

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, 2016

	<i>Note</i>	(Un-audited) September 30, 2016	(Audited) December 31, 2015
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		6,365,616	4,809,308
Balances with other banks	9	515,425	704,912
Lendings to financial institutions	10	23,248,143	8,464,057
Investments - net	11	64,238,854	48,585,117
Advances - net	12	19,764,589	21,389,597
Fixed assets	13	516,465	458,331
Deferred tax assets - net		45,821	201,088
Other assets		2,204,224	4,031,075
		116,899,137	88,643,485
LIABILITIES			
Bills payable		2,696,115	1,766,257
Borrowings from financial institutions	14	13,238,824	7,003,479
Deposits and other accounts	15	80,314,408	61,742,683
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		11,226,063	7,364,498
		107,475,410	77,876,917
NET ASSETS		9,423,727	10,766,568
REPRESENTED BY			
Head office capital account		6,812,671	6,812,671
Reserves		164,791	164,791
Unremitted profit		2,290,120	3,602,788
		9,267,582	10,580,250
Surplus on revaluation of assets - net of tax		156,145	186,318
		9,423,727	10,766,568

CONTINGENCIES AND COMMITMENTS

16

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

NADEEM LODHI
Managing Director and
Citi Country Officer

GULZEB KHAN
Chief Financial Officer

Citibank, N.A. - Pakistan Branches
(Incorporated in the U.S.A. the liability of members being limited)
Condensed Interim Profit And Loss Account (Un-Audited)
For the quarter and nine months ended September 30, 2016

Note	Nine months ended		Quarter ended	
	September 30, 2016 (Rupees in '000)	September 30, 2015	September 30, 2016 (Rupees in '000)	September 30, 2015
Mark-up / return / interest earned	4,506,332	4,797,405	1,591,105	1,447,758
Mark-up / return / interest expensed	2,043,923	1,764,560	729,663	555,149
Net mark-up / return / interest income	2,462,409	3,032,845	861,442	892,609
Reversal of provision against loans and advances - net	(45,978)	(144,764)	(4,056)	(25,792)
Bad debts written off directly	-	-	-	-
Reversal of provision against off-balance sheet obligations - net	-	-	-	-
	(45,978)	(144,764)	(4,056)	(25,792)
Net mark-up / interest income after provisions	2,508,387	3,177,609	865,498	918,401
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	688,223	325,732	104,045	110,352
Income from dealing in foreign currencies	979,882	945,420	424,420	341,479
Gain on sale of securities	1,478,478	2,099,054	358,414	169,032
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading	(7,864)	(346,792)	(88,222)	13,925
Other (loss) / income	(104,754)	252,972	(182,640)	(45,538)
Total non mark-up / interest income - net	3,033,965	3,276,386	616,017	589,250
	5,542,352	6,453,995	1,481,515	1,507,651
NON MARK-UP / INTEREST EXPENSE				
Administrative expenses	1,398,711	1,401,672	452,687	639,115
Reversal against appreciation / diminution in the value of non-banking assets - net	-	(792)	-	-
Operating fixed assets written off	-	-	-	-
Other charges	91,698	100,791	14,396	18,512
Total non mark-up / interest expenses - net	1,490,409	1,501,671	467,083	657,627
	4,051,943	4,952,324	1,014,432	850,024
PROFIT BEFORE TAXATION				
Taxation				
- Current	1,411,236	1,537,548	395,598	244,972
- Prior years	160,000	80,000	-	-
- Deferred	178,189	155,136	78,095	42,692
	1,749,425	1,772,684	473,693	287,664
PROFIT AFTER TAXATION	2,302,518	3,179,640	540,739	562,360

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

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Citibank, N.A. - Pakistan Branches
(Incorporated in the U.S.A. the liability of members being limited)
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the quarter and nine months ended September 30, 2016

