

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 SEPTEMBER 30, 2011

	(Un-audited) Note September 30, 2011	(Audited) December 31, 2010
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	6,923,161	7,001,789
Balances with other banks	9 275,893	1,396,604
Lendings to financial institutions	10 14,124,673	11,410,316
Investments - net	11 48,479,253	50,236,317
Advances - net	12 19,140,155	19,244,213
Fixed assets	13 744,441	865,640
Deferred tax assets - net	3,956,438	3,693,968
Other assets	14 2,785,136	3,505,065
	96,429,150	97,353,912
LIABILITIES		
Bills payable	2,052,316	1,164,263
Borrowings from financial institutions	15 1,426,373	4,342,038
Deposits and other accounts	69,619,427	68,304,814
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	16 12,506,020	14,677,325
	85,604,136	88,488,440
NET ASSETS	<u>10,825,014</u>	<u>8,865,472</u>
REPRESENTED BY		
Head office capital account	6,812,671	6,812,671
Reserves	125,573	125,573
Unremitted profit	3,893,934	2,201,511
	<u>10,832,178</u>	<u>9,139,755</u>
Deficit on revaluation of securities - net of tax	(7,164)	(274,283)
	<u>10,825,014</u>	<u>8,865,472</u>
CONTINGENCIES AND COMMITMENTS	17	

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

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, 2011

Note	Nine months ended		Quarter ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	(Rupees in '000)		(Rupees in '000)	
Mark-up / return / interest earned	7,828,248	6,714,347	2,706,079	2,297,392
Mark-up / return / interest expensed	3,500,000	3,038,039	1,119,649	1,023,869
Net mark-up / return / interest income	4,328,248	3,676,308	1,586,430	1,273,523
Provision against advances - net	652,586	1,678,991	549,459	394,813
Provision for diminution in the value of investments - net	-	-	-	-
Bad debts written off directly	35,081	72,972	3,397	27,245
	687,667	1,751,963	552,856	422,058
Net mark-up / return / interest income after provisions	3,640,581	1,924,345	1,033,574	851,465
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	571,638	600,103	198,356	218,821
Income from dealing in foreign currencies	2,568,176	1,817,572	1,360,176	658,400
Dividend income	-	-	-	-
(Loss) / gain on sale of securities	51,704	342,558	54,869	(14,265)
Unrealised gain / (loss) on revaluation of investments classified as held-for-trading	99,796	(14,212)	98,720	(9,080)
Other income / (loss)	(1,723,683)	(1,112,740)	(932,807)	(337,086)
Total non mark-up / interest income	1,567,631	1,633,281	779,314	516,790
	5,208,212	3,557,626	1,812,888	1,368,255
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	2,944,041	2,780,354	973,953	979,113
(Reversal) / provision for appreciation / diminution in the value of non-banking assets - net	(1,923)	1,289	342	115
Other charges	64,923	45,720	36,280	21,894
Total non mark-up / interest expenses	3,007,041	2,827,363	1,010,575	1,001,122
PROFIT BEFORE TAXATION	2,201,171	730,263	802,313	367,133
Taxation				
- Current	915,052	826,137	289,732	327,531
- Prior years	-	(46,621)	139,122	81,402
- Deferred	(406,304)	(394,143)	(224,714)	(206,126)
	508,748	385,373	204,140	202,807
PROFIT AFTER TAXATION	1,692,423	344,890	598,173	164,326

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

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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 AND NINE MONTHS ENDED SEPTEMBER 30, 2011

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>(Rupees in '000)</u>		<u>(Rupees in '000)</u>	
Profit for the period after taxation	1,692,423	344,890	598,173	164,326
Components of comprehensive income not reflected in equity				
Surplus / (deficit) on revaluation of available-for-sale securities - net of tax	267,119	(140,088)	218,642	(77,127)
Total comprehensive income for the period	<u>1,959,542</u>	<u>204,802</u>	<u>816,815</u>	<u>87,199</u>

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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, 2011

