



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Directors on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Citi Bank N.A – Pakistan Branches** ("the Bank") as at June 30, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter paragraph

We draw attention to note 16.4.2 to the condensed interim financial information which explains the matter raised by the State Bank of Pakistan with respect to return on certain foreign currency deposit accounts. Our conclusion is not qualified in respect of this matter.

Other Matter

The figures for the quarters ended June 30, 2014 and June 30, 2013 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The financial statements of the Bank for the half year ended June 30, 2013 and for the year ended December 31, 2013 were reviewed and audited respectively by A.F. Ferguson & Co. Chartered Accountants, who had expressed an unqualified conclusion and opinion thereon dated August 23, 2013 and March 12, 2014 respectively.

Date: 13 AUG 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amir Jamil Abbasi

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 June 30, 2014

	Note	(Un-audited) June 30, 2014 (Rupees in '000)	(Audited) December 31, 2013
ASSETS			
Cash and balances with treasury banks		5,669,516	3,991,465
Balances with other banks	9	295,035	602,119
Lendings to financial institutions	10	-	9,202,344
Investments - net	11	45,194,205	25,239,845
Advances - net	12	14,354,531	13,556,587
Fixed assets	13	163,563	153,846
Deferred tax assets - net		699,312	685,858
Other assets		7,105,809	6,454,325
		73,481,971	59,886,389
LIABILITIES			
Bills payable		1,583,868	1,284,956
Borrowings from financial institutions	14	16,022,732	909,854
Deposits and other accounts	15	39,404,588	40,936,496
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		6,682,039	8,197,699
		63,693,227	51,329,005
NET ASSETS		9,788,744	8,557,384
REPRESENTED BY			
Head office capital account		6,812,671	6,812,671
Reserves		161,613	161,613
Unremitted profit		2,910,669	1,650,374
		9,884,953	8,624,658
Deficit on revaluation of assets - net of tax		(96,209)	(67,274)
		9,788,744	8,557,384
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

NADEEM LODHI
Managing Director and Citi Country Officer

ADAMJEE YAKOOB
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 half year ended June 30, 2014

Note	Half Year ended		Quarter ended	
	June 30, 2014 (Rupees in '000)	June 30, 2013	June 30, 2014 (Rupees in '000)	June 30, 2013
Mark-up / return / interest earned	3,394,904	2,424,915	1,940,370	1,264,083
Mark-up / return / interest expensed	1,534,620	1,036,965	848,009	613,306
Net mark-up / return / interest income	1,860,284	1,387,950	1,092,361	650,777
Reversal of provision against loans and advances - net	(71,098)	(581,837)	(39,979)	(195,830)
Bad debts written off directly	-	2,744	-	278
Reversal of provision against off-balance sheet obligations - net	-	-	-	-
	(71,098)	(579,093)	(39,979)	(195,552)
Net mark-up / interest income after provisions	1,931,382	1,967,043	1,132,340	846,329
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	210,802	191,293	113,516	76,983
Income from dealing in foreign currencies	653,116	885,424	359,322	612,616
Gain / (loss) on sale of securities	15,015	234,202	(65,948)	219,722
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading	(34,247)	(115,729)	3,950	(108,402)
Other (loss) / income	(296,712)	77,097	(193,776)	(151,414)
Total non mark-up / interest income - net	547,974	1,272,287	217,064	649,505
	2,479,356	3,239,330	1,349,404	1,495,834
NON MARK-UP / INTEREST EXPENSE				
Administrative expenses	673,406	1,493,834	307,781	622,577
Reversal against appreciation / diminution in the value of non-banking assets - net	-	(208)	-	(198)
Operating fixed assets written off	210	661	-	329
Other charges	8,841	34,264	(6,201)	32,658
Total non mark-up / interest expenses - net	682,457	1,528,551	301,580	655,366
PROFIT BEFORE TAXATION	1,796,899	1,710,779	1,047,824	840,468
Taxation				
- Current	517,981	37,978	283,988	(13,740)
- Prior years	-	-	-	-
- Deferred	7,901	627,120	(22,047)	315,194
	525,882	665,098	261,941	301,454
Profit after taxation	1,271,017	1,045,681	785,883	539,014

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

NADEEM LODHI
Managing Director and Citi Country Officer

ADAMJEE YAKOOB
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 half year ended June 30, 2014