	Nine months ended		Quarter ended	
	September 30, 2016 (Rupees in '000)	September 30, 2015	September 30, 2016 (Rupees in '000)	September 30, 2015
Profit for the period after taxation	2,302,518	3,179,640	540,739	562,360
Items that will not be reclassified to profit and loss account				
Components of comprehensive income reflected in equity				
- Remeasurements of defined benefit plan (loss) / gain	(19,073)	(34,844)	(10,141)	(16,003)
- Deferred tax asset / (liability) on remeasurements of defined benefit plan	6,676	12,195	3,550	5,601
	(12,397)	(22,649)	(6,591)	(10,402)
Comprehensive income transferred to statement of changes in equity	2,290,121	3,156,991	534,148	551,958
Items that may be reclassified subsequently to profit and loss account				
Components of comprehensive income not reflected in equity				
- (Deficit) / Surplus on revaluation of available for sale securities	(46,420)	(500,763)	(318,645)	71,283
- Deferred tax asset / (liability) on revaluation of available for sale securities	16,247	175,267	111,526	(24,949)
	(30,173)	(325,496)	(207,119)	46,334
Total comprehensive income for the period	2,259,948	2,831,495	327,029	598,292

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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, 2016

	Nine months ended	
	September 30, 2016	September 30, 2015
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,051,943	4,952,324
Adjustments for:		
Depreciation	79,090	51,623
Amortisation	-	164
Reversal of provision against loans and advances - net	(45,978)	(144,764)
(Reversal) / provision against appreciation / diminution in the value of non-banking assets - net	-	(792)
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading	7,864	346,792
Bad debts written off directly	-	-
Charge for defined benefit plan	28,878	32,519
Operating fixed assets written off	-	-
Gain on disposals of fixed assets	(158)	(3,128)
	69,696	282,414
	4,121,639	5,234,738
(Increase) / decrease in operating assets		
Lendings to financial institutions	(14,784,086)	(7,318,677)
Held-for-trading securities	(14,217,563)	(369,384)
Advances	1,670,986	7,499,849
Other assets	1,201,822	1,894,019
	(26,128,841)	1,705,807
Increase / (decrease) in operating liabilities		
Bills payable	929,858	236,441
Borrowings from financial institutions	6,178,817	(5,697,756)
Deposits and other accounts	18,571,725	5,296,667
Other liabilities (excluding current taxation, Head office expenses and payable to defined benefit plan)	4,052,763	493,244
	29,733,163	328,596
	7,725,961	7,269,141
Contribution to gratuity fund	(41,722)	(44,312)
Income tax paid	(946,206)	(389,884)
Net cash used in operating activities	6,738,033	6,834,945
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(1,490,458)	(4,862,863)
Investments in fixed assets	(138,207)	(137,711)
Sale proceeds from disposal of fixed assets	1,141	8,521
Net cash generated from investing activities	(1,627,524)	(4,992,053)
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit repatriated to Head Office during the period	(3,602,789)	-
Remittances made during the period on account of head office expenses	(197,427)	-
Net cash used in financing activities	(3,800,216)	-
Decrease in cash and cash equivalents	1,310,293	1,842,892
Cash and cash equivalents at the beginning of the period	5,514,220	3,961,816
Cash and cash equivalents at end of the period	6,824,513	5,804,708

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Citibank, N.A. - Pakistan Branches
(Incorporated in the U.S.A. the liability of members being limited)
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the quarter and nine months ended September 30, 2016

	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, 2015	6,812,671	3,056,648	156,327	10,025,646
Profit for the nine months ended September 30, 2015	-	3,179,640	-	3,179,640
Other comprehensive income for the nine months ended September 30, 2015				
Remeasurements of defined benefit plan	-	(34,844)	-	(34,844)
Tax on remeasurements of defined benefit plan	-	12,195	-	12,195
	-	(22,649)	-	(22,649)
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	6,522	6,522
Recharged balance payable to the ultimate holding company for share based payments	-	-	(6,522)	(6,522)
	-	-	-	-
Balance as at September 30, 2015	6,812,671	6,213,639	156,327	13,182,637
Profit for the quarter ended December 31, 2015	-	429,584	-	429,584
Other comprehensive income for the period October 2015 to December 2015				
Remeasurements of defined benefit plan	-	24,942	-	24,942
Tax on remeasurements of defined benefit plan	-	(8,729)	-	(8,729)
	-	16,213	-	16,213
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	18,896	18,896
Recharged balance payable to the ultimate holding company for share based payments	-	-	(18,896)	(18,896)
Effect of re-measurement of cost under share based payment - net of tax	-	-	8,464	8,464
	-	-	8,464	8,464
Profit remittance made to head office	-	(3,056,648)	-	(3,056,648)
Balance as at December 31, 2015	6,812,671	3,602,788	164,791	10,580,250
Profit for the nine months ended September 30, 2016	-	2,302,518	-	2,302,518
Other comprehensive income for the nine months ended September 30, 2016				
Remeasurements of defined benefit plan	-	(19,073)	-	(19,073)
Tax on remeasurements of defined benefit plan	-	6,676	-	6,676
	-	(12,397)	-	(12,397)
Transactions with owners				
Recharged by the ultimate holding company in respect of share based payments	-	-	1,901	1,901
Contribution balance payable to the ultimate holding company for share based payments	-	-	(1,901)	(1,901)
	-	-	-	-
Profit remittance made to head office	-	(3,602,789)	-	(3,602,789)
Balance as at September 30, 2016	<u>6,812,671</u>	<u>2,290,120</u>	<u>164,791</u>	<u>9,267,582</u>

