments	-	-	176,606	-	176,606
Recharged balance payable to the head office for share based payments	-	-	(176,606)	-	(176,606)
Effect of re-measurement of cost under share based payment - net of tax			2,169		2,169
Opening Balance as at January 1, 2021 (audited)	6,812,671	(825,068)	163,719	3,725,600	9,876,922
Profit after taxation for the quarter ended March 31, 2022	-	-	-	1,235,896	1,235,896
Other comprehensive income for quarter ended March 31, 2022 - net of tax	-	28,967	-	-	28,967
Transactions with owners, recorded directly in equity					
Contribution by the head office in respect of share based payments	-	-	(31,981)	-	(31,981)
Recharged balance payable to the head office for share based payments	-	-	31,981	-	31,981
Effect of re-measurement of cost under share based payment - net of tax	-	-	-	-	-
Closing Balance as at March 31, 2022	6,812,671	(796,101)	163,719	4,961,496	11,141,785

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance 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, 2022

Note	Quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,055,108	1,567,871
Adjustments:		
Depreciation	33,900	31,732
Depreciation on right-of-use assets	36,726	29,711
Interest expense on lease liability against right-of-use assets	5,127	3,007
Reversal of Provisions and write-offs - net	(1,010)	(37,368)
Loss on sale of fixed assets	44	-
Fixed Assets written off	-	-
Unrealised loss / (gain) on revaluation of investments classified as held for trading	31,203	(11,514)
Charge for defined benefit plan	18,658	12,704
	124,648	28,272
	2,179,756	1,596,143
Decrease / (increase) in operating assets		
Lendings to financial institutions	8,178,322	(5,820,447)
Held-for-trading securities	15,592,548	(2,642,727)
Advances	(19,221,810)	3,589,050
Other assets (excluding advance taxation)	(371,163)	(4,176,632)
	4,177,897	(9,050,756)
Increase in operating liabilities		
Bills payable	84,666	(279,260)
Borrowings from financial institutions	20,276,393	(18,617,722)
Deposits	(34,587,553)	1,646,242
Other liabilities (excluding current taxation, Head Office Expenses, payable to defined benefit plan and lease liability against right-of-use assets)	626,824	6,112,921
	(13,599,670)	(11,137,819)
Income tax paid	(678,142)	(720,000)
Contribution to gratuity fund	(9,940)	(7,528)
<i>Net cash flow used in operating activities</i>	(7,930,099)	(19,319,960)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	16,289,094	11,613,230
Investments in operating fixed assets	(15,276)	(13,987)
Proceeds from sale of fixed assets	-	-
<i>Net cash flow from investing activities</i>	16,273,818	11,599,243
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(2,542)	(2,311)
Profit repatriated to head office during the period	-	-
<i>Net cash used in financing activities</i>	(2,542)	(2,311)
Decrease in cash and cash equivalents	8,341,177	(7,723,028)
Cash and cash equivalents at beginning of the period	20,527,377	32,498,105
Cash and cash equivalents at end of the period	28,868,554	24,775,077

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance 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 Statements (Un-audited)

For the quarter ended March 31, 2022

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.

The Bank is engaged in banking business as described in the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi. At March 31, 2022, the Bank operates through 3 branches (December 31, 2021: 3 branches) in Pakistan.

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

	Long-term senior debt	Short-term debt
Citigroup Inc.	A3	P-2
Citibank N.A.	Aa3	P-1

2 BASIS OF PRESENTATION

2.1 Statement Of Compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1) / 2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. 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 requirements prescribed by the SBP through various circulars.

The disclosures and presentations made in these condensed interim financial statements are based on the format prescribed by the State Bank of Pakistan vide BPRD Circular Letter No. 05 dated March 22, 2019 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all the disclosures required for 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, 2020.

- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to the Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9, Financial Instruments has been made applicable to banks in Pakistan from January 01, 2022. The impact on the Bank's financial statements is being assessed as final implementation guidelines are awaited.

