

Citibank, N.A. - Pakistan Branches
(Incorporated in the U.S.A. the liability of members being limited)
Condensed Interim Balance Sheet
As at September 30, 2009

	(Un-audited) September 30, 2009	(Audited) December 31, 2008
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	9,004,740	10,583,830
Balances with other banks	7 6,169,253	7,358,861
Lendings to financial institutions	8 6,653,309	14,166,060
Investments - net	9 36,023,945	9,194,307
Advances - net (include assets held for sale amounting to Rs. 3,320 million)	10 27,227,378	41,856,749
Fixed assets	11 1,376,653	1,474,167
Deferred tax assets - net	4,268,812	3,585,127
Other assets (include mark-up receivable on account of assets held for sale amounting to Rs. 57.365 million)	12 3,430,378	13,432,726
	94,154,468	101,651,827
LIABILITIES		
Bills payable	1,274,886	1,660,227
Borrowings from financial institutions	13 2,869,597	3,152,988
Deposits and other accounts	63,582,905	65,484,768
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	14 17,713,454	22,340,772
	85,440,842	92,638,755
NET ASSETS	8,713,626	9,013,072
REPRESENTED BY		
Head office capital account	6,758,313	7,742,345
Reserves	75,785	75,785
Unremitted profit	10.4 2,103,472	1,689,600
	8,937,570	9,507,730
Deficit on revaluation of securities - net	(223,944)	(494,658)
	8,713,626	9,013,072
CONTINGENCIES AND COMMITMENTS	15	

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

ARIF USMANI
Managing Director and Citi Country Officer

ANJUM HAI
Chief Financial Officer

Citibank, N.A. - Pakistan Branches

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

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter and nine months ended September 30, 2009

Note	Nine Months ended		Quarter ended	
	September 30, 2009 (Rupees in '000)	September 30, 2008	September 30, 2009 (Rupees in '000)	September 30, 2008
Mark-up / return / interest earned	7,630,342	7,527,887	2,468,349	2,531,791
Mark-up / return / interest expensed	3,642,704	3,163,037	1,189,055	1,136,113
Net mark-up / return / interest income	3,987,638	4,364,850	1,279,294	1,395,678
Provision / (reversal) against advances - net	345,293	(234,851)	28,250	(63,753)
Provision for diminution in the value of investments	-	132,469	-	132,469
Bad debts written off directly	2,206,982	2,749,084	612,628	909,413
	2,552,275	2,646,702	640,878	978,129
Net mark-up / interest income after provisions	1,435,363	1,718,148	638,416	417,549
NON-MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	657,516	1,013,178	247,879	353,759
Income from dealing in foreign currencies	1,248,674	1,829,677	517,441	347,213
Dividend income	1,204	-	-	-
Gain / (loss) on sale of securities	375,453	81,054	198,025	(49,921)
Unrealised (loss) / gain on revaluation of investments classified as held for trading	(6,364)	16,137	(41,023)	23,122
Other income	(95,352)	104,088	(441,091)	(34,351)
Total non mark-up / interest income	2,181,131	3,044,134	481,231	639,822
	3,616,494	4,762,282	1,119,647	1,057,371
NON-MARK-UP / INTEREST EXPENSES				
Administrative expenses	2,903,384	3,792,853	1,018,525	1,288,261
Provision / (reversal) for diminution in the value of non-banking assets - net	1,357	9,268	(242)	7,493
Other charges	31,385	18,500	7,635	(5,515)
Total non mark-up / interest expenses	2,936,126	3,820,621	1,025,918	1,290,239
PROFIT BEFORE TAXATION	680,368	941,661	93,729	(232,868)
Taxation - Current	1,202,411	1,310,584	261,840	264,420
- Prior years	(106,460)	-	(106,460)	-
- Deferred	(829,455)	(320,751)	(166,515)	(168,223)
	266,496	989,833	(11,135)	96,197
PROFIT AFTER TAXATION	413,872	(48,172)	104,864	(329,065)