	September	
	30, 2011	30, 2010
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,201,171	730,263
Adjustments for :		
Depreciation	236,250	294,608
Amortisation	43,465	39,478
Provision against advances - net	652,586	1,678,991
(Reversal) / provision for appreciation / diminution in the value of non-banking assets - net	(1,923)	1,289
Unrealised (gain) / loss on revaluation of held-for-trading securities	(99,796)	14,212
Bad debts written off directly	35,081	72,972
Charge for defined benefit plan	34,640	24,952
Gain on disposals of fixed assets	(10,256)	(12,549)
	<u>890,047</u>	<u>2,113,953</u>
	3,091,218	2,844,216
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,714,357)	(15,035,631)
Held-for-trading securities	3,844,881	(4,566,510)
Advances	(583,609)	5,310,995
Other assets	721,852	(644,527)
	<u>1,268,767</u>	<u>(14,935,673)</u>
Increase / (decrease) in operating liabilities		
Bills payable	888,053	(112,211)
Borrowings from financial institutions	(3,124,107)	(1,197,342)
Deposits and other accounts	1,314,613	6,595,781
Other liabilities (excluding current taxation and payable to defined benefit plan)	(2,901,775)	(786,951)
	<u>(3,823,216)</u>	<u>4,499,277</u>
	536,769	(7,592,180)
Contribution to gratuity fund	(28,927)	(24,952)
Income tax paid	(190,294)	(352,284)
Net cash used in operating activities	<u>317,548</u>	<u>(7,969,416)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(1,577,069)	5,724,249
Investments in fixed assets	(176,747)	(69,122)
Sale proceeds from disposal of fixed assets	28,487	56,609
Net cash generated from investing activities	<u>(1,725,329)</u>	<u>5,711,736</u>
Effects of exchange rate changes on cash and cash equivalents	-	31,823
(Decrease) / increase in cash and cash equivalents	<u>(1,407,781)</u>	<u>(2,225,857)</u>
Cash and cash equivalents at the beginning of the period	8,398,393	10,400,369
Cash and cash equivalents at end of the period	<u><u>6,990,612</u></u>	<u><u>8,174,512</u></u>

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CITIBANK, N.A. - PAKISTAN BRANCHES
(INCORPORATED IN THE U.S.A. THE LIABILITY OF MEMBERS BEING LIMITED)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

	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, 2010	6,780,848	1,778,573	92,715	8,652,136
Profit after tax for the nine months ended September 30, 2010	-	344,890	-	344,890
Contribution by the ultimate holding company in respect of share based payments	-	-	1,975	1,975
Recharged balance payable to the ultimate holding company for share based payments	-	-	(1,975)	(1,975)
Effect of re-measurement of cost under share based payment - net of tax	-	-	-	-
Exchange adjustments on revaluation of capital	31,823	-	-	31,823
Balance as at September 30, 2010	<u>6,812,671</u>	<u>2,123,463</u>	<u>92,715</u>	<u>9,028,849</u>
Profit after tax for the three months ended December 31, 2010	-	78,048	-	78,048
Contribution by the ultimate holding company in respect of share based payments	-	-	42,953	42,953
Recharged balance payable to the ultimate holding company for share based payments	-	-	(42,953)	(42,953)
Effect of re-measurement of cost under share based payment - net of tax	-	-	32,858	32,858
Exchange adjustments on revaluation of capital	-	-	-	-
Balance as at December 31, 2010	<u>6,812,671</u>	<u>2,201,511</u>	<u>125,573</u>	<u>9,139,755</u>
Profit after tax for the nine months ended September 30, 2011	-	1,692,423	-	1,692,423
Contribution by the ultimate holding company in respect of share based payments	-	-	27,833	27,833
Recharged balance payable to the ultimate holding company for share based payments	-	-	(27,833)	(27,833)
Effect of re-measurement of cost under share based payment - net of tax	-	-	-	-
Balance as at June 30, 2011	<u><u>6,812,671</u></u>	<u><u>3,893,934</u></u>	<u><u>125,573</u></u>	<u><u>10,832,178</u></u>

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CITIBANK, N.A. - PAKISTAN BRANCHES
(INCORPORATED IN THE U.S.A. THE LIABILITY OF MEMBERS BEING LIMITED)
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

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.	A3	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 and operates through 16 branches (December 31, 2010: 16 branches) in Pakistan.

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

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

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2010.

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.

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, 2010.

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, 2010.

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, 2010.