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 01, 2022, but are considered not to be relevant or to have any significant effect on the Bank's operations and are, therefore, not disclosed in these condensed interim financial statements.

3.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current period. These are not likely to have material effect on the Bank's financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as that applied in the preparation of the audited financial statements for the year ended December 31, 2021.

5 FINANCIAL RISK MANAGEMENT

5.1 The Bank's risk management policies are the same as disclosed in the financial statements for the year ended December 31, 2021.

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	71,250	68,406
Foreign currency	88,916	107,029
	160,166	175,435
With State Bank of Pakistan in		
Local currency current account	16,838,792	18,414,017
Foreign currency current accounts		
- Cash reserve account	440,348	405,981
- US Dollar clearing account	8,674	8,344
Foreign currency deposit account		
- Special cash reserve account	880,695	811,962
	18,168,509	19,640,304
With National Bank of Pakistan in		
Local currency current account	2,021	2,021
	18,330,696	19,817,760
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	12,192	27,636
Outside Pakistan		
In current accounts	10,739,213	1,077,045
	10,751,405	1,104,681
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	-	8,178,322
Less: Provision held against Lending to Financial Institutions	-	8,178,322
Lendings to Financial Institutions - net of provision	-	-
	-	8,178,322

9 INVESTMENTS	Note	(Un-audited) March 31, 2022			(Audited) December 31, 2021				
		Cost / amortised cost	Provision for diminution	Surplus	Carrying value	Cost / amortised cost	Provision for diminution	Surplus	Carrying Value
9.1 Investments by type:		(Rupees in '000)							
Held-for-trading securities									
Federal Government Securities		16,532,051	-	(6,625)	16,525,426	32,124,599	-	24,578	32,149,177
		16,532,051	-	(6,625)	16,525,426	32,124,599	-	24,578	32,149,177
Available-for-sale securities									
Federal Government Securities		87,699,069	-	(1,305,082)	86,393,987	103,988,163	-	(1,352,569)	102,635,594
Non Government Debt Securities		-	-	-	-	-	-	-	-
		87,699,069	-	(1,305,082)	86,393,987	103,988,163	-	(1,352,569)	102,635,594
Total Investments		104,231,120	-	(1,311,707)	102,919,413	136,112,762	-	(1,327,991)	134,784,771

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
9.1.2 Investments given as collateral		
The market value of investments given as collateral is as follows:		
Federal Government securities:		
-Market Treasury Bills	20,561,500	7,845,024
9.2 Provision for diminution in value of investments		
9.2.1 Opening balance		(248,090)
Exchange adjustments	-	-
Charge / reversals		
Charge for the period / year	-	-
Reversals for the period / year	-	-
Reversal on disposals	-	-
Transfers - net	-	-
Amounts written off	-	248,090
Closing Balance	-	-

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) March 31, 2022		(Audited) December 31, 2021	
	Non Performing Investments	Provision	Non Performing Investments	Provision
Domestic	(Rupees in '000)			
Loss	-	-	-	-
Total	-	-	-	-

10 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) March 31, 2022	(Audited) December 31, 2021	(Un-audited) March 31, 2022	(Audited) December 31, 2021	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	51,988,578	33,623,528	1,747,687	1,740,576	53,736,265	35,364,104
Bills discounted and purchased	4,022,589	3,164,829	-	-	4,022,589	3,164,829
Advances - gross	56,011,167	36,788,357	1,747,687	1,740,576	57,758,854	38,528,933
Provision against advances						
- Specific	-	-	(1,747,687)	(1,740,576)	(1,747,687)	(1,740,576)
- General	(105)	(115)	-	-	(105)	(115)
Advances - net of provision	56,011,062	36,788,242	-	-	56,011,062	36,788,242

