

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, 2019

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	6 10,254,823	9,126,210
Balances with other banks	7 1,269,383	641,152
Lendings to financial institutions	8 -	12,458,933
Investments	9 75,715,186	66,498,149
Advances	10 54,316,288	40,003,983
Fixed assets	11 503,774	485,702
Intangible assets	-	-
Deferred tax assets	12 15,189	-
Other assets	13 6,945,805	11,734,103
	149,020,448	140,948,232
LIABILITIES		
Bills payable	14 7,403,940	4,199,017
Borrowings	15 16,665,563	14,123,811
Deposits and other accounts	16 103,358,502	95,036,059
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	12 -	41,187
Other liabilities	17 11,091,678	16,928,628
	138,519,683	130,328,702
NET ASSETS	10,500,765	10,619,530
REPRESENTED BY		
Head office capital account	6,812,671	6,812,671
Reserves	161,543	161,543
(Deficit) on revaluation of assets	18 (18,824)	(75,530)
Unremitted profit	3,545,375	3,720,846
	10,500,765	10,619,530
CONTINGENCIES AND COMMITMENTS	19	

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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 nine months ended September 30, 2019

	Note	Quarter ended		Nine Months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
		(Restated)		(Restated)	
----- (Rupees in '000) -----					
Mark-up/Return/Interest Earned	21	3,911,018	1,968,141	10,100,428	5,329,526
Mark-up/Return/Interest Expensed	22	1,991,315	854,282	4,697,637	2,625,876
Net Mark-up / Interest Income		1,919,703	1,113,859	5,402,791	2,703,650
NON MARK-UP/INTEREST INCOME					
Fee and Commission Income	23	210,285	257,825	632,765	1,036,312
Foreign Exchange Income		2,478,817	1,248,176	2,587,540	1,991,921
Gain from derivatives		(1,714,917)	(593,165)	(222,804)	(260,043)
(Loss) / gain on securities	24	19,844	6,121	5,314	15,570
Other Income	25	10	17	45	31,140
Total non-markup/interest Income		994,039	918,974	3,002,860	2,814,900
Total Income		2,913,742	2,032,833	8,405,651	5,518,550
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	26	866,057	472,235	2,021,206	1,492,465
Workers Welfare Fund		42,489	26,871	109,417	65,284
Other charges	27	-	-	60	-
Total non-markup/interest expenses		908,546	499,106	2,130,683	1,557,749
Profit before provisions		2,005,196	1,533,727	6,274,968	3,960,801
Provisions and write offs - net	28	(51,736)	1,402	(41,520)	(83,473)
PROFIT BEFORE TAXATION		2,056,932	1,532,325	6,316,488	4,044,274
Taxation	29	965,495	529,381	2,755,637	1,514,323
PROFIT AFTER TAXATION		1,091,437	1,002,944	3,560,851	2,529,951

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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 nine months ended September 30, 2019

	<u>Quarter Ended</u>		<u>Nine Months ended</u>	
	<u>September</u>	<u>September</u>	<u>September</u>	<u>September</u>
	<u>30,</u>	<u>30,</u>	<u>30,</u>	<u>30,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>----- (Rupees in '000) -----</u>			
Profit after taxation for the period	1,091,437	1,002,944	3,560,851	2,529,951
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	32,513	(19,001)	56,706	(41,577)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(7,277)	(2,648)	(15,476)	(612)
Total comprehensive income	<u>1,116,673</u>	<u>981,295</u>	<u>3,602,081</u>	<u>2,487,762</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, 2019