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

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

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

For the quarter and nine months ended September 30, 2016

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:

	Long-term senior debt	Short-term debt
Citigroup Inc.	Baa1	P-2
Citibank, N.A.	A1	P-1

The Bank is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi. The Bank operates through 3 branches (December 31, 2015: 3 branches) in Pakistan.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

- 3.1** This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by SBP
- 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, 2015.

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

4. BASIS OF MEASUREMENT

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

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, 2015.

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, 2015.

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, 2015

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	(Rupees in '000)	
9. BALANCES WITH OTHER BANKS		
In Pakistan		
- Current accounts	32,736	40,705
Outside Pakistan		
- Current accounts	482,689	664,207
	515,425	704,912
10. LENDINGS TO FINANCIAL INSTITUTIONS		
Placements	-	4,818,086
Repurchase agreement lendings (Reverse Repo)	23,248,143	3,645,971
	23,248,143	8,464,057

11. INVESTMENTS - NET

	September 30, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Investments by type	----- (Rupees in '000) -----					
Held-for-trading securities						
Market treasury bills	21,826,744	-	21,826,744	3,554,265	-	3,554,265
Pakistan Investment Bonds	282,381	-	282,381	4,337,297	-	4,337,297
	22,109,125	-	22,109,125	7,891,562	-	7,891,562
Available-for-sale securities						
Market treasury bills	19,387,284	-	19,387,284	5,374,695	-	5,374,695
Pakistan Investment Bonds	22,506,202	-	22,506,202	32,961,503	2,066,830	35,028,333
Fully paid-up ordinary shares	2,000	-	2,000	2,000	-	2,000
Unlisted term finance certificates <i>11.1</i>	-	-	-	-	-	-
	41,895,486	-	41,895,486	38,338,198	2,066,830	40,405,028
Investments at cost	64,004,611	-	64,004,611	46,229,760	2,066,830	48,296,590
Less: Provision for diminution in the value of investments	2,000	-	2,000	2,000	-	2,000
Investments - net of provisions	64,002,611	-	64,002,611	46,227,760	2,066,830	48,294,590
(Deficit) / Surplus on revaluation of held-for-trading securities - net	(3,980)	-	(3,980)	3,884	-	3,884
Surplus on revaluation of available-for-sale securities - net	240,223	-	240,223	278,567	8,076	286,643
Investments at market value	64,238,854	-	64,238,854	46,510,211	2,074,906	48,585,117

11.1 Represents term finance certificates received as partial settlement from Azgard Nine Limited against overdue suspended mark-up amounting to Rs 248.090 million and are valued at NIL value.

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
		(Rupees in '000)	
12. ADVANCES - NET			
Loans, cash credits, running finances etc. - In Pakistan		21,958,422	23,406,161
Bills discounted and purchased (excluding Market treasury bills)			
Payable in Pakistan		712,135	1,049,891
Payable outside Pakistan		-	4,435
		712,135	1,054,326
Advances - gross		22,670,557	24,460,487
Provision against advances			
- Specific	12.1	(2,905,606)	(3,070,673)
- General	12.2	(362)	(217)
		(2,905,968)	(3,070,890)
Advances - net of provision		19,764,589	21,389,597