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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ANJUM HAI
Chief Financial Officer

Citibank, N.A. - Pakistan Branches

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

Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months ended September 30, 2009

	Head office capital account	Unremitted profit	Share based payment contribution reserve by the ultimate holding company	Total
	(Rupees '000)			
Balance as at January 01, 2008	5,443,260	889,238	46,784	6,379,282
Loss after taxation for the nine months ended September 30, 2008	-	(48,172)	-	(48,172)
Contribution by the ultimate holding company in respect of share based payments under IFRS - 2	-	-	31,576	31,576
Recharged balance payable to the ultimate holding company for share based payments	-	-	(31,576)	(31,576)
			-	-
Exchange adjustment on revaluation of capital	115,983	-	-	115,983
Balance as at September 30, 2008	5,559,243	841,066	46,784	6,447,093
Profit for the three months ended December 31, 2008	-	848,534	-	848,534
Contribution by the ultimate holding company in respect of share based payments under IFRS - 2	-	-	15,136	15,136
Recharged balance payable to the ultimate holding company for share based payments	-	-	(15,136)	(15,136)
Effect of re-measurement of cost under share based payment - net of tax	-	-	29,001	29,001
			29,001	29,001
Capital injected during the year	2,168,394	-	-	2,168,394
Exchange adjustment on revaluation of capital	14,708	-	-	14,708
Balance as at December 31, 2008	7,742,345	1,689,600	75,785	9,507,730
Profit for the nine months ended September 30, 2009	-	413,872	-	413,872
Charge reversal by the ultimate holding company in respect of share based payments under IFRS - 2	-	-	(3,910)	(3,910)
Recharged balance receivable from the ultimate holding company for share based payments	-	-	3,910	3,910
			-	-
Capital remitted during the period	(1,099,363)	-	-	(1,099,363)
Exchange adjustment on revaluation of capital	115,331	-	-	115,331
Balance as at September 30, 2009	6,758,313	2,103,472	75,785	8,937,570

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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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 nine months ended September 30, 2009

	Nine months ended	
	September 30, 2009	September 30, 2008
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	680,368	941,661
Adjustments		
Depreciation	400,531	321,352
Amortisation	33,208	12,651
Provision for diminution in the value of investments	-	132,469
Provision / (reversal) against advances - net	345,293	(234,851)
Provision for diminution in the value of non-banking assets - net	1,357	9,268
Unrealised loss / (gain) on revaluation of held-for-trading securities	6,364	(16,137)
Bad debts written off directly	2,206,982	2,749,084
Charge for defined benefit plan	32,082	48,617
Gain on disposals of fixed assets	(13,271)	(9,168)
Lease rentals	2,987	7,497
	3,015,533	3,020,782
	3,695,901	3,962,443
Decrease / (increase) in operating assets		
Lendings to financial institutions	7,512,751	3,443,732
Held-for-trading securities	(1,245,590)	2,980,621
Advances	12,077,096	1,708,695
Other assets	10,000,991	(11,310,450)
	28,345,248	(3,177,402)
(Decrease) / increase in operating liabilities		
Bills payable	(385,341)	(513,222)
Borrowings from financial institutions	(274,639)	(3,165,514)
Deposits and other accounts	(1,901,863)	9,566
Other liabilities (excluding current taxation and payable to defined benefit plan)	(4,934,182)	18,171,189
	(7,496,025)	14,502,019
	24,545,124	15,287,060
Contribution to gratuity fund	(30,938)	(39,026)
Income tax paid	(790,231)	(376,235)
Net cash generated from operating activities	23,723,955	14,871,799
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(25,173,928)	2,292,029
Investments in fixed assets	(401,564)	(452,340)
Sale proceeds from disposal of property and equipment	78,610	60,207
Net cash (used in) / generated from investing activities	(25,496,882)	1,899,896
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(2,987)	(7,497)
Capital remittance	(1,099,363)	-
Net cash used in financing activities	(1,102,350)	(7,497)
Effects of exchange rate changes on cash and cash equivalents	115,331	115,983
(Decrease) / increase in cash and cash equivalents	(2,759,946)	16,880,181
Cash and cash equivalents at the beginning of the period	17,922,742	7,991,487
Cash and cash equivalents at the end of the period	15,162,796	24,871,668