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in '000)	
9. BALANCES WITH OTHER BANKS		
In Pakistan		
- Current accounts	52,282	79,540
Outside Pakistan		
- Current accounts	223,611	973,755
- Deposit accounts	-	343,309
	<u>223,611</u>	<u>1,317,064</u>
	<u>275,893</u>	<u>1,396,604</u>
10. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	-	100,000
Repurchase agreement lendings (Reverse Repo)	14,124,673	11,310,316
	<u>14,124,673</u>	<u>11,410,316</u>

11 INVESTMENTS - NET

	September 30, 2011 (Un-audited)			December 31, 2010 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
------(Rupees in '000)-----						
Investments by type						
Held-for-trading securities						
Market treasury bills	9,167,821	-	9,167,821	15,304,570	-	15,304,570
Pakistan Investment Bonds	3,830,108	-	3,830,108	1,538,240	-	1,538,240
	12,997,929	-	12,997,929	16,842,810	-	16,842,810
Available-for-sale securities						
Market treasury bills	20,331,848	-	20,331,848	23,733,562	2,787,299	26,520,861
Pakistan Investment Bonds	12,859,414	-	12,859,414	5,093,332	-	5,093,332
Fully paid-up ordinary shares	52,000	-	52,000	52,000	-	52,000
Unlisted term finance certificates	2,206,000	-	2,206,000	2,206,000	-	2,206,000
	35,449,262	-	35,449,262	31,084,894	2,787,299	33,872,193
Investments at cost	48,447,191	-	48,447,191	47,927,704	2,787,299	50,715,003
Less: Provision for diminution in the value of investments	52,000	-	52,000	52,000	-	52,000
Investments - net of provisions	48,395,191	-	48,395,191	47,875,704	2,787,299	50,663,003
Deficit on revaluation of held-for-trading securities - net	95,084	-	95,084	(4,712)	-	(4,712)
Deficit on revaluation of available-for-sale securities - net	(11,022)	-	(11,022)	(421,820)	(154)	(421,974)
Investments at market value	48,479,253	-	48,479,253	47,449,172	2,787,145	50,236,317

Note **(Un-audited)** **(Audited)**
September **December**
30, 2011 **31, 2010**
(Rupees in '000)

12 ADVANCES - NET

Loans, cash credits, running finances etc. - In Pakistan		22,669,399	22,115,762
Bills discounted and purchased (excluding Market treasury bills)			
Payable in Pakistan		927,266	1,076,895
Payable outside Pakistan		546,489	538,547
		1,473,755	1,615,442
Advances - gross		24,143,154	23,731,204
Provision against advances			
- Specific	12.2 & 12.4	(4,866,669)	(4,309,629)
- General	12.3	(136,330)	(177,362)
		(5,002,999)	(4,486,991)
Advances - net of provision		19,140,155	19,244,213

12.1 Advances include Rs 5,427.039 million (December 31, 2010: Rs 4,988.867 million) which have been placed under non-performing status as detailed below:

12.2 Category of classification

	September 30, 2011 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	571,506	-	571,506	57,154	57,154
Doubtful	10,994	-	10,994	5,127	5,127
Loss	4,844,539	-	4,844,539	4,804,388	4,804,388
	<u>5,427,039</u>	<u>-</u>	<u>5,427,039</u>	<u>4,866,669</u>	<u>4,866,669</u>
	December 31, 2010 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	246,201	-	246,201	62,376	62,376
Doubtful	916,302	-	916,302	452,521	452,521
Loss	3,826,364	-	3,826,364	3,794,732	3,794,732
	<u>4,988,867</u>	<u>-</u>	<u>4,988,867</u>	<u>4,309,629</u>	<u>4,309,629</u>

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

12.4 The State Bank of Pakistan (SBP) has allowed banks to treat exposure against a certain customer as regular till September 30, 2011 based on company's business and financial plans. Further, while granting this exemption SBP indicated that the facility will be reviewed after September 30, 2011. Therefore, bank has classified exposure against the said customer, however, no provision has been made thereagainst. Had the exemption not been availed, provision against advances would have been higher by Rs 87.5 million while the profit before taxation for the current period would have been lower by the same amount.

