



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, 2015 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, 2015 and June 30, 2014 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.

Date: 6 August 2015

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, 2015

	<i>Note</i>	(Un-audited) June 30, 2015	(Audited) December 31, 2014
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		3,352,078	4,267,790
Balances with other banks	9	537,167	170,697
Lendings to financial institutions	10	6,588,738	2,826,481
Investments - net	11	41,387,403	39,326,537
Advances - net	12	23,502,908	28,195,590
Fixed assets	13	436,650	355,154
Deferred tax assets - net		328,251	233,885
Other assets		3,443,296	5,877,838
		79,576,491	81,253,972
LIABILITIES			
Bills payable		1,894,657	1,564,744
Borrowings from financial institutions	14	410,275	14,012,805
Deposits and other accounts	15	58,232,623	48,143,989
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		6,271,704	6,998,405
		66,809,259	70,719,943
NET ASSETS		12,767,232	10,534,029
REPRESENTED BY			
Head office capital account		6,812,671	6,812,671
Reserves		156,327	156,327
Unremitted profit	290.90 5,818	5,661,681	3,056,648
		12,630,679	10,025,646
Surplus on revaluation of assets - net of tax	1 126.4082376	136,553	508,383
		12,767,232	10,534,029
CONTINGENCIES AND COMMITMENTS	<i>16</i>		

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, 2015

Note	Half Year ended		Quarter ended	
	June 30, 2015 (Rupees in '000)	June 30, 2014	June 30, 2015 (Rupees in '000)	June 30, 2014
Mark-up / return / interest earned	3,349,647	3,394,904	1,690,275	1,940,370
Mark-up / return / interest expensed	1,209,411	1,534,620	566,022	848,009
Net mark-up / return / interest income	2,140,236	1,860,284	1,124,253	1,092,361
Reversal of provision against loans and advances - net	(118,972)	(71,098)	(66,851)	(39,979)
Bad debts written off directly	-	-	-	-
Reversal of provision against off-balance sheet obligations - net	-	-	-	-
	(118,972)	(71,098)	(66,851)	(39,979)
Net mark-up / interest income after provisions	2,259,208	1,931,382	1,191,104	1,132,340
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	215,380	210,802	107,839	113,516
Income from dealing in foreign currencies	603,941	653,116	381,420	359,322
Gain / (loss) on sale of securities	1,930,022	15,015	313,744	(65,948)
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading	(360,717)	(34,247)	987	3,950
Other income / (loss)	298,510	(296,712)	(63,255)	(193,776)
Total non mark-up / interest income - net	2,687,136	547,974	740,735	217,064
	4,946,344	2,479,356	1,931,839	1,349,404
NON MARK-UP / INTEREST EXPENSE				
Administrative expenses	762,557	673,406	319,136	307,781
Reversal against appreciation / diminution in the value of non-banking assets - net	(792)	-	-	-
Operating fixed assets written off	-	210	-	-
Other charges	82,279	8,841	31,908	(6,201)
Total non mark-up / interest expenses - net	844,044	682,457	351,044	301,580
	4,102,300	1,796,899	1,580,795	1,047,824
PROFIT BEFORE TAXATION				
Taxation				
- Current	1,292,576	517,981	455,190	283,988
- Prior years	80,000	-	80,000	-
- Deferred	112,444	7,901	67,280	(22,047)
	1,485,020	525,882	602,470	261,941
Profit after taxation	2,617,280	1,271,017	978,325	785,883

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, 2015

	Half Year ended		Quarter ended	
	June 30, 2015 (Rupees in '000)	June 30, 2014	June 30, 2015 (Rupees in '000)	June 30, 2014
Profit for the period after taxation	2,617,280	1,271,017	978,325	785,883
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	(18,841)	(16,496)	1,586	(7,550)
- Deferred tax asset / (liability) on remeasurements of defined benefit plan	6,594	5,774	(555)	2,643
	(12,247)	(10,722)	1,031	(4,907)
Comprehensive income transferred to statement of changes in equity	2,605,033	1,260,295	979,356	780,976
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	(572,046)	(44,517)	(134,233)	(19,528)
- Deferred tax asset on revaluation of available for sale securities	200,216	15,581	46,981	6,835
	(371,830)	(28,936)	(87,252)	(12,693)
Total comprehensive income for the period	2,233,203	1,231,359	892,104	768,283