	Half Year ended		Quarter ended	
	June 30,	June 30,	June 30,	June 30,
	2014	2013	2014	2013
	(Rupees in '000)		(Rupees in '000)	
Profit for the period after taxation	1,271,017	1,045,681	785,883	539,014
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	(16,496)	15,742	(7,550)	7,871
- Deferred tax asset / (liability) on remeasurements of defined benefit plan	5,774	(5,510)	2,643	(2,755)
	(10,722)	10,232	(4,907)	5,116
Comprehensive income transferred to statement of changes in equity	1,260,295	1,055,913	780,976	544,130
Items that may be reclassified subsequently to profit and loss account				
Components of comprehensive income not reflected in equity				
- Deficit on revaluation of available for sale securities	(44,517)	87,617	(19,528)	183,392
- Deferred tax asset on revaluation of available for sale securities	15,581	(30,666)	6,835	(64,187)
	(28,936)	56,951	(12,693)	119,205
Total comprehensive income for the period	1,231,359	1,112,864	768,283	663,335

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

NADEEM LODHI
Managing Director and Citi Country Officer

ADAMJEE YAKOOB
Chief Financial Officer

Citibank, N.A. - Pakistan Branches
(Incorporated In The U.S.A. The Liability of Members Being Limited)
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter and half year ended June 30, 2014

	Half year ended	
	June 30, 2014	June 30, 2013
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,796,899	1,710,779
Adjustments for:		
Depreciation	46,148	89,396
Amortisation	2,062	24,504
Provision against advances - net	(71,098)	(581,837)
(Reversal) / provision against appreciation / diminution in the value of non-banking assets - net	-	(208)
Unrealised loss on revaluation of investments classified as held-for-trading	34,247	115,729
Bad debts written off directly	-	2,744
Charge for defined benefit plan	18,723	58,510
Operating fixed assets written off	210	661
Gain on disposals of fixed assets	(8,196)	(8,258)
	22,096	(298,759)
	1,818,995	1,412,020
(Increase) / decrease in operating assets		
Lendings to financial institutions	9,202,344	7,169,890
Held-for-trading securities	(11,037,960)	(6,602,430)
Advances	(726,846)	7,931,320
Other assets	(642,543)	21,473
	(3,205,005)	8,520,253
Increase / (decrease) in operating liabilities		
Bills payable	298,912	(67,200)
Borrowings from financial institutions	14,857,482	9,321,595
Deposits and other accounts	(1,531,908)	(26,545,224)
Other liabilities (excluding current taxation, Head office expenses and payable to defined benefit plan)	(1,545,543)	(2,928,984)
	12,078,943	(20,219,813)
	10,692,933	(10,287,540)
Contribution to gratuity fund	(11,052)	(20,087)
Income tax paid	(175,577)	(2,273)
Net cash used in operating activities	10,506,304	(10,309,900)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(8,995,164)	3,640,972
Investments in fixed assets	(67,087)	(23,771)
Sale proceeds from disposal of fixed assets	17,147	33,780
Net cash generated from investing activities	(9,045,104)	3,650,981
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit repatriated to Head Office during the period	-	(1,423,241)
Remittances made during the period on account of head office expenses	(335,775)	(308,542)
Net cash used in financing activities	(335,775)	(1,731,783)
(Decrease) / increase in cash and cash equivalents	1,125,425	(8,390,702)
Cash and cash equivalents at the beginning of the period	4,583,730	12,789,878
Cash and cash equivalents at end of the period	5,709,155	4,399,176

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

NADEEM LODHI
Managing Director and Citi Country Officer

ADAMJEE YAKOOB
Chief Financial Officer

Citibank, N.A. - Pakistan Branches
(Incorporated In The U.S.A. The Liability of Members Being Limited)
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the half year ended June 30, 2014