10.1 Particulars of advances (Gross)

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
In local currency	57,545,160	38,323,351
In foreign currency	213,694	205,582
Total	57,758,854	38,528,933

10.2 Advances include Rs. 1,735.256 million (December 31, 2021: Rs. 1,740,576 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) March 31, 2022		(Audited) December 31, 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Loss	1,747,687	1,747,687	1,740,576	1,740,576
Total	1,747,687	1,747,687	1,740,576	1,740,576

10.3 Particulars of provision against advances

	(Un-audited) March 31, 2022			(Audited) December 31, 2021		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	1,740,576	115	1,740,691	2,381,081	206	2,381,287
Exchange adjustments	8,111	-	8,111	19,426	-	19,426
Charge for the period / year	-	-	-	-	-	-
Reversals	(1,000)	(10)	(1,010)	(37,867)	(91)	(37,958)
Amounts written off	-	-	-	(622,064)	-	(622,064)
Closing balance	1,747,687	105	1,747,792	1,740,576	115	1,740,691

10.3.1 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between 0.5% to 1.5% based on the classified housing finance to total housing finance ratio present in the portfolio.

11 FIXED ASSETS

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
Property and equipment	228,304	246,972
Right-of-use assets	202,952	239,678
Total	431,256	486,650

11.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:

	(Un-audited) March 31, 2022	(Audited) March 31, 2021
	(Rupees in '000)	
Property and equipment		
Furniture and fixture	3,725	4,751
Electrical, office and computer equipment	11,553	9,238
Total	15,278	13,989

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Furniture and fixture	44	-
Total	44	-

17 OTHER LIABILITIES	Note	(Un-audited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)			
Mark-up / Return / Interest payable in local currency		213,045	25,255
Mark-up / Return / Interest payable in foreign currency		399	20
Unearned commission and income on bills discounted		49,872	26,436
Accrued expenses	17.1	758,241	892,187
Worker's Welfare Fund (WWF) payable	17.2	749,273	720,608
Acceptances		5,255,645	6,203,981
Mark to market loss on forward foreign exchange contracts		1,090,184	926,278
Unremitted head office expenses		977,366	956,742
Payable to regional offices for support services		20,826	18,242
Payable to defined benefit plan		295,930	287,212
Provision against off-balance sheet obligations		202	202
Payable on account of sale proceeds of securities held under custody		199,256	199,256
Payable on account of sale proceeds of shares sold by an associated undertaking		136,033	136,033
Lease liability against right-of-use assets		166,636	164,051
Clearing account balances		1,302,756	592,692
Unclaimed deposit balances		900,401	919,094
Others		1,110,481	520,130
		<u>13,226,546</u>	<u>12,588,419</u>

17.1 This includes the Bank's obligation to the head office under the stock award and stock option programmes. As of March 31, 2022, recognised liability for share based incentive plans was 387.437 million (December 31, 2021: Rs. 417.399 million).

17.2 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive or final till the review petitions are decided. Accordingly, the Bank maintains full provision of Rs. 252.638 million in respect of federal WWF law from the date of its levy till December 2013. Further the Bank maintains provision of Rs. 972.030 million against Sindh and Punjab WWF laws from the date of its levy till 31 March 2022. The bank along with the banking industry has challenged the Sindh WWF levy which is pending in Court. No notice has been received from Punjab Revenue Authority in respect of its WWF law. However, single member bench of Sindh High Court issued an interim order, whereby all banks are required to comply the order of full bench's order in the similar case. Stay has been obtained against the interim order by the banks, the lawyer also informed that final order of full bench will also decide the fate of banking industry's cases.