- 12.1** Advances include Rs. 2,905.606 million (December 31, 2015: Rs. 3,070.673 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2016 (Un-audited)				
	Classified Advances			Provision required	Provision held
Domestic	Overseas	Total	(Rupees in '000)		
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	<u>2,905,606</u>	-	<u>2,905,606</u>	<u>2,905,606</u>	<u>2,905,606</u>
	<u>2,905,606</u>	<u>-</u>	<u>2,905,606</u>	<u>2,905,606</u>	<u>2,905,606</u>
	December 31, 2015 (Audited)				
	Classified Advances			Provision required	Provision held
Domestic	Overseas	Total	(Rupees in '000)		
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	<u>3,070,673</u>	-	<u>3,070,673</u>	<u>3,070,673</u>	<u>3,070,673</u>
	<u>3,070,673</u>	<u>-</u>	<u>3,070,673</u>	<u>3,070,673</u>	<u>3,070,673</u>

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

13. FIXED ASSETS	Note	(Un-audited)	(Audited)
		September 30, 2016	December 31, 2015
(Rupees in '000)			
Capital work-in-progress		129,683	17,909
Property and equipment	13.1 & 13.2	386,782	440,422
Intangible assets		-	-
		<u>516,465</u>	<u>458,331</u>

- 13.1** The cost of additions made during the period was as follows:

	(Un-audited)	
	September 30, 2016	September 30, 2015
For the nine months ended		
(Rupees in '000)		
Electrical and office equipment	<u>26,432</u>	<u>5,666</u>
	<u>26,432</u>	<u>5,666</u>

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

	(Un-audited)	
	For the nine months ended	
	September	September
	30, 2016	30, 2015
	(Rupees in '000)	
Furniture and fixtures	-	22
Vehicles	983	5,371
	983	5,393
	(Un-audited)	(Audited)
	September	December
	30, 2016	31, 2015
	(Rupees in '000)	
14. BORROWINGS FROM FINANCIAL INSTITUTIONS		
In Pakistan	52,997	7,003,479
Outside Pakistan	13,185,827	-
	13,238,824	7,003,479
14.1 Particulars of borrowings from financial institutions		
In local currency	52,997	7,003,479
In foreign currency	13,185,827	-
	13,238,824	7,003,479
14.2 Details of borrowings from financial institutions		
Secured		
Repurchase agreement borrowings	-	2,003,479
Unsecured		
Call borrowings	13,182,296	5,000,000
Overdrawn accounts	56,528	-
	13,238,824	5,000,000
	13,238,824	7,003,479
15. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	18,920,976	16,533,913
Savings deposits	49,472,020	34,407,487
Current accounts - non-remunerative	10,467,812	9,166,601
Other deposits	89,790	142,891
	78,950,598	60,250,892
Financial institutions		
Non-remunerative deposits	1,363,810	1,491,791
	80,314,408	61,742,683

16. CONTINGENCIES AND COMMITMENTS

16.1 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, 2016	(Audited) December 31, 2015
	(Rupees in '000)	
(i) Government of Pakistan	202	202
(ii) Banking companies and other financial institutions	-	2,941,176
	<u>202</u>	<u>2,941,378</u>

16.2 Transaction-related contingent liabilities

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
	(Rupees in '000)	
(i) Government of Pakistan	692,120	719,628
(ii) Banking companies and other financial institutions	34,681	34,676
(iii) Others	1,459,401	1,499,162
	<u>2,186,202</u>	<u>2,253,466</u>

16.3 Trade-related contingent liabilities

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

	<i>Note</i>	(Un-audited) September 30, 2016	(Audited) December 31, 2015
		(Rupees in '000)	
Letters of credit / acceptances		<u>8,323,103</u>	<u>10,036,491</u>

16.4 Other contingencies

Claims not acknowledged as debts		<u>177,214</u>	<u>162,457</u>
	<i>16.4.1</i>	<u>177,214</u>	<u>162,457</u>

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

	(Un-audited) September 30, 2016	(Audited) December 31, 2015
16.5 Commitments in respect of forward transactions	(Rupees in '000)	
Forward agreement lending (reverse repos)	<u>23,286,677</u>	<u>3,648,557</u>
Forward agreement borrowings (repos)	<u>-</u>	<u>2,010,786</u>
Forward borrowing	<u>-</u>	<u>6,284,460</u>
Uncancellable commitments to extend credit	<u>4,656,391</u>	<u>1,947,363</u>

16.6 Commitments in respect of forward foreign exchange contracts

Purchase	<u>80,852,756</u>	<u>99,992,028</u>
Sale	<u>65,885,621</u>	<u>102,542,917</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, 2016	(Audited) December 31, 2015
16.7 Other commitments	(Rupees in '000)	
Cross currency and interest rate derivative contracts (notional amount)	<u>6,022,450</u>	<u>6,083,675</u>