	Head office capital account	Surplus / (deficit) on revaluation of investments	Share based payment contribution reserve by the ultimate holding company	Unremitted profit	Total
	----- (Rupees in '000) -----				
Opening Balance as at January 1, 2018 (audited)	6,812,671	(5,261)	163,039	2,232,629	9,203,078
Profit after taxation for the nine months ended September 30, 2018	-	-	-	2,529,951	2,529,951
Other comprehensive income for the nine months ended September 30, 2018 - net of tax	-	-	-	(612)	(612)
Remittances made to head office	-	-	-	(2,232,629)	(2,232,629)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	(41,577)	-	-	(41,577)
Transactions with owners, recorded directly in equity					
Contribution by the head office in respect of share based payments	-	-	6,841	-	6,841
Recharged balance payable to the head office for share based payments	-	-	(6,841)	-	(6,841)
Opening Balance as at October 1, 2018 (un-audited)	6,812,671	(46,838)	163,039	2,529,339	9,458,211
Profit after taxation for the period October 1, 2018 to December 31, 2018	-	-	-	1,179,580	1,179,580
Other comprehensive income for the period October 1, 2018 to December 31, 2018 - net of tax	-	-	-	11,927	11,927
Remittances made to head office	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	(28,692)	-	-	(28,692)
Transactions with owners, recorded directly in equity					
Contribution by the head office in respect of share based payments	-	-	7,149	-	7,149
Recharged balance payable to the head office for share based payments	-	-	(7,149)	-	(7,149)
Effect of re-measurement of cost under share based payment - net of tax	-	-	(1,496)	-	(1,496)
Opening Balance as at January 1, 2019 (audited)	6,812,671	(75,530)	161,543	3,720,846	10,619,530
Profit after taxation for the nine months ended September 30, 2019	-	-	-	3,560,851	3,560,851
Other comprehensive income for the nine months ended September 30, 2019 - net of tax	-	-	-	(15,476)	(15,476)
Remittances made to head office	-	-	-	(3,720,846)	(3,720,846)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	56,706	-	-	56,706
Transactions with owners, recorded directly in equity					
Contribution by the head office in respect of share based payments	-	-	4,058	-	4,058
Recharged balance payable to the head office for share based payments	-	-	(4,058)	-	(4,058)
Closing Balance as at September 30, 2019	6,812,671	(18,824)	161,543	3,545,375	10,500,765

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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 Managing Director and
 Citi Country Officer

GULZEB KHAN
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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, 2019

Note	Nine months ended	
	September 30, 2019	September 30, 2018 (Restated)
(Rupees in '000)		
CASH FLOW FROM OPERATING ACTIVITIES		
	6,316,488	4,044,274
Profit before taxation		
Adjustments:		
	81,166	92,274
	43,963	-
	12,792	-
	(41,520)	(83,473)
	(10)	(30,103)
	(2,407)	4,131
	35,128	30,095
	129,112	12,924
	6,445,600	4,057,198
Increase in operating assets		
	12,458,933	(29,919,159)
	(5,808,439)	(630,582)
	(14,270,785)	(12,001,189)
	3,854,413	(903,107)
	(3,765,878)	(43,454,037)
Increase in operating liabilities		
	3,204,923	3,798,672
	2,033,217	(15,458,408)
	8,322,443	16,364,953
	(5,595,253)	(1,948,164)
	7,965,330	2,757,053
	(1,912,702)	(1,119,884)
	(17,697)	(15,199)
	(286,486)	(300,995)
	8,428,167	(38,075,864)
CASH FLOW FROM INVESTING ACTIVITIES		
	(3,318,951)	38,974,149
	(20,503)	(15,452)
	10	30,103
	(3,339,444)	38,988,800
CASH FLOW FROM FINANCING ACTIVITIES		
	(119,568)	-
	(3,720,846)	(2,232,629)
	(3,840,414)	(2,232,629)
Increase / (Decrease) in cash and cash equivalents		
	1,248,309	(1,319,693)
	9,529,741	6,996,344
	10,778,050	5,676,651

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Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For the nine months ended September 30, 2019

1. STATUS AND NATURE OF BUSINESS

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

The Bank is engaged in banking business as described in the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi. At September 30, 2019, the Bank operated through 3 branches (December 31, 2018: 3 branches) in Pakistan.

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

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

2 BASIS OF PRESENTATION

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

2.2 These condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated March 22, 2019.

2.3 STATEMENT OF COMPLIANCE

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

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has 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 these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 05 dated March 22, 2019 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for full 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, 2018.

IFRS 9, Financial Instruments, was notified by the SECP as applicable for accounting periods beginning on or after July 1, 2018. However, the SECP vide its SRO Letter no 229 (I) / 2019 dated 14 February 2019, has deferred the applicability of this standard to banks, to accounting periods beginning on or after June 30, 2019.

2.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period

IFRS 16 introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The significant judgments in the implementation were determining if a contract contains a lease, and the determination of whether the Bank is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The weighted average discount rate applied to lease liabilities on the transition date 1 January 2019 was 12.5 percent.

The impact of the adoption of IFRS 16 on the Bank's condensed interim financial statements is disclosed in note 4.1.2 below.

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or to have any significant effect on the Bank's operations and are, therefore, not disclosed in these condensed interim financial statements.

2.5 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following new standards, interpretations of, and amendments to existing accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020
	Effective date (periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for in preparation of these condensed interim financial statements.

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has impact on all assets of the Bank which are exposed to credit risk. The Bank has carried out an impact assessment as at 31 December 2017 which has been submitted to the State Bank of Pakistan. However, this assessment has not been updated to 30 September 2019 pending notification as to date the standard is applicable for banks.