18 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS	Note	(Un-audited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)			
Surplus on revaluation of:			
- Available for sale securities	9.1	(1,305,081)	(1,352,569)
Deferred tax on surplus on revaluation of:			
- Available for sale securities		508,981	527,501
		<u>(796,100)</u>	<u>(825,068)</u>

19 CONTINGENCIES AND COMMITMENTS			
- Guarantees	19.1	2,193,539	2,183,378
- Commitments	19.2	174,040,898	214,748,553
- Other contingent liabilities	19.3	257,458	247,685
		<u>176,491,895</u>	<u>217,179,616</u>
19.1 Guarantees			
Financial guarantees		-	-
Performance guarantees		2,193,539	2,183,378
		<u>2,193,539</u>	<u>2,183,378</u>

19.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		23,996,043	19,607,388
Commitments in respect of:			
- Forward foreign exchange contracts	19.2.1	127,296,807	176,946,398
- Forward government securities transactions	19.2.2	20,525,030	16,041,251
- Forward lending	19.2.3	2,223,018	2,152,129
Commitments for acquisition of:			
- Fixed assets		-	1,387
Other commitments	19.2.4	-	-
		<u>174,040,898</u>	<u>214,748,553</u>

19.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		68,961,679	94,831,909
Sale		58,335,128	82,114,489
		<u>127,296,807</u>	<u>176,946,398</u>

19.2.2 Commitments in respect of forward government securities transactions			
Purchase		20,515,428	7,853,624
Sale		9,602	8,187,627
		<u>20,525,030</u>	<u>16,041,251</u>

19.2.3 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	19.2.3.1	2,223,018	2,152,129

19.2.3.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

19.2.4 Other commitments	Note	(Un-audited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)			
Forward borrowing		-	-
		<u>(Rupees in '000)</u>	

19.3 Other contingent liabilities			
Claims against bank not acknowledged as debt	19.3.1	257,458	247,685

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

19.4 Tax related contingencies are disclosed in note 27.1 of these condensed interim financial statements.

		(Un-audited)	
		March 31, 2022	March 31, 2021
		(Rupees in '000)	
20	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	1,130,160	732,073
	b) Investments	2,853,138	1,490,904
	c) Lendings to financial institutions	21,324	65,219
	d) Balances with banks	1,728	3,952
	e) Income from foreign currency swaps against foreign currency deposits / borrowings	-	238,753
		<u>4,006,350</u>	<u>2,530,901</u>
21	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	2,122,660	1,197,169
	b) Borrowings	232,904	43,972
	c) Cost of foreign currency swaps against foreign currency deposits / borrowings	136,146	-
		<u>2,491,710</u>	<u>1,241,141</u>
22	FEE & COMMISSION INCOME		
	Branch banking customer fees	8,827	6,230
	Card related fees (credit cards)	1,955	1,444
	Custody related fees	106,136	69,441
	Commission on trade	69,194	30,279
	Commission on guarantees	3,759	4,237
	Commission on cash management	18,231	26,697
	Commission on remittances including home remittances	2	1
	Others	757	983
		<u>208,861</u>	<u>139,312</u>
23	GAIN ON SECURITIES		
	Realised	2,800	50,204
	Unrealised - held for trading	(31,203)	11,514
		<u>(28,403)</u>	61,718
23.1	Realised gain on:		
	Federal Government Securities	2,800	50,204
		<u>2,800</u>	<u>50,204</u>
24	OTHER INCOME		
	Loss on sale of fixed assets-net	(44)	-
	Sale of non-capitalized assets	38	-
		<u>(6)</u>	<u>-</u>