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

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Citi Country Officer

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Chief Financial Officer

Citibank, N.A. - Pakistan Branches
(Incorporated In The U.S.A. The Liability of Members Being Limited)
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter and half year ended June 30, 2015

	Half year ended	
	June 30, 2015	June 30, 2014
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,102,300	1,796,899
Adjustments for:		
Depreciation	34,850	46,148
Amortisation	164	2,062
Reversal of provision against loans and advances - net	(118,972)	(71,098)
(Reversal) / provision against appreciation / diminution in the value of non-banking assets - net	(792)	-
Unrealised loss on revaluation of investments classified as held-for-trading	360,717	34,247
Bad debts written off directly	-	-
Charge for defined benefit plan	21,589	18,723
Operating fixed assets written off	-	210
Gain on disposals of fixed assets	(2,910)	(8,196)
	<u>294,646</u>	<u>22,096</u>
	4,396,946	1,818,995
(Increase) / decrease in operating assets		
Lendings to financial institutions	(3,762,257)	9,202,344
Held-for-trading securities	2,279,955	(11,037,960)
Advances	4,811,654	(726,846)
Other assets	1,210,054	(642,543)
	<u>4,539,406</u>	<u>(3,205,005)</u>
Increase / (decrease) in operating liabilities		
Bills payable	329,913	298,912
Borrowings from financial institutions	(13,536,134)	14,857,482
Deposits and other accounts	10,088,634	(1,531,908)
Other liabilities (excluding current taxation, Head office expenses and payable to defined benefit plan)	(777,973)	(1,545,543)
	<u>(3,895,560)</u>	<u>12,078,943</u>
	5,040,792	10,692,933
Contribution to gratuity fund	(15,127)	(11,052)
Income tax paid	(121,327)	(175,577)
Net cash used in operating activities	<u>4,904,338</u>	<u>10,506,304</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(5,273,584)	(8,995,164)
Investments in fixed assets	(121,739)	(67,087)
Sale proceeds from disposal of fixed assets	8,139	17,147
Net cash generated from investing activities	<u>(5,387,184)</u>	<u>(9,045,104)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit repatriated to Head Office during the period	-	-
Remittances made during the period on account of head office expenses	-	(335,775)
Net cash used in financing activities	<u>-</u>	<u>(335,775)</u>
(Decrease) / increase in cash and cash equivalents	<u>(482,846)</u>	<u>1,125,425</u>
Cash and cash equivalents at the beginning of the period	3,961,816	4,583,730
Cash and cash equivalents at end of the period	<u><u>3,478,970</u></u>	<u><u>5,709,155</u></u>

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)
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the half year ended June 30, 2015

	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, 2014	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)
	-	-	-	-
Profit remittance made to head office	-	-	-	-
Balance as at June 30, 2014	6,812,671	2,910,669	161,613	9,884,953
Profit for the half year ended December 31, 2014	-	1,819,544	-	1,819,544
Other comprehensive income for the period July 2014 to December 2014				
Remeasurements of defined benefit plan	-	(35,678)	-	(35,678)
Tax on remeasurements of defined benefit plan	-	12,487	-	12,487
	-	(23,191)	-	(23,191)
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	11,226	11,226
Recharged balance payable to the ultimate holding company for share based payments	-	-	(11,226)	(11,226)
Effect of re-measurement of cost under share based payment - net of tax	-	-	(5,286)	(5,286)
	-	-	(5,286)	(5,286)
Profit remittance made to head office	-	(1,650,374)	-	(1,650,374)
Balance as at December 31, 2014	6,812,671	3,056,648	156,327	10,025,646
Profit for the half year ended June 30, 2015	-	2,617,280	-	2,617,280
Other comprehensive income for the half year ended June 30, 2015				
Remeasurements of defined benefit plan	-	(18,841)	-	(18,841)
Tax on remeasurements of defined benefit plan	-	6,594	-	6,594
	-	(12,247)	-	(12,247)
Transactions with owners				
Contribution by the ultimate holding company in respect of share based payments	-	-	4,348	4,348
Recharged balance payable to the ultimate holding company for share based payments	-	-	(4,348)	(4,348)
	-	-	-	-
Balance as at June 30, 2015	6,812,671	5,661,681	156,327	12,630,679