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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

For the nine months ended September 30, 2009

1. STATUS AND NATURE OF BUSINESS

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

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

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

The bank is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi and presently operates through 21 branches (December 31, 2008: 26 branches) in Pakistan.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case the requirements differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

The State Bank of Pakistan (SBP) as per BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property for banking companies till further instructions. In addition, the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard 7, Financial Instruments: Disclosure vide SRO 411(1) / 2008 till further orders. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the categories as prescribed by the SBP through various circulars.

The disclosures made in these condensed interim financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for a full set of annual financial statements, and these condensed interim financial statements should be read in conjunction with the financial statements of the bank for the year ended December 31, 2008.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2008 except for the change as explained below:

- 4.1 During the period the bank has changed its accounting policy in respect of borrowing costs. As per the revised policy borrowing costs directly attributable to the acquisition, construction or production of the qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset. Previously, borrowing costs were recognised as an expense in the period in which they were incurred. The change in accounting policy has been made to comply with the requirements of IAS 23 (Amendment), "Borrowing Costs" which became effective from January 1, 2009. The change in accounting policy has had no effect on the financial statements of the bank for the current and prior periods.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

6. FINANCIAL RISK MANAGEMENT

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

7. BALANCES WITH OTHER BANKS

	September 30, 2009	December 31, 2008
	(Rupees in '000)	
In Pakistan:		
In current accounts	67,198	122,871
Outside Pakistan:		
In current accounts	699,388	296,041
In deposit accounts	5,402,667	6,939,949
	6,102,055	7,235,990
	<u>6,169,253</u>	<u>7,358,861</u>

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	100,000	100,000
Repurchase agreement lendings	6,553,309	14,066,060
	<u>6,653,309</u>	<u>14,166,060</u>

9. INVESTMENTS - NET

	September 30, 2009			December 31, 2008		
	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	4,050,700	-	4,050,700	3,425,229	-	3,425,229
Pakistan Investment Bonds	644,769	-	644,769	24,650	-	24,650
	4,695,469	-	4,695,469	3,449,879	-	3,449,879
Available-for-sale securities						
Market Treasury Bills	26,245,790	-	26,245,790	2,165,273	-	2,165,273
Pakistan Investment Bonds	3,227,644	-	3,227,644	4,340,233	-	4,340,233
Term Finance Certificates - unlisted	2,206,000	-	2,206,000	-	-	-
Unlisted shares	52,000	-	52,000	52,000	-	52,000
	31,731,434	-	31,731,434	6,557,506	-	6,557,506
Investments at cost	36,426,903	-	36,426,903	10,007,385	-	10,007,385
Less: Provision for diminution in value of investments	(52,000)	-	(52,000)	52,000	-	52,000
Investments - net of provisions	36,374,903	-	36,374,903	9,955,385	-	9,955,385
(Deficit) / surplus on revaluation of held-for-trading securities	(6,429)	-	(6,429)	(65)	-	(65)
(Deficit) / surplus on revaluation of available-for-sale securities	(344,529)	-	(344,529)	(761,013)	-	(761,013)
Total investments	36,023,945	-	36,023,945	9,194,307	-	9,194,307

9.1 As at September 30, 2009, 47,491 shares of VISA International were held by the bank carried at nil value.

10. ADVANCES

	September 30, 2009	December 31, 2008
(Rupees in '000)		
Loans, cash credits, running finances etc.		
In Pakistan	28,753,366	41,763,352
Bills discounted and purchased (excluding Market Treasury Bills)		
Payable in Pakistan	281,782	936,699
Payable outside Pakistan	314,680	935,763
	596,462	1,872,462
Advances - gross	29,349,828	43,635,814
Provision for non-performing advances		
- Specific	10.2 (1,732,177)	(1,173,983)
- General	10.3 (390,273)	(605,082)
	(2,122,450)	(1,779,065)
Advances - net of provision	27,227,378	41,856,749