Note

	Note	(Un-audited)	
		March 31, 2022	March 31, 2021
(Rupees in '000)			
25 OPERATING EXPENSES			
Total compensation expense		274,724	222,007
Property expense			
Rent and taxes		2,524	(1,134)
Utilities cost		7,300	5,234
Security (including guards)		9,933	9,690
Repair and maintenance (including janitorial charges)		27,002	18,382
Depreciation		21,593	18,779
Depreciation on right-of-use assets		36,726	29,711
Interest expense on lease liability against right-of-use assets		5,127	3,007
Fixed Assets written off		-	-
Others		8	(139)
		110,213	83,530
Information technology expenses			
Software maintenance		5,688	5,065
Hardware maintenance		292	1,785
Depreciation		10,416	11,062
Network charges		12,709	12,169
Others		164	11
		29,269	30,092
Other operating expenses			
Legal and professional charges		24,018	20,174
Outsourced services costs		6,382	51,399
Travelling and conveyance		5,100	970
Depreciation		1,891	1,891
Training and development		30	18
Postage and courier charges		3,794	3,184
Communication		2,937	6,198
Head office expenses	25.1	20,624	35,450
Stationery and printing		3,324	4,619
Marketing, advertisement and publicity		3,535	-
Donations		-	-
Auditors Remuneration		1,115	934
Banking Service Charges		35,072	22,828
Brokerage and commission paid		8,434	7,131
Card Association Fees		13,909	6,323
Others		12,575	13,230
		142,740	174,349
		556,946	509,978

25.1 Head office expenses are estimated based on head office certificates of prior year and are subject to true ups / actualisation.

		(Un-audited)	
		March 31,	March 31,
		2022	2021
		(Rupees in '000)	
26	PROVISIONS & WRITE OFFS - NET		
	(Reversals) / provisions against loans and advances	10.3	
		<u>(1,010)</u>	<u>(29,127)</u>
		<u>(1,010)</u>	<u>(29,127)</u>
27	TAXATION		
	Current	668,869	540,222
	Deferred	150,343	93,627
		<u>819,212</u>	<u>633,849</u>

27.1 The Income Tax returns of the Bank have been filed up to the tax year 2021 (accounting year ended December 31, 2021).

The income tax authorities issued amended assessment orders for up to tax years 2020 whereby aggregate tax demand of Rs. 667 million (December 31, 2020: Rs. 392 million) was raised. Total demand has been paid except for the tax year 2019, where management had decided to pay 10% against the demand of Rs. 175 million. This was done in accordance with the tax opinion from tax advisor in order to obtain stay against demand for the tax year 2019.

The Bank has filed appeals before the appellate forums against these amended assessment orders for all years, where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. On the other hand, where the appellate authorities have not allowed relief, the Bank has filed appeals before higher appellate forums. The management of the Bank, in consultation with its tax advisor, is confident that the appeals will be decided in favour of the Bank.

In the year 2020, FBR had started proceedings for monitoring of withholding taxes under section 161 of the Income Tax Ordinance 2001 and has passed an order creating demand of Rs. 127 million for the accounting years 2005 and 2006. Penalty amount on alleged short tax payment is Rs. 6.39 million. Surcharge amount for alleged short tax payment, if any, will be in addition to it. Bank has filed appeals and obtained a stay against the demand from the Sindh High Court. Neither the demand is paid nor any provision has been recognised for this demand in the books of accounts as management is of the view that the bank will be able to defend its position in a court of law. Bank's view is supported by external counsel opinion.

28 FAIR VALUE MEASUREMENTS

'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.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

28.1 Fair value of financial assets

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 asset 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).

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:

		(Un-audited) March 31, 2022				
Note	Carrying / Notional Value	Fair Value			Total	
		Level 1	Level 2	Level 3		
----- (Rupees in '000) -----						
On balance sheet financial instruments						
Financial assets - measured at fair value						
Investments						
	Federal Government Securities	102,919,413	-	102,919,413	-	102,919,413
Financial assets - disclosed but not measured at fair value						
	Cash and balances with treasury banks	28.2 18,330,696	-	-	-	-
	Balances with other banks	28.2 10,751,405	-	-	-	-
	Lendings to financial institutions	28.2 -	-	-	-	-
	Advances - net	28.2 56,011,062	-	-	-	-
	Other financial assets	28.2 9,395,615	-	-	-	-
		<u>197,408,191</u>	<u>-</u>	<u>102,919,413</u>	<u>-</u>	<u>102,919,413</u>