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

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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)

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

For the half year ended June 30, 2015

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, 2014: 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, 2014.

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, 2014.

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, 2014.

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, 2014

	(Un-audited)
	June
9. BALANCES WITH OTHER BANKS	30, 2015
	(Rupees)
In Pakistan	
- Current accounts	62,891
Outside Pakistan	
- Current accounts	474,276
	537,167

10 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	6,588,738
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11. INVESTMENTS - NET

	<i>Note</i> June 30, 2015 (Un-audited)			December 31, 2014 (Au	
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral
Investments by type	----- (Rupees in '000) -----				
Held-for-trading securities					
Market treasury bills	5,176,269	-	5,176,269	2,044,064	-
Pakistan Investment Bonds	3,938,914	-	3,938,914	9,351,074	-
	9,115,183	-	9,115,183	11,395,138	-
Available-for-sale securities					
Market treasury bills	13,164,810	-	13,164,810	923,887	-
Pakistan Investment Bonds	18,896,496	-	18,896,496	20,410,813	5,453,022
Fully paid-up ordinary shares	2,000	-	2,000	2,000	-
Unlisted term finance certificates <i>11.1</i>	-	-	-	-	-
	32,063,306	-	32,063,306	21,336,700	5,453,022
Investments at cost	41,178,489	-	41,178,489	32,731,838	5,453,022
Less: Provision for diminution in the value of investments	2,000	-	2,000	2,000	-
Investments - net of provisions	41,176,489	-	41,176,489	32,729,838	5,453,022
Surplus on revaluation of held-for-trading securities - net	833	-	833	361,550	-
Surplus on revaluation of available-for-sale securities - net	210,081	-	210,081	595,526	186,601
Investments at market value	41,387,403	-	41,387,403	33,686,914	5,639,623

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

	(Un-audited)
	June
12. ADVANCES - NET	30, 2015
	(Rupees)
Loans, cash credits, running finances etc. - In Pakistan	26,006,764
Bills discounted and purchased (excluding Market treasury bills)	
Payable in Pakistan	721,194
Payable outside Pakistan	12,658
	733,852
Advances - gross	26,740,616
Provision against advances	
- Specific	<i>12.1</i> (3,237,594)
- General	<i>12.2</i> (114)
	(3,237,708)
Advances - net of provision	23,502,908

(Audited)
December
31, 2014
in '000)

31,965

138,732

170,697

2,826,481

dited)

Total

2,044,064

9,351,074

11,395,138

923,887

25,863,835

2,000

-

26,789,722

38,184,860

2,000

38,182,860

361,550

782,127

39,326,537

he settlement

(Audited)
December
31, 2014
in '000)

30,458,361

1,152,954

9,768

1,162,722

31,621,083

(3,425,347)

(146)

(3,425,493)

28,195,590

12.1 Advances include Rs. 3,237.835 million (December 31, 2014: Rs. 3,425.347 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2015 (Un-audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
----- (Rupees in '000) -----					
Substandard	321	-	321	80	80
Doubtful	-	-	-	-	-
Loss	3,237,514	-	3,237,514	3,237,514	3,237,514
	<u>3,237,835</u>	<u>-</u>	<u>3,237,835</u>	<u>3,237,594</u>	<u>3,237,594</u>
	December 31, 2014 (Audited)				
	Classified Advances			Provision required	Provision held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	3,425,347	-	3,425,347	3,425,347	3,425,347
	<u>3,425,347</u>	<u>-</u>	<u>3,425,347</u>	<u>3,425,347</u>	<u>3,425,347</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	(Un-audited)	(Audited)
	June 30, 2015	December 31, 2014
	(Rupees in '000)	
Capital work-in-progress	176,794	57,488
Property and equipment	259,856	297,501
Intangible assets	-	165
	<u>436,650</u>	<u>355,154</u>