10.1 Advances include Rs.2,386.347 million (December 31, 2008: Rs.1,955.724 million) which have been placed under non-performing status as detailed below:

10.2 Category of classification

	September 30, 2009			December 31, 2008		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
------(Rupees in '000)-----						
Substandard	381,017	100,181	100,181	842,363	223,914	223,914
Doubtful	482,774	230,936	230,936	299,872	180,502	180,502
Loss	1,522,556	1,401,060	1,401,060	813,489	769,567	769,567
	2,386,347	1,732,177	1,732,177	1,955,724	1,173,983	1,173,983

10.3 General provision represents provision amounting to Rs. 390.273 million (December 31, 2008: Rs. 605.082 million) held against consumer finance portfolio calculated in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

10.4 The State Bank of Pakistan vide its BSD Circular No. 10 dated October 20, 2009 has allowed banks to avail the benefit of 40% of forced sales value (FSV) of pledged stocks and mortgaged commercial and residential properties held as collateral against all non-performing loans for 3 years from the date of classification for calculating provisioning requirements with effect from September 30, 2009. However, as per the Circular the additional impact on profitability arising from availing the benefit of forced sale value against pledged stocks and mortgaged residential and commercial properties would not be available for remittance of profits. The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2009 which is not available for remittance to head office amounted to approximately Rs. 32.814 million.

10.5 Non-current assets held for sale

As at September 30, 2009, the bank has classified its mortgage and auto loans (amounting to Rs. 3,320 million) as assets held for sale. This is consequent to the bank's decision to exit these businesses. Due diligence is being conducted by interested buyers for these portfolios.

		September 30, 2009	December 31, 2008
11. FIXED ASSETS		(Rupees in '000)	
Capital work-in-progress		56,875	154,559
Property and equipment	11.1 & 11.2	1,161,690	1,278,654
Intangible assets	11.1	158,088	40,954
		<u>1,376,653</u>	<u>1,474,167</u>

**For the nine
months ended
September 30,
2009
(Rupees in '000)**

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

- Furniture and fixtures	144,773
- Electrical and office equipment	125,494
- Vehicles	78,642
- Intangibles	150,342
	<u>499,251</u>

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

- Furniture and fixtures	4,336
- Electrical and office equipment	5,947
- Vehicles	55,056
	<u>65,339</u>

12. OTHER ASSETS

12.1 Unrealised gain on derivatives

It includes unrealised gain on forward foreign exchange contracts, foreign currency options and interest rate derivatives as at September 30, 2009 amounting to Rs. 1,872.033 million (December 31, 2008: Rs. 11,198.547 million).

12.2 Assets held for sale

As more fully explained in note 10.5 to these condensed interim financial statements, other assets also include assets held for sale amounting to Rs. 57.365 million which represent mark-up receivable on advances classified as "assets held for sale."

	September 30, 2009	December 31, 2008
13. BORROWINGS FROM FINANCIAL INSTITUTIONS	(Rupees in '000)	
In Pakistan	2,869,597	3,152,988
Outside Pakistan	-	-
	<u>2,869,597</u>	<u>3,152,988</u>
13.1 Particulars of borrowings from financial institutions		
In local currency	2,869,597	3,152,988
In foreign currencies	-	-
	<u>2,869,597</u>	<u>3,152,988</u>
13.2 Details of borrowings from financial institutions		
Secured		
Borrowings from State Bank of Pakistan under		
- Export refinance scheme	1,483,279	1,697,140
- Long-term finance for export oriented project	382,950	340,414
Repurchase agreement borrowings	292,171	495,485
	<u>2,158,400</u>	<u>2,533,039</u>
Unsecured		
Call borrowings	700,000	600,000
Overdrawn bank accounts	11,197	19,949
	<u>711,197</u>	<u>619,949</u>
	<u>2,869,597</u>	<u>3,152,988</u>

14. OTHER LIABILITIES

It includes unrealised loss on forward foreign exchange contracts, foreign currency options and interest rate derivatives as at September 30, 2009 amounting to Rs. 12,135.358 million (December 31, 2008: Rs. 16,504.873 million).