The Bank expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 are the same as those applied to the annual financial statements for the year ended December 31, 2018.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention, except that held for trading and available for sale investments and derivative financial instruments have been marked to market and are carried at fair value. In addition, obligation in respect of staff retirement benefit is carried at present value and certain financial assets are stated net of provision.

3.2 Functional and presentational currency

These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentational currency. The amounts are rounded to the nearest thousand.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied 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, 2018, except for those disclosed in note 4.1.

4.1 Changes in accounting policies

- 4.1.1** The SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 has amended the format of condensed interim financial statements of banks in order to align it with the annual financial statements, issued vide BPRD Circular No. 2 of 2018. All banks have been directed to prepare their quarterly and half yearly condensed interim financial statements on the revised format effective from the accounting year beginning on January 1, 2019. Accordingly, the Bank has prepared these condensed interim financial statements on the new format prescribed by the SBP. The amended format introduced certain new disclosures and has resulted in the following significant change:

Cost of foreign currency swaps (note 22) amounting to Rs. 267.089 million for the period ended September 30, 2019 (Rs. 287.403 million for the period ended September 30, 2018) which was previously shown as part of mark-up / return / interest earned has now been shown as part of mark-up / return / interest expensed in the profit and loss account.

Reversal of provision against advances amounting to Rs. 41.520 million for the period ended September 30, 2019 (Reversal of provision against advances of Rs. 83.473 million for the half year ended June 30, 2018) which was previously shown on the face of Profit and Loss Account has now been shown as part of provisions and write-offs (note 28).

- 4.1.2** The Bank has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on January 1, 2019.

On adoption of IFRS 16, the Bank recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019.

The change in accounting policy affected the following items in the balance sheet on September 30, 2019:

- Right-of-Use (RoU) assets recognized as Fixed assets by Rs. 78.735 million;
- Lease liabilities recognized as Other liabilities by Rs. 67.206 million;
- Depreciation on right-of-use assets and Interest expense on lease liability against right-of-use assets has been recognized as Operating expenses by Rs. 43.963 million and Rs. 12.792 million respectively.

In applying IFRS 16 for the first time, the Bank has used the following expedients permitted by the standard:

- The use of a single discount rate to the total portfolio of leases;
- Lease term considered to the extent of define period mentioned in lease agreements;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

5 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, 2018.

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	58,176	160,717
Foreign currency	142,140	105,913
	200,316	266,630
With State Bank of Pakistan in		
Local currency current account	7,658,431	7,252,520
Foreign currency current account		
- Cash reserve account	562,915	388,813
- US Dollar clearing account	142,304	49,661
Foreign currency deposit account		
- Special cash reserve account	1,688,746	1,166,440
	10,052,396	8,857,434
With National Bank of Pakistan in		
Local currency current accounts	2,111	2,146
	10,254,823	9,126,210

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	10,399	30,299
Outside Pakistan		
In current accounts	1,258,984	610,853
	1,269,383	641,152

8 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	-	12,458,933
Less: Provision held against Lending to Financial Institutions	-	12,458,933
Lendings to Financial Institutions - net of provision	-	-
	-	12,458,933

9 INVESTMENTS	Note	(Un-audited) September 30, 2019			(Audited) December 31, 2018				
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1 Investments by type:		(Rupees in '000)							
Held-for-trading securities									
Federal Government Securities		12,891,493	-	(457)	12,891,036	7,083,054	-	(2,864)	7,080,190
		12,891,493	-	(457)	12,891,036	7,083,054	-	(2,864)	7,080,190
Available-for-sale securities									
Federal Government Securities		62,853,109	-	(28,959)	62,824,150	59,534,158	-	(116,199)	59,417,959
Non Government Debt Securities	9.1.1	248,090	(248,090)	-	-	248,090	(248,090)	-	-
		63,101,199	(248,090)	(28,959)	62,824,150	59,782,248	(248,090)	(116,199)	59,417,959
Total Investments		75,992,692	(248,090)	(29,416)	75,715,186	66,865,302	(248,090)	(119,063)	66,498,149

9.1.1 Represents term finance certificates received as partial settlement from Azgard Nine Limited against overdue suspended mark-up amounting to Rs. 248.090 million kept in memorandum account and are completely provided for.