Off-balance sheet financial instruments - measured at fair value						
	Forward purchase of foreign exchange	68,961,679	-	70,415,185	-	70,415,185
	Forward sale of foreign exchange	58,335,128	-	57,309,255	-	57,309,255
	Forward Borrowing	-	-	-	-	-
	Forward purchase contracts of government securities	20,515,428	-	20,515,428	-	20,515,428
	Forward sale contracts of government securities	9,602	-	9,602	-	9,602

		(Audited) December 31, 2021				
	Carrying / Notional Value	Fair Value			Total	
		Level 1	Level 2	Level 3		
----- (Rupees in '000) -----						
On balance sheet financial instruments						
Financial assets - measured at fair value						
Investments						
	Federal Government Securities	134,784,771	-	134,784,771	-	134,784,771
Financial assets - disclosed but not measured at fair value						
	Cash and balances with treasury banks	28.2 19,817,760	-	-	-	-
	Balances with other banks	28.2 1,104,681	-	-	-	-
	Lendings to financial institutions	28.2 8,178,322	-	-	-	-
	Advances - net	28.2 36,788,242	-	-	-	-
	Other financial assets	28.2 9,313,814	-	-	-	-
		<u>209,987,590</u>	<u>-</u>	<u>134,784,771</u>	<u>-</u>	<u>134,784,771</u>

Off-balance sheet financial instruments - measured at fair value						
	Forward purchase of foreign exchange	94,831,909	-	95,207,528	-	95,207,528
	Forward sale of foreign exchange	82,114,489	-	81,741,959	-	81,741,959
	Forward purchase contracts of government securities	7,853,624	-	7,853,624	-	7,853,624
	Forward sale contracts of government securities	8,187,627	-	8,187,627	-	8,187,627

28.2 The Bank has not disclosed the fair values for these financial assets and liabilities, as these are short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

28.3 Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Federal government debt securities	The fair value of government securities are valued using PKRV rates.
Forward contracts	The fair values are derived using forward exchange rates or PKRV rates applicable to their respective remaining maturities.

29 SEGMENT INFORMATION

29.1 Segment Details with respect to Business Activities

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:

(Un-audited)
For the nine months ended March 31, 2022

	Corporate Banking & Services	Markets	Total
----- (Rupees in '000) -----			
Profit & Loss			
Net mark-up / return / profit	(992,500)	2,507,140	1,514,640
Inter segment revenue - net	1,719,142	(1,719,142)	-
Non mark-up / return / interest income	208,836	916,233	1,125,069
Total Income	935,478	1,704,231	2,639,709
Segment direct expenses	396,338	189,273	585,611
Inter segment expense allocation	-	-	-
Total expenses	396,338	189,273	585,611
Reversals of provision	(1,010)	-	(1,010)
Profit before tax	540,150	1,514,958	2,055,108

(Un-audited)
As at March 31, 2022

	Corporate Banking & Services	Markets	Total
----- (Rupees in '000) -----			
Balance Sheet			
Cash & Bank balances	160,166	28,921,935	29,082,101
Investments	-	102,919,413	102,919,413
Net inter segment lending	89,508,308	-	89,508,308
Lendings to financial institutions	-	-	-
Advances - performing	56,011,062	-	56,011,062
- non-performing net of provision	-	-	-
Others	7,632,685	3,015,390	10,648,075
Total Assets	153,312,221	134,856,738	288,168,959
Borrowings	-	35,397,654	35,397,654
Deposits & other accounts	137,309,210	645,660	137,954,870
Net inter segment borrowing	-	89,508,309	89,508,309
Others	13,074,573	1,091,769	14,166,342
Total liabilities	150,383,783	126,643,392	277,027,175
Equity	2,928,438	8,213,347	11,141,785
Total Equity & liabilities	153,312,221	134,856,739	288,168,960
Contingencies & Commitments	28,670,058	147,821,837	176,491,895