13.1 Additions to property and equipment are Rs. 2,432 thousand (June 30, 2014: Rs. 31,151 thousand).

	(Un-audited)	
	For the half year ended	
	June 30, 2015	June 30, 2014
	(Rupees in '000)	
Furniture and fixtures	-	-
Electrical and office equipment	2,432	31,151
Vehicles	-	-
	<u>2,432</u>	<u>31,151</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	June
		30, 2015	30, 2014
		(Rupees in '000)	
	Furniture and fixtures	22	210
	Electrical and office equipment	-	8
	Vehicles	5,207	8,943
		<u>5,229</u>	<u>9,161</u>
		(Un-audited)	(Audited)
		June	December
		30, 2015	31, 2014
		(Rupees in '000)	
14.	BORROWINGS FROM FINANCIAL INSTITUTIONS		
	In Pakistan	-	8,511,979
	Outside Pakistan	410,275	5,500,826
		<u>410,275</u>	<u>14,012,805</u>
14.1	Particulars of borrowings from financial institutions		
	In local currency	-	8,511,979
	In foreign currency	410,275	5,500,826
		<u>410,275</u>	<u>14,012,805</u>
14.2	Details of borrowings from financial institutions		
	Secured		
	Repurchase agreement borrowings	-	5,511,979
	Unsecured		
	Call borrowings	-	8,024,155
	Overdrawn accounts	410,275	476,671
		<u>410,275</u>	<u>8,500,826</u>
		<u>410,275</u>	<u>14,012,805</u>
15.	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	Fixed deposits	14,014,939	10,270,188
	Savings deposits	21,415,968	21,376,055
	Current accounts - non-remunerative	21,439,113	15,157,452
	Other deposits	41,199	58,522
		<u>56,911,219</u>	<u>46,862,217</u>
	Financial institutions		
	Remunerative deposits	-	-
	Non-remunerative deposits	1,321,404	1,281,772
		<u>1,321,404</u>	<u>1,281,772</u>
		<u>58,232,623</u>	<u>48,143,989</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, 2015	(Audited) December 31, 2014
	(Rupees in '000)	
(i) Government of Pakistan	202	202
(ii) Banking companies and other financial institutions	2,941,176	-
	<u>2,941,378</u>	<u>202</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, 2015	(Audited) December 31, 2014
	(Rupees in '000)	
(i) Government of Pakistan	724,750	777,224
(ii) Banking companies and other financial institutions	38,482	91,526
(iii) Others	1,285,596	2,763,529
	<u>2,048,828</u>	<u>3,632,279</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, 2015	(Audited) December 31, 2014
	(Rupees in '000)	
Letters of credit / acceptances	<u>14,762,851</u>	<u>12,075,304</u>

16.4 Other contingencies

Claims not acknowledged as debts

	158,280	156,462
16.4.1	<u>158,280</u>	<u>156,462</u>

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, 2015	(Audited) December 31, 2014
16.5 Commitments in respect of forward transactions	(Rupees in '000)	
Forward agreement lending (reverse repos)	<u>6,591,255</u>	<u>2,827,949</u>
Forward agreement borrowings (repos)	<u>-</u>	<u>5,525,192</u>
Forward borrowing	<u>-</u>	<u>2,500,000</u>
Uncancellable commitments to extend credit	<u>934,977</u>	<u>1,204,640</u>

16.6 Commitments in respect of forward foreign exchange contracts

Purchase	<u>77,420,302</u>	<u>66,463,402</u>
Sale	<u>78,296,605</u>	<u>54,211,719</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, 2015	(Audited) December 31, 2014
16.7 Other commitments	(Rupees in '000)	
Cross currency and interest rate derivative contracts (notional amount)	<u>244,900</u>	<u>6,054,208</u>
16.8 Commitments in respect of capital expenditure	<u>133,518</u>	<u>184,516</u>

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.