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Rupees in '000	
9.1.2 Investments given as collateral		

The market value of investments given as collateral is as follows:

Federal Government securities:
-Market Treasury Bills

15,913,425	-
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9.2 Provision for diminution in value of investments		
9.2.1		
Opening balance	(248,090)	(248,090)
Exchange adjustments	-	-
Charge / reversals		
Charge for the period / year	-	-
Reversals for the period / year	-	-
Reversal on disposals	-	-
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	(248,090)	(248,090)

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	NPI	Provision	NPI	Provision
Domestic	----- (Rupees in '000) -----			
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	248,090	248,090	248,090	248,090
	<u>248,090</u>	<u>248,090</u>	<u>248,090</u>	<u>248,090</u>

10 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) September 30, 2019	(Audited) December 31, 2018	(Un-audited) September 30, 2019	(Audited) December 31, 2018	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	51,107,899	36,077,786	2,693,134	2,743,634	53,801,033	38,821,420
Bills discounted and purchased	3,205,705	3,926,623	-	-	3,205,705	3,926,623
Advances - gross	<u>54,313,604</u>	<u>40,004,409</u>	<u>2,693,134</u>	<u>2,743,634</u>	<u>57,006,738</u>	<u>42,748,043</u>
Provision against advances						
- Specific	-	-	(2,690,198)	(2,743,634)	(2,690,198)	(2,743,634)
- General	(252)	(426)	-	-	(252)	(426)
	<u>(252)</u>	<u>(426)</u>	<u>(2,690,198)</u>	<u>(2,743,634)</u>	<u>(2,690,450)</u>	<u>(2,744,060)</u>
Advances - net of provision	<u>54,313,352</u>	<u>40,003,983</u>	<u>2,936</u>	<u>-</u>	<u>54,316,288</u>	<u>40,003,983</u>

10.1 Particulars of advances (Gross)

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- (Rupees in '000) -----	
In local currency	56,686,599	42,451,703
In foreign currencies	320,139	296,340
	<u>57,006,738</u>	<u>42,748,043</u>

10.2 Advances include Rs. 2,693.134 million (2018: Rs. 2,743.634 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	3,911	978	-	-
Doubtful	-	-	-	-
Loss	2,689,223	2,689,220	2,743,634	2,743,634
Total	<u>2,693,134</u>	<u>2,690,198</u>	<u>2,743,634</u>	<u>2,743,634</u>

10.3 Particulars of provision against advances

	(Un-audited) September 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	2,743,634	426	2,744,060	2,798,643	255	2,798,898
Charge for the period / year	978	-	978	-	171	171
Reversals	(42,324)	(174)	(42,498)	(55,009)	-	(55,009)
	<u>(41,346)</u>	<u>(174)</u>	<u>(41,520)</u>	<u>(55,009)</u>	<u>171</u>	<u>(54,838)</u>
Amounts written off	(12,090)	-	(12,090)	-	-	-
Closing balance	<u>2,690,198</u>	<u>252</u>	<u>2,690,450</u>	<u>2,743,634</u>	<u>426</u>	<u>2,744,060</u>

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

11 FIXED ASSETS

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
		----- (Rupees in '000) -----	
Capital work-in-progress	11.1	-	28,624
Property and equipment		425,039	457,078
Right-of-use assets	4.1.2	78,735	-
		<u>503,774</u>	<u>485,702</u>
11.1 Capital work-in-progress			
Civil works		-	8,624
Advances to suppliers		-	20,000
		-	<u>28,624</u>

		(Un-audited)	
		September 30, 2019	September 30, 2018
		(Rupees in '000)	
11.2	Additions to fixed assets		
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress	-	387
	Property and equipment		
	Furniture and fixture	3,598	-
	Electrical office and computer equipment	35,851	-
	Vehicles	37,821	-
		77,270	-
	Total	77,270	387
		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		Rupees in '000	
12	DEFERRED TAX ASSETS		
	Deductible Temporary Differences on		
	- Post retirement employee benefits	81,484	73,151
	- Deficit on revaluation of investments	10,136	40,669
	- Accelerated tax depreciation	2,173	-
	- Unrealized gain on derivatives	8,381	-
		102,174	113,820
	Taxable Temporary Differences on		
	- Accelerated tax depreciation	-	(9,999)
	- Effect of re-measurement of cost under share based payment	(86,985)	(86,985)
	- Unrealized gain on derivatives	-	(58,023)
		(86,985)	(155,007)
		15,189	(41,187)
13	OTHER ASSETS		
	Income / Mark-up accrued in local currency	1,976,331	831,646
	Income / Mark-up accrued in foreign currency	37,164	30,365
	Advances, deposits, advance rent and other prepayments	154,787	112,335
	Advance taxation (payments less provisions)	-	921,512
	Non-banking assets acquired in satisfaction of claims	7,954	7,954
	Mark to market gain on forward foreign exchange contracts	1,446,767	3,578,806
	Acceptances	3,323,224	6,249,450
	Others	7,532	9,989
		6,953,759	11,742,057
	Less: Provision held against other assets	7,954	7,954
	Other Assets (Net of Provision)	6,945,805	11,734,103
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-
		6,945,805	11,734,103
13.1	Provision held against other assets		
	Non-banking assets acquired in satisfaction of claims	7,954	7,954
		7,954	7,954
13.1.1	The management has made provision against the amount of non-banking assets acquired in satisfaction of claims taking a conservative view. Therefore, the management has not disclosed the market value of these assets.		
13.2	The Income Tax returns of the Bank have been filed up to the tax year 2019 (accounting year ended December 31, 2018).		
	The income tax authorities have issued amended assessment orders for up to tax years 2018, and created additional tax demands (including disallowances of reversal of provisions made prior to Seventh Schedule and charging of Minimum Tax) of Rs. 393 million (December 31, 2018: Rs. 630 million), which have been fully paid as required under the law. The Bank has filed appeals before the appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief, the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favour of the Bank.		
		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)	
14	BILLS PAYABLE		
	In Pakistan	7,403,940	4,199,017
15	BORROWINGS		
	Secured		
	Repurchase agreement borrowings	15,919,407	-
	Total secured	15,919,407	-
	Unsecured		
	Call borrowings	-	13,886,190
	Overdrawn nostro accounts	746,156	237,621
	Total unsecured	746,156	14,123,811
		16,665,563	14,123,811