	Note	(Un-audited)	(Audited)
		September 30, 2011	December 31, 2010
		(Rupees in '000)	
Capital work-in-progress		23,921	4,650
Property and equipment	13.1 & 13.2	597,729	729,551
Intangible assets		122,791	131,439
		<u>744,441</u>	<u>865,640</u>

	(Un-audited)	
	September 30, 2011	September 30, 2010
	(Rupees in '000)	
	Nine months ended	

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

- Furniture and fixtures	2,005	2,365
- Electrical and office equipment	9,276	2,221
- Vehicles	111,376	62,754
	<u>122,657</u>	<u>67,340</u>

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

	(Un-audited)	
	September 30, 2011	September 30, 2010
	(Rupees in '000)	
	Nine months ended	
- Furniture and fixtures	-	6,897
- Electrical and office equipment	342	5,507
- Vehicles	17,889	31,656
	<u>18,231</u>	<u>44,060</u>

14 OTHER ASSETS**14.1 Revaluation gain on derivatives**

It includes gain on revaluation of forward foreign exchange contracts, foreign currency options and derivatives as at September 30, 2011 amounting to Rs 1,270.318 million (December 31, 2010: Rs 2,241.437 million).

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in '000)	
15 BORROWINGS FROM FINANCIAL INSTITUTIONS		
In Pakistan	1,301,011	4,342,038
Outside Pakistan	125,362	-
	<u>1,426,373</u>	<u>4,342,038</u>
15.1 Particulars of borrowings from financial institutions		
In local currency	1,301,011	4,342,038
In foreign currency	125,362	-
	<u>1,426,373</u>	<u>4,342,038</u>
15.2 Details of borrowings from financial institutions		
Secured		
Borrowings from the State Bank of Pakistan under		
- Export refinance scheme	1,080,060	1,361,561
- Long Term Financing - Export Oriented Projects scheme (LTF-EOP)	37,870	93,178
Repurchase agreement borrowings	-	2,787,299
	1,117,930	4,242,038
Unsecured		
Call borrowings	100,000	100,000
Overdrawn accounts	208,442	-
	308,442	100,000
	<u>1,426,372</u>	<u>4,342,038</u>
16 OTHER LIABILITIES		
16.1	It includes loss on revaluation of forward foreign exchange contracts, foreign currency options and derivatives as at September 30, 2011 amounting to Rs 7,584.625 million (December 31, 2010: Rs 11,058.699 million).	
17 CONTINGENCIES AND COMMITMENTS		
17.1 Direct credit substitutes		
Includes general guarantees of indebtedness, guarantees and standby letters of credit serving as financial guarantees for loans and securities.		
	(Un-audited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in '000)	
(i) Government	20,323	21,148
(ii) Banking companies and other financial institutions	25,920	68,874
(iii) Others	84,613	7,010,606
	<u>130,856</u>	<u>7,100,628</u>
17.2 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) September 30, 2011	(Audited) December 31, 2010
	(Rupees in '000)	
(i) Government	569,910	1,078,396
(ii) Banking companies and other financial institutions	81,833	120,152
(iii) Others	1,680,570	1,717,533
	<u>2,332,313</u>	<u>2,916,081</u>

17.3 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) September 30, 2011	(Audited) December 31, 2010
(Rupees in '000)			
Letters of credit		<u>23,292,706</u>	<u>13,235,235</u>

17.4 Other contingencies

Indemnity issued		15,484	15,484
Claims not acknowledged as debts		<u>279,123</u>	<u>276,363</u>
	17.4.1	<u>294,607</u>	<u>291,847</u>

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

17.4.2 The bank has received communication from the State Bank of Pakistan dated March 25, 2011 wherein the bank has been asked to take measures to fully comply with the requirements specified by the State Bank of Pakistan's guidelines relating to the returns on a specific portfolio of its foreign currency deposits. Based on legal advice, the bank maintains that it has fully complied with such requirements and returns on these deposits are in accordance with the bank's General Terms and Conditions. The possible financial impact, if any, has not been determined as it involves data relating to past several years. The bank has taken up the matter with the SBP and discussions with the SBP are in progress. The management is confident that this matter will be resolved in its favour.

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
(Rupees in '000)		
17.5 Commitments in respect of forward transactions		
Forward agreement lending (reverse repos)	<u>14,212,917</u>	<u>11,372,857</u>
Forward agreement borrowings (repos)	<u>-</u>	<u>2,790,284</u>
Forward purchase contracts of government securities	<u>48,558</u>	<u>-</u>
Forward sale contracts of government securities	<u>97,050</u>	<u>838,267</u>
Uncancellable commitments to extend credit	<u>5,471,617</u>	<u>378,430</u>

17.6 Commitments in respect of forward foreign exchange contracts

Purchase	<u>122,318,671</u>	<u>128,072,394</u>
Sale	<u>76,136,955</u>	<u>71,842,177</u>

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

	(Un-audited) September 30, 2011	(Audited) December 31, 2010
(Rupees in '000)		
17.7 Other commitments		
Cross currency and interest rate derivative contracts (notional amount)	<u>50,867,106</u>	<u>66,308,305</u>
Foreign currency options	<u>4,315,838</u>	<u>2,062,762</u>

18 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.