16.8 Commitments in respect of capital expenditure	<u>91,607</u>	<u>115,884</u>
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17. INCOME FROM DEALING IN FOREIGN CURRENCIES

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

	<i>Note</i>	(Un-audited) September 30, 2016	September 30, 2015
18. OTHER INCOME		(Rupees in '000)	
(Loss) / Gain from interest rate derivative contracts	<i>18.1</i>	<u>(104,940)</u>	240,857
Net profit on sale of property and equipment		<u>158</u>	3,128
Credit losses recovered		<u>-</u>	583
Others		<u>28</u>	8,404
		<u>(104,754)</u>	<u>252,972</u>

18.1 This is net of funding cost of FX swaps amounting to Rs 299 million (September 30, 2015: Rs 195 million).

19. RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of business with other branches of Citibank, N.A. outside Pakistan, other direct and indirect subsidiaries of Citigroup, retirement benefit plans and key management personnel of the Bank.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to executives is determined in accordance with the terms of their appointment.

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

	Balance as at December 31, 2015	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at September 30, 2016
----- (Rupees in '000) -----				
Deposits				
Associated undertakings	583,903	1,349,047	(908,713)	1,024,237
Staff retirement benefit funds	9,572	80,378	(71,093)	18,857
			(Un-audited) September 30, 2016	(Audited) December 31, 2015
			(Rupees in '000)	
Nostro balances / placements with Citibank				
Branches outside Pakistan			482,689	5,481,015
Call borrowings			13,182,296	-
Mark-up / return / interest payable			446	78
Mark-up / return / interest receivable			-	4,171
Overdrawn Nostro Accounts			56,528	-
Unremitted head office expenses			799,120	792,257
Payable for expenses and share based payment			190,726	194,154
Payable to defined benefit plan			150,287	144,058
Commitments in respect of forward exchange contracts				
Purchase			24,098,707	28,761,393
Sale			24,458,718	28,918,895
Unrealised loss on forward foreign exchange contracts - purchase			#REF!	(99,573)
Unrealised gain / (loss) on forward foreign exchange contracts - sale			#REF!	(86,438)
Other receivables			4,123	-
Other payable			488,504	-
Counter guarantees to branches			1,013,406	4,189,484
			(Un-audited)	
			Nine months ended	
			September 30, 2016	September 30, 2015
			(Rupees in '000)	
19.2 Contribution to staff retirement benefit funds			77,959	62,424
19.3 Income / expense for the period				
Mark-up / return / interest earned			10,718	2,890
Mark-up / return / interest expensed			29,320	6,172
Fee, commission and brokerage income			6,620	-
Other income			35,264	17,023
Regional expenses for support services			60,454	28,266
Head office expenses			204,290	163,977
Remuneration paid to key management personnel			54,204	52,300
Gain on sale of securities			968	-
Sale of fixed assets			63	-

20. SEGMENT INFORMATION

The Chief Operating Decision Maker (CODM) is the Managing Director and Citi Country Officer of the Bank. The segment analysis with respect to business activity presented to the CODM is as follows:

For the nine months ended September 30, 2016 (Un-audited)			
	Trading and sales	Corporate & Retail banking	Total
----- (Rupees in '000) -----			
Total income	2,951,930	4,588,367	7,540,297
Total expenses	1,362,013	3,875,766	5,237,779
Net income	1,589,917	712,601	2,302,518
Segment return on net assets (ROA) (%)**	2.26%	4.14%	3.94%
Segment cost of funds (%)***	1.65%	3.73%	3.43%

As at September 30, 2016 (Un-audited)			
	Trading and sales	Corporate & Retail banking	Total
----- (Rupees in '000) -----			
Segment assets (gross)	93,928,474	25,886,586	119,815,060
Segment non-performing loans	-	2,905,606	2,905,606
Segment provision required*	-	2,915,923	2,915,923
Segment liabilities	13,497,384	93,978,026	107,475,410

For the nine months ended September 30, 2015 (Un-audited)			
	Trading and sales	Corporate & Retail banking	Total
----- (Rupees in '000) -----			
Total income	4,022,048	4,051,743	8,073,791
Total expenses	1,667,137	3,227,014	4,894,151
Net income	2,354,911	824,729	3,179,640
Segment return on net assets (ROA) (%)**	5.28%	4.48%	5.05%
Segment cost of funds (%)***	3.35%	3.94%	3.90%