16 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) September 30, 2019			(Audited) December 31, 2018		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	32,774,193	1,346,458	34,120,651	37,301,239	3,526,445	40,827,684
Savings deposits	29,663,295	4,729,849	34,393,144	22,070,832	2,366,723	24,437,555
Term deposits	28,622,058	34,146	28,656,204	24,428,822	30,323	24,459,145
Others	4,731,898	11,079	4,742,977	3,305,257	5,848	3,311,105
	95,791,444	6,121,532	101,912,976	87,106,150	5,929,339	93,035,489
Financial Institutions						
Current deposits	1,387,867	57,659	1,445,526	1,725,187	275,383	2,000,570
	1,387,867	57,659	1,445,526	1,725,187	275,383	2,000,570
	97,179,311	6,179,191	103,358,502	88,831,337	6,204,722	95,036,059

17 OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency					391,976	502,742
Mark-up / Return / Interest payable in foreign currency					-	926
Unearned commission and income on bills discounted					53,307	54,619
Accrued expenses				17.1 & 17.2	878,910	889,733
Current taxation (provisions less payments)					163,485	-
Acceptances					3,323,224	6,249,450
Mark to market loss on forward foreign exchange contracts					1,463,914	3,380,425
Unremitted head office expenses					1,133,558	769,833
Payable to regional offices for support services					108,888	75,151
Payable to defined benefit plan					220,259	179,019
Payable on account of sale proceeds of securities held under custody					1,052,087	1,700,155
Payable on account of sale proceeds of shares sold by an associated undertaking					136,033	420,887
Securities sold but not yet purchased					-	495,449
Lease liability against right-of-use assets					67,206	-
Others					2,098,831	2,210,239
					11,091,678	16,928,628

17.1 This includes the Bank's obligation to the head office under the stock award and stock option programmes. As of September 30, 2019, recognised liability for share based incentive plans was Rs. 216.326 million (December 31, 2018: Rs. 212.268 million).

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

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive or final till the review petitions are decided. Accordingly, the Bank maintains full provision of Rs. 252.638 million in respect of federal WWF law from the date of its levy till December 2013. Further the Bank maintains provision of Rs 500.660 million against provincial WWF law from the date of its levy till September 30, 2019.

	Note	(Un-audited)	(Audited)
		September 30, 2019	December 31, 2018
(Rupees in '000)			
18 (DEFICIT) ON REVALUATION OF ASSETS			
(Deficit) on revaluation of			
- Available for sale securities	9.1	(28,960)	(116,199)
Deferred tax on (deficit) on revaluation of:			
- Available for sale securities		10,136	40,669
		(18,824)	(75,530)
19 CONTINGENCIES AND COMMITMENTS			
-Guarantees	19.1	2,218,304	2,328,536
-Commitments	19.2	160,562,294	243,706,429
-Other contingent liabilities	19.3	234,897	210,336
		163,015,495	246,245,301
19.1 Guarantees:			
Financial guarantees		202	202
Performance guarantees		2,100,096	2,328,334
Other guarantees		118,006	-
		2,218,304	2,328,536
19.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		11,867,928	12,151,417
Commitments in respect of:			
- Forward foreign exchange contracts	19.2.1	131,202,628	213,647,263
- Forward government securities transactions	19.2.2	15,919,409	13,009,599
- Derivatives - interest rate swaps	19.2.3	491,667	1,966,667
- Forward lending	19.2.4	1,071,000	1,757,470
Commitments for acquisition of:			
- Fixed assets		9,662	7,573
Other commitments	19.2.5	-	1,166,440
		160,562,294	243,706,429