	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, 2013 - Restated	6,812,671	2,007,471	154,932	8,975,074
Profit for the half year ended June 30, 2013	-	1,045,681	-	1,045,681
Other comprehensive income for the half year ended June 30, 2013				
Remeasurements of defined benefit plan	- *	15,742	-	15,742
Tax on remeasurements of defined benefit plan	- *	(5,510)	-	(5,510)
	-	10,232	-	10,232
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	15,745	15,745
Recharged balance payable to the ultimate holding company for share based payments	-	-	(15,745)	(15,745)
	-	-	-	-
Profit remittance made to head office	-	(1,423,241)	-	(1,423,241)
Balance as at June 30, 2013	6,812,671	1,640,143	154,932	8,607,746
Profit for the half year ended December 31, 2013	-	629,555	-	629,555
Other comprehensive income for the period July 2013 to December 2013				
Remeasurements of defined benefit plan	- *	15,742	-	15,742
Tax on remeasurements of defined benefit plan	- *	(5,509)	-	(5,509)
	-	10,233	-	10,233
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	19,245	19,245
Recharged balance payable to the ultimate holding company for share based payments	-	-	(19,245)	(19,245)
Effect of re-measurement of cost under share based payment - net of tax	-	-	6,681	6,681
	-	-	6,681	6,681
Profit remittance made to head office	-	(629,557)	-	(629,557)
Balance as at December 31, 2013	6,812,671	1,650,374	161,613	8,624,658
Profit for the half year ended June 30, 2014	-	1,271,017	-	1,271,017
Other comprehensive income for the half year ended June 30, 2014				
Remeasurements of defined benefit plan	-	(16,496)	-	(16,496)
Tax on remeasurements of defined benefit plan	-	5,774	-	5,774
	-	(10,722)	-	(10,722)
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	4,566	4,566
Recharged balance payable to the ultimate holding company for share based payments	-	-	(4,566)	(4,566)
	-	-	-	-
Balance as at June 30, 2014	<u>6,812,671</u>	<u>2,910,669</u>	<u>161,613</u>	<u>9,884,953</u>

* Reclassified.

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

NADEEM LODHI
Managing Director and Citi Country Officer

ADAMJEE YAKOUB
Chief Financial Officer

Citibank, N.A. - Pakistan Branches

(Incorporated In The U.S.A. The Liability of Members Being Limited)

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

For the half year ended June 30, 2014

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.	Baa2	P-2
Citibank, N.A.	A2	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, 2013: 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 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, 2013.
- 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. In addition, obligation in respect of staff retirement benefit is carried at present 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, 2013.

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, 2013.

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, 2013.

	(Un-audited) June 30, 2014 (Rupees in '000)	(Audited) December 31, 2013
9 BALANCES WITH OTHER BANKS		
In Pakistan		
- Current accounts	16,883	17,268
Outside Pakistan		
- Current accounts	278,152	584,851
	<u>295,035</u>	<u>602,119</u>

10 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	-	9,202,344
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11 INVESTMENTS - NET

Note	June 30, 2014 (Un-audited)			December 31, 2013 (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	1,356,638	-	1,356,638	502,123	-	502,123
Pakistan Investment Bonds	14,423,565	-	14,423,565	4,240,120	-	4,240,120
	15,780,203	-	15,780,203	4,742,243	-	4,742,243
Available-for-sale securities						
Market treasury bills	1,941,448	478,759	2,420,207	12,205,710	-	12,205,710
Pakistan Investment Bonds	20,246,065	6,922,009	27,168,074	8,387,407	-	8,387,407
Fully paid-up ordinary shares	2,000	-	2,000	2,000	-	2,000
Unlisted term finance certificates 11.1	-	-	-	-	-	-
	22,189,513	7,400,768	29,590,281	20,595,117	-	20,595,117
Investments at cost	37,969,716	7,400,768	45,370,484	25,337,360	-	25,337,360
Less: Provision for diminution in the value of investments	2,000	-	2,000	2,000	-	2,000
Investments - net of provisions	37,967,716	7,400,768	45,368,484	25,335,360	-	25,335,360
(Deficit) / Surplus on revaluation of held-for-trading securities - net	(26,265)	-	(26,265)	7,982	-	7,982
Deficit on revaluation of available-for-sale securities - net	(133,249)	(14,765)	(148,014)	(103,497)	-	(103,497)
Investments at market value	37,808,202	7,386,003	45,194,205	25,239,845	-	25,239,845

- 11.1** Unlisted Term Finance Certificate represents TFCs, received from a non performing customer, booked at NIL value against the settlement of its over due suspended mark up amounting to Rs. 248.09 million.

	Note	(Un-audited) June 30, 2014 (Rupees in '000)	(Audited) December 31, 2013
12 ADVANCES - NET			
Loans, cash credits, running finances etc. - In Pakistan		16,930,924	15,900,839
Bills discounted and purchased (excluding Market treasury bills)			
Payable in Pakistan		873,598	696,603
Payable outside Pakistan		8,588	501,140
		882,186	1,197,743
Advances - gross		17,813,110	17,098,582
Provision against advances			
- Specific	12.1	(3,458,477)	(3,541,861)
- General	12.2	(102)	(134)
		(3,458,579)	(3,541,995)
Advances - net of provision		14,354,531	13,556,587

- 12.1** Advances include Rs. 3,460.608 million (December 31, 2013: Rs. 3,548.054 million) which have been placed under non-performing status as detailed below:

Category of classification

Category of classification	June 30, 2014 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
	Substandard	1,248	-	1,248	312
Doubtful	2,389	-	2,389	1,194	1,194
Loss	3,456,971	-	3,456,971	3,456,971	3,456,971
	<u>3,460,608</u>	<u>-</u>	<u>3,460,608</u>	<u>3,458,477</u>	<u>3,458,477</u>
December 31, 2013 (Audited)					
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Substandard	2,389	-	2,389	597	597
Doubtful	21,567	-	21,567	17,166	17,166
Loss	3,524,098	-	3,524,098	3,524,098	3,524,098
	<u>3,548,054</u>	<u>-</u>	<u>3,548,054</u>	<u>3,541,861</u>	<u>3,541,861</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.

	Note	(Un-audited) June 30, 2014	(Audited) December 31, 2013
		(Rupees in '000)	
13 FIXED ASSETS			
Capital work-in-progress		36,436	500
Property and equipment	13.1 & 13.2	125,574	149,730
Intangible assets		1,553	3,616
		<u>163,563</u>	<u>153,846</u>

- 13.1** Additions to fixed assets are Rs. 31,151 thousand (June 30, 2013: Rs. 37,201 thousand).

	(Un-audited) For the half year ended	
	June 30, 2014	June 30, 2013
	(Rupees in '000)	
Furniture and fixtures	-	5,998
Electrical and office equipment	31,151	495
Vehicles	-	30,708
	<u>31,151</u>	<u>37,201</u>

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

	(Un-audited) For the half year ended	
	June 30, 2014	June 30, 2013
	(Rupees in '000)	
Furniture and fixtures	210	647
Electrical and office equipment	8	700
Vehicles	8,943	24,175
	<u>9,161</u>	<u>25,522</u>

		(Un-audited) June 30, 2014	(Audited) December 31, 2013
		(Rupees in '000)	
14	BORROWINGS FROM FINANCIAL INSTITUTIONS		
	In Pakistan	8,356,991	900,000
	Outside Pakistan	7,665,741	9,854
		<u>16,022,732</u>	<u>909,854</u>
14.1	Particulars of borrowings from financial institutions		
	In local currency	8,356,991	900,000
	In foreign currency	7,665,741	9,854
		<u>16,022,732</u>	<u>909,854</u>
14.2	Details of borrowings from financial institutions		
	Secured		
	Repurchase agreement borrowings	7,356,991	-
	Unsecured		
	Call borrowings	8,410,345	900,000
	Overdrawn accounts	255,396	9,854
		<u>8,665,741</u>	<u>909,854</u>
		<u>16,022,732</u>	<u>909,854</u>
15	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	Fixed deposits	9,971,186	14,245,554
	Savings deposits	13,846,368	14,517,387
	Current accounts - non-remunerative	14,148,842	10,870,501
	Other deposits	47,252	161,135
		<u>38,013,648</u>	<u>39,794,577</u>
	Financial institutions		
	Remunerative deposits	-	-
	Non-remunerative deposits	1,390,940	1,141,919
		<u>1,390,940</u>	<u>1,141,919</u>
		<u>39,404,588</u>	<u>40,936,496</u>
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) June 30, 2014	(Audited) December 31, 2013
		(Rupees in '000)	
	(i) Government of Pakistan	202	202
	(ii) Others	6,001,860	6,001,860
		<u>6,002,062</u>	<u>6,002,062</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) June 30, 2014	(Audited) December 31, 2013
	(Rupees in '000)	
(i) Government of Pakistan	655,386	678,567
(ii) Banking companies and other financial institutions	90,150	87,875
(iii) Others	2,780,672	2,623,885
	<u>3,526,208</u>	<u>3,390,327</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.

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in '000)	
Letters of credit / acceptances	<u>8,846,505</u>	<u>6,154,814</u>

16.4 Other contingencies

Indemnity issued	-	-
Claims not acknowledged as debts	138,623	147,792
	<u>138,623</u>	<u>147,792</u>

16.4.1

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

16.4.2 The State Bank of Pakistan (SBP) by its letter dated March 25, 2011 asked the Bank to take measures to fully comply with the SBP's guidelines relating to 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 has also taken up the matter with the SBP. Management is confident that this matter will be resolved in the Bank's favour. The possible financial impact, if any, has not been determined as it involves data relating to past several years.