As at December 31, 2015 (Audited)			
	Trading and sales	Corporate & Retail banking	Total
----- (Rupees in '000) -----			
Segment assets (gross)	63,344,640	28,379,688	91,724,328
Segment non-performing loans	-	3,070,673	3,070,673
Segment provision required*	-	3,080,843	3,080,843
Segment liabilities	7,267,320	70,609,597	77,876,917

* 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.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

On balance sheet financial instruments		September 30, 2016 (Un-audited)								
		Carrying Value					Fair Value			
Note	Available for Sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
						(Rupees in '000)				
Financial assets measured at fair value										
Investments										
	19,382,755	21,822,766	-	-	-	41,205,521	-	41,205,521	-	41,205,521
	22,750,954	282,379	-	-	-	23,033,333	-	23,033,333	-	23,033,333
	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value										
	-	-	-	6,365,616	-	6,365,616	-	-	-	-
	-	-	-	515,425	-	515,425	-	-	-	-
	-	-	-	23,248,143	-	23,248,143	-	-	-	-
	-	-	-	19,764,589	-	19,764,589	-	-	-	-
	-	-	-	1,248,424	-	1,248,424	-	-	-	-
	42,133,709	22,105,145	-	51,142,197	-	115,381,051	-	64,238,854	-	64,238,854
Financial liabilities not measured at fair value										
	-	-	-	-	2,696,115	2,696,115	-	-	-	-
	-	-	-	-	13,238,824	13,238,824	-	-	-	-
	-	-	-	-	80,314,408	80,314,408	-	-	-	-
	-	-	-	-	11,209,521	11,209,521	-	-	-	-
	-	-	-	-	107,458,868	107,458,868	-	-	-	-

Off balance sheet financial instruments		September 30, 2016 (Un-audited)				
		Carrying Value	Level 1	Level 2	Level 3	Total
						(Rupees in '000)
Forward foreign exchange purchase contracts		80,852,756	-	80,505,055	-	80,505,055
Forward foreign exchange sale contracts		65,885,621	-	66,277,758	-	66,277,758
Cross currency and interest rate derivative contracts		6,022,450	-	6,191,415	-	6,191,415

On balance sheet financial instruments		December 31, 2015 (Audited)								
		Carrying Value					Fair Value			
Note	Available for Sale	Held for trading	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
						(Rupees in '000)				
Financial assets measured at fair value										
Investments										
	5,377,383	3,554,195	-	-	-	8,931,578	-	8,931,578	-	8,931,578
	35,312,288	4,341,251	-	-	-	39,653,539	-	39,653,539	-	39,653,539
	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value										
	-	-	-	4,809,308	-	4,809,308	-	-	-	-
	-	-	-	704,912	-	704,912	-	-	-	-
	-	-	-	8,464,057	-	8,464,057	-	-	-	-
	-	-	-	21,389,597	-	21,389,597	-	-	-	-
	-	-	-	2,493,511	-	2,493,511	-	-	-	-
	40,689,671	7,895,446	-	37,861,385	-	86,446,502	-	48,585,117	-	48,585,117
Financial liabilities not measured at fair value										
	-	-	-	-	1,766,257	1,766,257	-	-	-	-
	-	-	-	-	7,003,479	7,003,479	-	-	-	-
	-	-	-	-	61,742,683	61,742,683	-	-	-	-
	-	-	-	-	7,336,881	7,336,881	-	-	-	-
	-	-	-	-	77,849,300	77,849,300	-	-	-	-

Off balance sheet financial instruments		December 31, 2015 (Audited)				
		Carrying Value	Level 1	Level 2	Level 3	Total
						(Rupees in '000)
Forward foreign exchange contracts - purchase		99,992,028	-	99,971,466	-	99,971,466
Forward foreign exchange contracts - sale		102,542,917	-	102,650,710	-	102,650,710
Cross currency and interest rate derivative contracts		6,083,675	-	6,161,102	-	6,161,102

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

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

21.3 The fair value of traded investments other than those classified as held to maturity is based on quoted market price. Fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per the latest available audited financial statements.

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

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

22. GENERAL

22.1 This condensed interim financial information was authorised for issue by the management of the Bank on October 26, 2016.

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

NADEEM LODHI
Managing Director and
Citi Country Officer

GULZEB KHAN
Chief Financial Officer