	Note	(Un-audited) September 30, 2019 (Rupees in '000)	(Audited) December 31, 2018 (Rupees in '000)
19.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		66,674,671	115,534,754
Sale		64,527,957	98,112,509
		<u>131,202,628</u>	<u>213,647,263</u>
19.2.2 Commitments in respect of forward government securities transactions			
Purchase		15,919,409	539,830
Sale		-	12,469,769
		<u>15,919,409</u>	<u>13,009,599</u>
19.2.3 Commitments in respect of derivatives			
Purchase*		491,667	1,966,667
Sale		-	-
		<u>491,667</u>	<u>1,966,667</u>
* Interest rate derivative contract			
19.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	19.2.4.1	<u>1,071,000</u>	<u>1,757,470</u>

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

	Note	(Un-audited) September 30, 2019 (Rupees in '000)	(Audited) December 31, 2018 (Rupees in '000)
19.2.5 Other commitments			
Forward placement		-	1,166,440
19.3 Other contingent liabilities			
Claims not acknowledged as debt	19.3.1	<u>234,897</u>	<u>210,336</u>

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

20 DERIVATIVE INSTRUMENTS

Product Analysis

Counterparties

With other entities for

Hedging
Market Making

Total

Hedging
Market Making

		(Un-audited) September 30, 2019 (Rupees in '000)	
		Interest Rate Swaps	
	Counterparties	Notional Principal	Mark to market loss
	With other entities for		
	Hedging	-	-
	Market Making	491,667	(6,797)
	Total		
	Hedging	-	-
	Market Making	491,667	(6,797)

Counterparties

With other entities for

Hedging
Market Making

Total

Hedging
Market Making

		(Audited) December 31, 2018 (Rupees in '000)	
		Interest Rate Swaps	
	Counterparties	Notional Principal	Mark to market loss
	With other entities for		
	Hedging	-	-
	Market Making	1,966,667	(32,600)
	Total		
	Hedging	-	-
	Market Making	1,966,667	(32,600)

		(Un-audited)	
		September 30, 2019	September 30, 2018
		(Rupees in '000)	
21	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	a) Loans and advances	4,391,241	1,555,836
	b) Investments	3,391,351	2,340,238
	c) Lendings to financial institutions	2,203,731	1,398,060
	d) Balances with banks	114,105	35,392
		<u>10,100,428</u>	<u>5,329,526</u>
22	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	a) Deposits	4,108,341	2,109,247
	b) Borrowings	322,207	229,226
	c) Cost of foreign currency swaps against foreign currency deposits / borrowings	267,089	287,403
		<u>4,697,637</u>	<u>2,625,876</u>
23	FEE & COMMISSION INCOME		
	Branch banking customer fees	16,570	15,402
	Card related fees (credit cards)	7,724	5,801
	Credit related fees	390	780
	Custody related fees	233,990	250,893
	Commission on trade	111,940	100,098
	Commission on guarantees	6,404	10,668
	Commission on cash management	246,076	649,480
	Commission on remittances including home remittances	22	20
	Others	9,649	3,170
		<u>632,765</u>	<u>1,036,312</u>
24	(LOSS) / GAIN ON SECURITIES		
	Realised	2,907	19,701
	Unrealised - held for trading	2,407	(4,131)
		5,314	15,570
24.1	Realised (loss) / gain on:		
	Federal Government Securities	2,907	19,701
		<u>2,907</u>	<u>19,701</u>
25	OTHER INCOME		
	Gain on sale of fixed assets-net	10	30,103
	Sale of non-capitalized assets	4	79
	Incidental Income	31	958
		<u>45</u>	<u>31,140</u>

Note

24.1

9.1

	Note	(Un-audited)	
		September 30, 2019	September 30, 2018
26 OPERATING EXPENSES			
Total compensation expense		566,512	464,445
Property expense			
Rent & taxes		2,066	117,937
Insurance		18	704
Utilities cost		23,308	27,436
Security (including guards)		33,525	34,677
Repair & maintenance (including janitorial charges)		40,767	42,146
Depreciation		41,470	54,376
Depreciation on right-of-use assets		43,963	-
Interest expense on lease liability against right-of-use assets		12,792	-
Others		268	145
		198,177	277,421
Information technology expenses			
Software maintenance		21,524	4,705
Hardware maintenance		716	1,626
Depreciation		34,023	35,274
Amortisation		-	-
Network charges		32,420	24,102
Others		1,010	20
		89,693	65,727
Other operating expenses			
Legal & professional charges		26,008	18,265
Outsourced services costs		151,349	139,670
Travelling & conveyance		51,334	79,600
Depreciation		5,673	2,624
Training & development		666	1,157
Postage & courier charges		18,793	18,315
Communication		17,302	15,412
Head office expenses	26.1	650,211	229,608
Stationery & printing		17,376	23,515
Marketing, advertisement & publicity		1,905	300
Donations		400	663
Auditors Remuneration		3,096	2,262
Banking Service Charges		99,353	78,150
Brokerage and commission paid		44,524	49,630
Card Association Fees		27,937	8,027
Others		50,897	17,674
		1,166,824	684,872
		2,021,206	1,492,465