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in '000)	
Forward agreement lending (reverse repos)	-	9,215,819
Forward agreement borrowings (repos)	7,364,101	-
Forward purchase contracts of government securities	242,909	489,805
Uncancellable commitments to extend credit	<u>1,143,768</u>	<u>3,262,011</u>

16.6 Commitments in respect of forward foreign exchange contracts

Purchase	<u>82,349,119</u>	<u>119,788,695</u>
Sale	<u>64,479,334</u>	<u>107,166,379</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) June 30, 2014	(Audited) December 31, 2013
16.7 Other commitments	(Rupees in '000)	
Cross currency and interest rate derivative contracts (notional amount)	10,922,475	16,423,814
16.8 Commitments in respect of capital expenditure	192,689	33,933

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.

	Note	(Un-audited) June 30, 2014	June 30, 2013
18 OTHER INCOME		(Rupees in '000)	
Loss from interest rate derivative contracts	18.1	(309,342)	(226,032)
Net profit on sale of property and equipment		8,196	8,258
Credit losses recovered		484	14,801
Gain on sale of consumer assets portfolio		-	287,504
Others		3,950	(7,434)
		(296,712)	77,097

18.1 This is net of funding cost of FX swaps amounting to Rs 259 million (June 30, 2013: Rs 145 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, 2013	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at June 30, 2014
----- (Rupees in '000) -----				
Deposits				
Associated undertakings	524,941	203,810	(502,509)	226,242
Staff retirement benefit funds	77,561	67,120	(95,861)	48,820

	(Un-audited) June 30, 2014 (Rupees in '000)	(Audited) December 31, 2013
Nostro balances / placements with Citibank Branches outside Pakistan	275,513	556,003
Call borrowings	7,410,345	-
Mark-up / return / interest payable	244	651
Overdrawn Nostro Accounts	255,396	9,854
Unremitted head office expenses	477,069	852,468
Payable for expenses and share based payment	174,547	280,179
Payable to defined benefit plan	109,097	85,849
Commitments in respect of forward exchange contracts		
Purchase	6,410,695	6,451,536
Sale	10,662,969	6,451,536
Interest rate swap - Notional principal	1,704,379	3,633,699

	(Un-audited) Half year ended June 30, 2014 (Rupees in '000)	June 30, 2013
19.2 Contribution to staff retirement benefit funds	22,043	38,296
19.3 Income / expense for the period		
Mark-up / return / interest earned	1,674	4,526
Mark-up / return / interest expensed	2,822	1,040
Other income	24,464	4,861
Regional expenses for support services	(12,583)	129,345
Head office expenses	(39,629)	188,306
Remuneration paid to key management personnel	35,684	39,846

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 half year ended June 30, 2014 (Un-audited)		
	Trading and sales	Corporate & Retail banking	Total
	----- (Rupees in '000) -----		
Total income	1,689,059	2,253,819	3,942,878
Total expenses	811,140	1,860,721	2,671,861
Net income	877,919	393,098	1,271,017
Segment return on net assets (ROA) (%)**	3.29%	3.92%	3.46%
Segment cost of funds (%)***	6.03%	5.33%	5.41%

As at June 30, 2014 (Un-audited)			
	Trading and sales	Corporate & Retail banking	Total
	(Rupees in '000)		
Segment assets (gross)	53,434,713	23,516,779	76,951,492
Segment non-performing loans	-	3,471,539	3,471,539
Segment provision required*	-	3,469,521	3,469,521
Segment liabilities	18,488,854	45,204,373	63,693,227

For the half year ended June 30, 2013 (Un-audited)			
	Trading and sales	Corporate & Retail banking	Total
	(Rupees in '000)		
Total income	1,410,003	2,287,199	3,697,202
Total expenses	725,229	1,926,292	2,651,521
Net income	684,774	360,907	1,045,681
Segment return on net assets (ROA) (%)**	2.95%	4.03%	3.25%
Segment cost of funds (%)***	8.00%	4.00%	4.40%

As at December 31, 2013 (Audited)			
	Trading and sales	Corporate & Retail banking	Total
	(Rupees in '000)		
Segment assets (gross)	39,201,291	24,238,034	63,439,325
Segment non-performing loans	-	3,558,995	3,558,995
Segment provision required*	-	3,552,936	3,552,936
Segment liabilities	6,326,233	45,002,772	51,329,005

* 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.

**** Comparative information has been restated in line with the reportable segments in the current period.

21 GENERAL

21.1 This condensed interim financial information was authorised for issue by the management of the Bank on August 13, 2014.

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

21.3 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.

NADEEM LODHI
Managing Director and Citi Country Officer

ADAMJEE YAKOOB
Chief Financial Officer