19 OTHER INCOME

This is net of funding cost of FX swaps amounting to Rs 1,263 million (September 30, 2010: Rs 1,396 million).

20 DEFERRED TAXATION

During the current period, the bank has recognised a deferred tax asset of Rs. 245.157 million on provisions amounting to Rs. 700.449 million made in 2010 which were in excess of 5% of gross advances pertaining to Consumer and SMEs. Previously, the management had not recognised this amount, as Finance Act, 2010 appeared to restrict carry forward of provisions for advances and off balance sheet items in excess of 5% for Consumer and SME advances. However, during the current period, Finance Act, 2011 has clarified that provisions for advances and off balance sheet items in excess of 5% of Consumer and SME advances are also allowed to be carried forward.

21 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. These transactions were made on commercial terms and conditions.

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.

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

	Balance as at December 31, 2010	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at September 30, 2011
------(Rupees in '000)-----				
Advances				
Key management personnel	382	1,160	(1,353)	189
Deposits				
Associated undertakings	618,795	1,004,837	(1,100,627)	523,005
Key management personnel	7,306	69,253	(70,860)	5,699
Staff retirement benefit funds	13,657	1,185,898	(1,191,601)	7,954
			(Un-audited)	(Audited)
			September	December
			30, 2011	31, 2010
			(Rupees in '000)	
Nostro balances / placements with Citibank branches outside Pakistan			93,955	1,312,499
Unremitted head office expenses			855,099	544,193
Payable for expenses and share based payment			161,122	119,088
Payable to defined benefit plan			77,037	71,324
			(Un-audited)	
			Nine months ended	
			September	September
			30, 2011	30, 2010
			(Rupees in '000)	

21.2 Income / expense for the period

Mark-up / return / interest earned	2,858	8,077
Mark-up / return / interest expensed	1,061	657
Other income	3,899	5,725
Regional expenses for support services	187,793	248,551
Head office expenses	331,920	168,930
Remuneration paid to key management personnel	48,786	41,309
Contribution to staff retirement benefit funds	66,421	63,121
Sale of fixed assets	-	1,008

22 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, 2011 (Un-audited)			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Total income	3,526,059	2,340,710	3,529,110	9,395,879
Total expenses	1,937,532	2,737,484	3,028,440	7,703,456
Net income / (loss)	1,588,527	(396,774)	500,670	1,692,423
Segment return on net assets (%)	3.05%	-5.19%	4.00%	2.34%
Segment cost of funds (%)**	8.03%	4.85%	7.25%	6.33%

	As at September 30, 2011 (Un-audited)			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Segment assets (gross)	69,538,595	12,296,137	19,667,269	101,502,001
Segment non-performing loans	-	1,971,388	3,455,651	5,427,039
Segment provision required*	-	2,109,062	2,963,789	5,072,851
Segment liabilities	8,169,044	17,321,534	60,113,558	85,604,136

	For the nine months ended September 30, 2010 (Un-audited)			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Total income	2,995,259	2,775,949	2,576,420	8,347,628
Total expenses	1,699,832	3,830,147	2,472,759	8,002,738
Net income / (loss)	1,295,427	(1,054,198)	103,661	344,890
Segment return on net assets (ROA) (%)	2.63%	-11.60%	0.80%	0.50%
Segment cost of funds (%)**	10.40%	5.30%	6.20%	5.80%

	As at December 31, 2010 (Audited)			
	Trading and sales	Retail banking	Corporate banking	Total
	----- (Rupees in '000) -----			
Segment assets (gross)	69,389,894	13,220,950	19,301,833	101,912,677
Segment non-performing loans	-	1,845,071	3,143,796	4,988,867
Segment provision required*	-	1,997,334	2,561,431	4,558,765
Segment liabilities	14,421,510	30,351,885	43,715,045	88,488,440

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

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

23 GENERAL

23.1 This condensed interim financial information was authorised for issue by the management of the Bank on October 27, 2011.

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

23.3 Corresponding figures have been reclassified, rearranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. No significant reclassifications were made.

ARIF USMANI
 Managing Director and Citi Country Officer

ANJUM HAI
 Chief Financial Officer