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

	(Un-audited)	
	September 30, 2019	September 30, 2018
27 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	60	-
Penalties imposed by other regulatory bodies (to be specified)	-	-
Others (to be specified, if material)	-	-
	60	-

	Note	(Un-audited)	
		September 30, 2019	September 30, 2018
(Rupees in '000)			
28 PROVISIONS & WRITE OFFS - NET			
Provisions against lending to financial institutions		-	-
Provisions for diminution in value of investments	9.2.1	-	-
Provisions / (reversal) against loans & advances	10.3	(41,520)	(83,473)
Other provisions / write offs (to be specified)		-	-
Bad debts written off directly		-	-
Recovery of written off / charged off bad debts		-	-
		<u>(41,520)</u>	<u>(83,473)</u>
29 TAXATION			
Current		2,665,001	1,545,967
Prior periods		169,210	33,236
Deferred		(78,574)	(64,880)
		<u>2,755,637</u>	<u>1,514,323</u>
30 FAIR VALUE MEASUREMENTS			

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

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

30.1 Fair value of financial assets

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

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

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

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

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

	Note	(Un-audited)				
		September 30, 2019				
		Fair Value				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)						
On balance sheet financial instruments						
Financial assets - measured at fair value						
Investments						
	Federal Government Securities	75,715,186	-	75,715,186	-	75,715,186
Financial assets - disclosed but not measured at fair value						
	Cash and balances with treasury banks	30.2	10,254,823	-	-	-
	Balances with other banks	30.2	1,269,383	-	-	-
	lendings to financial institutions	30.2	-	-	-	-
	Advances - net	30.2	54,316,288	-	-	-
	Other financial assets	30.2	6,786,815	-	-	-
			<u>148,342,495</u>	<u>75,715,186</u>	<u>-</u>	<u>75,715,186</u>

Note	(Un-audited)				
	September 30, 2019				
	Carrying / Notional Value	Fair Value			Total
Level 1		Level 2	Level 3		
----- (Rupees in '000) -----					
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	66,674,671	-	65,967,156	-	65,967,156
Forward sale of foreign exchange	64,527,957	-	65,218,569	-	65,218,569
Forward purchase contracts of government securities	15,919,409	-	15,919,409	-	15,919,409
Forward sale contracts of government securities	-	-	-	-	-
Interest rate derivative contracts	491,667	-	484,869	-	484,869
(Audited)					
December 31, 2018					
	Carrying / Notional Value	Fair Value			Total
		Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	66,498,149	-	66,498,149	-	66,498,149
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	30.2	9,126,210	-	-	-
Balances with other banks	30.2	641,152	-	-	-
Lendings to financial institutions	30.2	12,458,933	-	-	-
Advances - net	30.2	40,003,983	-	-	-
Other financial assets	30.2	10,696,740	-	-	-
		<u>139,425,167</u>	<u>-</u>	<u>66,498,149</u>	<u>-</u>
			<u>66,498,149</u>	<u>-</u>	<u>66,498,149</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	115,534,754	-	119,113,702	-	119,113,702
Forward sale of foreign exchange	98,112,509	-	94,729,805	-	94,729,805
Forward purchase contracts of government securities	539,830	-	522,514	-	522,514
Forward sale contracts of government securities	12,469,769	-	12,469,769	-	12,469,769
Forward placement	1,166,440	-	1,166,440	-	1,166,440
Interest rate derivative contracts	1,966,667	-	1,934,066	-	1,934,066

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

31 SEGMENT INFORMATION

31.1 Segment Details with respect to Business Activities

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

	(Un-audited)		
	For the nine months ended September 30, 2019		
	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
Profit & Loss			
Net mark-up / return / profit	282,900	5,119,891	5,402,791
Inter segment revenue - net	2,919,594	(2,919,594)	-
Non mark-up / return / interest income	632,792	2,370,068	3,002,860
Total Income	3,835,286	4,570,365	8,405,651
Segment direct expenses	1,417,539	713,144	2,130,683
Inter segment expense allocation	-	-	-
Total expenses	1,417,539	713,144	2,130,683
Provisions	(41,520)	-	(41,520)
Profit before tax	2,459,267	3,857,221	6,316,488