(Un-audited)
For the quarter ended March 31, 2021

Corporate Banking & Services	Markets	Total
---	----------------	--------------

----- (Rupees in '000) -----

Profit & Loss			
Net mark-up / return / profit	(465,096)	1,754,856	1,289,760
Inter segment revenue - net	1,177,811	(1,177,811)	-
Non mark-up / return / interest income	139,312	649,039	788,351
Total Income	852,027	1,226,084	2,078,111
Segment direct expenses	376,591	162,776	539,367
Inter segment expense allocation	-	-	-
Total expenses	376,591	162,776	539,367
Provisions	(29,127)	-	(29,127)
Profit before tax	504,563	1,063,308	1,567,871

(Audited)
As at December 31, 2021

Corporate Banking & Services	Markets	Total
---	----------------	--------------

----- (Rupees in '000) -----

Balance Sheet			
Cash & Bank balances	175,434	20,747,007	20,922,441
Investments	-	134,784,771	134,784,771
Net inter segment lending	142,259,874	-	142,259,874
Lendings to financial institutions	-	8,178,322	8,178,322
Advances - performing	36,788,242	-	36,788,242
- non-performing net of provision	-	-	-
Others	8,227,146	2,264,750	10,491,896
Total Assets	187,450,696	165,974,850	353,425,546
Borrowings	-	15,302,778	15,302,778
Deposits & other accounts	171,752,900	789,523	172,542,423
Net inter segment borrowing	-	142,259,873	142,259,873
Others	12,512,413	931,136	13,443,549
Total liabilities	184,265,313	159,283,310	343,548,623
Equity	3,185,382	6,691,540	9,876,922
Total Equity & liabilities	187,450,695	165,974,850	353,425,545
Contingencies & Commitments	24,191,967	192,987,649	217,179,616

30 RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of business with the Head Office and 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.

	(Un-audited)		(Audited)	
	March 31, 2022		December 31, 2021	
	Head Office	Branches and other related parties	Head Office	Branches and other related parties
----- (Rupees in '000) -----				
Balances with other banks				
In current accounts	10,441,097	298,099	625,200	451,725
	10,441,097	298,099	625,200	451,725
Other Assets				
Income / mark-up accrued	63	(63)	183	(359)
Other receivables	-	-	-	-
Unrealised gain on foreign exchange contracts	38	336,748	2	481,414
	101	336,685	185	481,055
Borrowings				
Opening balance	-	7,060,540	-	-
Borrowings during the period	-	130,888,287	-	1,924,796,948
Settled during the period	-	(123,270,571)	-	(1,917,736,408)
Closing balance	-	14,678,256	-	7,060,540
Overdrawn Nostros	-	213,547	-	395,064
Deposits and other accounts				
Opening balance	8,277	1,029,390	5,566	1,666,656
Received during the period	4,344	257,025	29,872	1,349,767
Withdrawn during the period	-	(340,144)	(27,161)	(1,987,033)
Closing balance	12,621	946,271	8,277	1,029,390
Other Liabilities				
Interest / mark-up payable	-	163	-	20
Unremitted Head Office Expense	977,366	-	956,742	-
Unrealised loss on foreign exchange contracts	-	436,832	-	349,722
Payable to defined benefit plan	-	294,412	-	287,212
Payable on account of sale proceeds of securities held under custody	-	199,256	-	199,256
Payable to associated undertakings	-	136,033	-	136,033
Payable for expenses and share based payments	387,437	20,826	393,475	18,242
Other liabilities	-	-	-	-
	1,364,803	1,087,522	1,350,217	990,485
Contingencies and Commitments				
Forward exchange contracts				
Purchase	-	19,688,998	-	38,769,810
Sales	-	19,580,016	-	38,669,810
Counter guarantees to branches	139,774	383,635	138,072	390,586
	139,774	39,652,649	138,072	77,830,206
(Un-audited)				
for the nine months ended				
	March 31, 2022		March 31, 2021	
	Head Office	Branches and other related parties	Head Office	Branches and other related parties
----- (Rupees in '000) -----				
Income				
Mark-up / return / interest earned	-	74	3,937	15
Fee and commission income	5,996	12,822	1,501	8,623
Net gain / (loss) on sale of securities	-	11,387	-	(1,168)
Foreign Exchange Income	37	(231,775)	8	5,653
Expense				
Mark-up / return / interest paid	73	1,188	-	326
Regional expenses for support services	2,518	4,381	1,654	425
Head office expenses	20,624	-	35,450	-
Contribution to staff retirement benefit funds	-	20,352	-	16,413
Remuneration of Key Management Personnel	-	55,178	-	23,606