	September 30, 2009	December 31, 2008
15. CONTINGENCIES AND COMMITMENTS	(Rupees in '000)	
15.1 Direct credit substitutes		
Includes general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities.		
(i) Government	100,083	12,121
(ii) Banking companies and other financial institutions	14,330	79,614
(iii) Others	9,149,870	2,835,467
	<u>9,264,283</u>	<u>2,927,202</u>
15.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees and shipping guarantees related to particular transactions.		
(i) Government	1,220,851	1,161,956
(ii) Banking companies and other financial institutions	127,776	97,167
(iii) Others	426,900	2,218,121
	<u>1,775,527</u>	<u>3,477,244</u>

September 30, December 31,
2009 2008

(Rupees in '000)

15.3 Trade-related contingent liabilities

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

Letters of credit	6,221,031	17,218,899
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15.4 Other contingencies

Indemnity issued	15,484	15,484
Claims not acknowledged as debts	237,368	229,601
15.4.1	252,852	245,085

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

15.5 Commitments in respect of forward transactions

Forward agreement lending (reverse repos)	6,579,859	14,188,450
Forward agreement borrowings (repos)	292,575	497,928
Uncancellable commitments to extend credit	-	400,000

15.6 Commitments in respect of forward foreign exchange contracts

Purchase	102,800,734	112,481,147
Sale	49,380,381	68,350,414

The bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk.

15.7 Commitments in respect of operating leases

Not later than one year	-	6,193
Later than one year and not later than five years	-	4,896
	-	11,089

15.8 Other commitments

Interest rate and cross currency derivative contracts (notional amount)	65,422,636	53,332,586
Foreign currency options	3,729,664	35,611,738

16. INCOME FROM DEALING IN FOREIGN CURRENCIES

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

17. TAXATION

17.1 The income tax assessments of the bank have been finalised upto and including tax year 2008. Matters of disagreement exist between the bank and tax authorities for various assessment / tax years and are pending with the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal.

The issues mainly relate to addition of mark-up in suspense to income, bad debts written off and disallowances relating to various profit and loss expenses including head office expenses. However, adequate provision has been made in these condensed interim financial statements in respect of these matters.

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

The Finance Act, 2009 has introduced certain significant amendments in the Seventh Schedule to the Income Tax Ordinance, 2001 with regard to the allowability of charge for irrecoverable debts in arriving at the taxable income of banking companies. The revised Seventh Schedule now allows banking companies a tax deduction in respect of the provision for advances and off balance sheet items upto a maximum of 1% of total advances to the effect that such provisions are based upon and are in line with the Prudential Regulations of the State Bank of Pakistan and certified to this effect by the external auditor. Further, provisioning in excess of the above mentioned limit would be allowed to be carried over to the succeeding years.

However, the amendments do not specify any transitional mechanism in respect of provisions for non performing advances made in previous years and which have not yet been allowed by the authorities as a tax deduction. The bank has recognised a deferred tax asset of Rs. 2,851.052 million at September 30, 2009 in respect of such disallowances.

The matter regarding introduction of appropriate transitional provisions in the Seventh Schedule has been taken up by the Pakistan Bank's Association (PBA) and the Institute of Chartered Accountants of Pakistan (ICAP) with the Federal Board of Revenue (FBR). In accordance with Circular No. 7/2009 dated July 28, 2009 issued by ICAP pending the final resolution of the matter the Institute considers that reversal of deferred tax asset in relation thereto may not be made until the end of the financial year by which time the matter is expected to be decided by the FBR as proposed by ICAP and PBA. Accordingly, the bank has maintained the amount of deferred tax asset recognised on provisions against advances disallowed as a tax deduction in previous years.

18. RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of business with other branches of Citibank, N.A. outside Pakistan, other direct and indirect subsidiaries of Citigroup, retirement benefit plan and key management personnel of the bank. These transactions were made on commercial terms and conditions.

18.1 Balances outstanding as at the period / year end

	Balance as at December 31, 2008	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at September 30, 2009
------(Rupees in '000)-----				
Loans and Advances				
Key management personnel	4,627	1,637	(1,260)	5,004
Deposits				
Related parties	121,882	303,464	(324,472)	100,874
Key management personnel	2,994	20,731	(20,255)	3,470
Staff retirement benefit funds	17,360	658,189	(410,674)	264,875
			September 30, 2009	December 31, 2008
			(Rupees in '000)	
Nostro Balances / Placements with Citibank branches outside Pakistan			6,100,295	7,235,450
Unremitted head office expenses			713,090	621,960
Payable for expenses			97,964	142,084
Payable to defined benefit plan			54,712	53,568
Claims received / receivable from Citi Global Insurance Reserve Plan			-	12,867

	For the nine months ended	
	September 30, 2009	September 30, 2008
	(Rupees in '000)	
Income / expense for the period		
Mark-up/return/interest earned	13,149	78,089
Mark-up/return/interest expensed	205	25,565
Other income	17,701	28,109
Regional expenses for support services	290,816	245,879
Head office expenses	91,130	106,185
Remuneration paid to key management personnel	22,525	27,751
Contribution to staff retirement benefit funds	72,672	84,156
Sale of fixed assets	7	-

19. 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 nine months ended September 30, 2009			
	Trading and Sales	Retail Banking	Corporate Banking	Total
	------(Rupees in '000)-----			
Total Income	3,482,213	3,557,311	2,771,949	9,811,473
Total Expenses	1,459,707	4,845,852	3,101,363	9,406,922
Net Income / (loss)	2,022,506	(1,288,541)	(329,415)	404,551
Segment Return on net				
Assets (ROA) (%)**	4.7%	-12.0%	-2.0%	0.6%
Segment Cost of funds (%)***	12.1%	5.9%	6.0%	6.7%

	September 30, 2009			
	Trading and Sales	Retail Banking	Corporate Banking	Total
	------(Rupees in '000)-----			
Segment Assets (Gross)	57,706,306	14,894,551	23,751,184	96,352,041
Segment Non-Performing Loans	-	401,844	1,984,503	2,386,347
Segment Provision Required*	-	595,591	1,611,303	2,206,894
Segment Liabilities	13,250,215	35,678,110	36,512,517	85,440,842

	For the nine months ended September 30, 2008			
	Trading and Sales	Retail Banking	Corporate Banking	Total
	------(Rupees in '000)-----			
Total Income	2,810,450	4,869,261	2,892,310	10,572,021
Total Expenses	1,382,945	6,344,569	2,892,679	10,620,193
Net Income / (loss)	1,427,505	(1,475,308)	(369)	(48,172)
Segment Return on net				
Assets (ROA) (%)**	3.4%	-9.0%	0.0%	-0.1%
Segment Cost of funds (%)***	8.1%	5.5%	7.6%	6.7%

December 31, 2008

	Trading and Sales	Retail Banking	Corporate Banking	Total
	------(Rupees in '000)-----			
Segment Assets (Gross)	50,374,050	20,544,698	32,580,891	103,499,639
Segment Non-Performing Loans	-	418,179	1,537,546	1,955,725
Segment Provision Required*	-	799,368	1,048,444	1,847,812
Segment Liabilities	12,370,657	35,498,170	44,769,928	92,638,755

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

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

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

20. GENERAL

- 20.1 These condensed interim financial statements were authorised for issue by the management of the bank on October 29, 2009.
- 20.2 Figures have been rounded off to the nearest thousand rupees.
- 20.3 Corresponding information has been reclassified, rearranged or additionally incorporated in these condensed interim financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

ARIF USMANI
Managing Director and Citi Country Officer

ANJUM HAI
Chief Financial Officer