		(Un-audited) June 30, 2015	June 30, 2014
18. OTHER INCOME		(Rupees in '000)	
Gain / (loss) from interest rate derivative contracts	<i>18.1</i>	<u>286,637</u>	(309,342)
Net profit on sale of property and equipment		<u>2,910</u>	8,196
Credit losses recovered		<u>583</u>	484
Others		<u>8,380</u>	3,950
		<u>298,510</u>	<u>(296,712)</u>

18.1 This is net of funding cost of FX swaps amounting to Rs 155 million (June 30, 2014: Rs 259 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, 2014	Net placements / disbursements / deposits / transfers	Net settlements / repayments / withdrawals / transfers	Balance as at June 30, 2015
----- (Rupees in '000) -----				
Deposits				
Associated undertakings	367,063	219,681	(164,967)	421,777
Staff retirement benefit funds	140,415	77,618	(201,125)	16,908
			(Un-audited) June 30, 2015	(Audited) December 31, 2014
			(Rupees in '000)	
Nostro balances / placements with Citibank				
Branches outside Pakistan			474,276	129,698
Call borrowings			-	5,024,155
Mark-up / return / interest payable			1,154	3,346
Overdrawn Nostro Accounts			410,275	476,671
Unremitted head office expenses			542,746	575,782
Payable for expenses and share based payment			172,381	171,281
Payable to defined benefit plan			176,878	151,574
Commitments in respect of forward exchange contracts				
Purchase			14,735,963	15,394,583
Sale			14,735,963	16,226,525
Counter guarantees to branches			4,003,052	2,348,587

	(Un-audited)	
	Half year ended	
	June 30, 2015	June 30, 2014
	(Rupees in '000)	
19.2 Contribution to staff retirement benefit funds	27,393	22,043
19.3 Income / expense for the period		
Mark-up / return / interest earned	1,660	1,674
Mark-up / return / interest expensed	4,159	2,822
Other income	11,360	24,464
Regional expenses for support services	21,345	(12,583)
Head office expenses	(33,037)	(39,629)
Remuneration paid to key management personnel	34,555	35,684

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, 2015 (Un-audited)		
	Trading and sales	Corporate & Retail banking	Total
	----- (Rupees in '000) -----		
Total income	3,265,685	2,771,098	6,036,783
Total expenses	1,337,970	2,081,533	3,419,503
Net income	1,927,715	689,565	2,617,280
Segment return on net assets (ROA) (%)**	7.39%	5.03%	6.58%
Segment cost of funds (%)***	4.61%	4.13%	4.17%

	As at June 30, 2015 (Un-audited)		
	Trading and sales	Corporate & Retail banking	Total
	----- (Rupees in '000) -----		
Segment assets (gross)	52,102,213	30,722,135	82,824,348
Segment non-performing loans	-	3,237,835	3,237,835
Segment provision required*	-	3,248,099	3,248,099
Segment liabilities	927,269	65,881,990	66,809,259

	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 December 31, 2014 (Audited)		
	Trading and sales	Corporate & Retail banking	Total
	----- (Rupees in '000) -----		
Segment assets (gross)	48,771,496	35,918,910	84,690,406
Segment non-performing loans	-	3,425,347	3,425,347
Segment provision required*	-	3,436,434	3,436,434
Segment liabilities	16,582,920	54,137,023	70,719,943

* 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. GENERAL

21.1 This condensed interim financial information was authorised for issue by the management of the Bank on August 06, 2015.

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

NADEEM LODHI
Managing Director and
Citi Country Officer

ADAMJEE YAKOOB
Chief Financial Officer