	(Un-audited)		
	As at September 30, 2019		
	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
Balance Sheet			
Cash & Bank balances	200,316	11,323,890	11,524,206
Investments	-	75,715,186	75,715,186
Net inter segment lending	63,751,346	(63,751,346)	-
Lendings to financial institutions	-	-	-
Advances - performing	54,316,288	-	54,316,288
- non-performing net of provision	-	-	-
Others	5,866,000	1,598,768	7,464,768
Total Assets	124,133,950	24,886,498	149,020,448
Borrowings	-	16,665,563	16,665,563
Deposits & other accounts	103,023,755	334,747	103,358,502
Net inter segment borrowing	(63,751,346)	63,751,346	-
Others	17,021,820	1,473,798	18,495,618
Total liabilities	56,294,229	82,225,454	138,519,683
Equity	4,088,379	6,412,386	10,500,765
Total Equity & liabilities	60,382,608	88,637,840	149,020,448
Contingencies & Commitments	15,401,791	147,613,704	163,015,495

(Un-audited)
For the nine months ended September 30, 2018

	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
Profit & Loss			
Net mark-up / return / profit	(553,411)	3,257,061	2,703,650
Inter segment revenue - net	2,071,361	(2,071,361)	-
Non mark-up / return / interest income	1,066,934	1,747,966	2,814,900
Total Income	2,584,884	2,933,666	5,518,550
Segment direct expenses	1,090,506	467,243	1,557,749
Inter segment expense allocation	-	-	-
Total expenses	1,090,506	467,243	1,557,749
Provisions	(83,473)	-	(83,473)
Profit before tax	1,577,851	2,466,423	4,044,274

(Audited)
As at December 31, 2018

	Corporate Banking	Trading & Sales	Total
	----- (Rupees in '000) -----		
Balance Sheet			
Cash & Bank balances	266,629	9,500,733	9,767,362
Investments	-	66,498,149	66,498,149
Net inter segment lending	62,790,652	(62,790,652)	-
Lendings to financial institutions	-	12,458,933	12,458,933
Advances - performing	40,003,983	-	40,003,983
- non-performing	-	-	-
Others	8,609,484	3,610,321	12,219,805
Total Assets	111,670,748	29,277,484	140,948,232
Borrowings	-	14,123,811	14,123,811
Deposits & other accounts	94,446,990	589,069	95,036,059
Net inter segment borrowing	(62,790,652)	62,790,652	-
Others	17,223,758	3,945,074	21,168,832
Total liabilities	48,880,096	81,448,606	130,328,702
Equity	4,731,189	5,888,341	10,619,530
Total Equity & liabilities	53,611,285	87,336,947	140,948,232
Contingencies & Commitments	16,455,332	229,789,969	246,245,301

33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

September 30, 2019 **December 31, 2018**
(Rupees in '000)

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	6,812,671	6,812,671
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	10,500,765	10,619,530
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	10,500,765	10,619,530
Eligible Tier 2 Capital	252	426
Total Eligible Capital (Tier 1 + Tier 2)	10,501,017	10,619,956

Risk Weighted Assets (RWAs):

Credit Risk	35,469,715	29,188,301
Market Risk	2,316,347	957,497
Operational Risk	12,444,529	12,444,529
Total	50,230,591	42,590,327

Common Equity Tier 1 Capital Adequacy Ratio

20.91% 24.93%

Tier 1 Capital Adequacy Ratio

20.91% 24.93%

Total Capital Adequacy Ratio

20.91% 24.94%

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

The Head office capital account of the Bank for the nine months ended September 30, 2019 stands at Rs 6.813 billion and is in compliance with the SBP requirement for the said period. In addition, the banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.90% of the risk weighted exposures of the Bank as of September 30, 2019. The Bank's CAR as at September 30, 2019 was 20.91% of its risk weighted exposure.

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

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

September 30, 2019 **December 31, 2018**
(Rupees in '000)

Leverage Ratio (LR):

Eligible Tier-1 Capital	10,500,765	10,619,530
Total Exposure	173,053,221	167,813,928
Leverage Ratio	6.07%	6.33%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	60,922,601	68,163,186
Total Net Cash Outflow	21,718,669	25,765,502
Liquidity Coverage Ratio	280.51%	264.55%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	99,137,150	99,839,445
Total Required Stable Funding	61,854,653	49,670,959
Net Stable Funding Ratio	160.27%	201.00%

34 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 29, 2019 by the management of the Bank.

35 GENERAL

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

35.2 Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current period.

NADEEM LODHI
Managing Director and
Citi Country Officer

GULZEB KHAN
Chief Financial Officer