31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>6,812,671</u>	<u>6,812,671</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>11,141,785</u>	9,876,922
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>11,141,785</u>	9,876,922
Eligible Tier 2 Capital	<u>105</u>	115
Total Eligible Capital (Tier 1 + Tier 2)	<u>11,141,890</u>	9,877,037
Risk Weighted Assets (RWAs):		
Credit Risk	<u>40,886,808</u>	27,561,262
Market Risk	<u>1,051,438</u>	1,638,649
Operational Risk	<u>19,890,463</u>	19,890,464
Total	<u>61,828,709</u>	49,090,375
Common Equity Tier 1 Capital Adequacy Ratio	<u>18.02%</u>	20.12%
Tier 1 Capital Adequacy Ratio	<u>18.02%</u>	20.12%
Total Capital Adequacy Ratio	<u>18.02%</u>	20.12%

The State Bank of Pakistan through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of losses) for Banks / Development Finance Institutions to be raised to Rs. 10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.10 billion capital (net of losses) from the end of the financial year 2013 onwards. However, branches of foreign banks operating in Pakistan whose head office holds paid-up capital (free of losses) of atleast US\$ 300 million, have a CAR of 8% or minimum prescribed by the home regulator and have prescribed number of branches, are allowed to maintain lower amount with prior approval of SBP. In this regard the Bank is maintaining higher capital to support business requirements.

The Head office capital account of the Bank for the quarter ended March 31, 2022 stands at Rs 6.813 billion and is in compliance with the SBP requirement for the said period. In addition, the banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.50% of the risk weighted exposures of the Bank as of March 31, 2022. The Bank's CAR as at March 31, 2022 was 18.02% of its risk weighted exposure.

In order to dampen the effects of COVID - 19, SBP via BPRD Circular Letter No. 12 dated 26 March 2020 has given regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of 15 August 2013, for the time being, from its existing level of 2.50% to 1.50%, till further instructions.

A framework for Domestic Systemically Important Bank – (D-SIB) was issued by State Bank of Pakistan in April 2018. Under the framework, the bank is required to hold additional CET 1 capital on its risk weighted assets in Pakistan at the rate applicable on G-SIB. Citigroup Inc., the ultimate parent company, is currently required to maintain 3% additional capital buffer under the G-SIB framework. Accordingly, bank also holds additional 3% under Pillar 1 capital requirement.

The capital to risk weighted assets ratio, is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>11,141,785</u>	9,876,922
Total Exposure	<u>257,537,217</u>	254,767,301
Leverage Ratio	<u>4.33%</u>	3.88%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>109,823,046</u>	116,643,594
Total Net Cash Outflow	<u>23,850,369</u>	24,981,218
Liquidity Coverage Ratio	<u>460.47%</u>	466.93%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>144,063,898</u>	168,492,923
Total Required Stable Funding	<u>77,938,531</u>	51,197,808
Net Stable Funding Ratio	<u>184.84%</u>	329.10%

32 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 29 April 2022 by the management of the Bank.

33 GENERAL

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

33.2 Corresponding figures have been re-classified, re-arranged 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.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance Officer