

# 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, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 <b>18,250,440</b>	11,342,260
Balances with other banks	7 <b>312,548</b>	21,386,856
Lendings to financial institutions	8 <b>990,046</b>	639,581
Investments	9 <b>122,959,076</b>	87,892,745
Advances	10 <b>35,956,474</b>	36,438,869
Fixed assets	11 <b>550,502</b>	530,957
Intangible assets	-	-
Deferred tax assets	12 <b>119,684</b>	-
Other assets	13 <b>8,637,612</b>	3,748,789
	<b>187,776,382</b>	161,980,057
<b>LIABILITIES</b>		
Bills payable	14 <b>1,096,773</b>	1,475,556
Borrowings	15 <b>21,232,270</b>	18,848,733
Deposits and other accounts	16 <b>141,140,917</b>	118,238,891
Liabilities against assets subject to finance lease	-	-
Subordinated debt	-	-
Deferred tax liabilities	12 -	50,871
Other liabilities	17 <b>14,964,017</b>	9,542,612
	<b>178,433,977</b>	148,156,663
<b>NET ASSETS</b>	<b>9,342,405</b>	<b>13,823,394</b>
<b>REPRESENTED BY</b>		
Head office capital account	<b>6,812,671</b>	6,812,671
Reserves	<b>163,719</b>	161,550
(Deficit) / surplus on revaluation of assets	18 <b>(215,585)</b>	102,841
Unremitted profit	<b>2,581,600</b>	6,746,332
	<b>9,342,405</b>	<b>13,823,394</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	19	

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

**AHMED BOZAI**  
Managing Director and  
Citi Country Officer

**IMAD HASSAN KHAN**  
Country Finance 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, 2021

	Note	Quarter ended		Nine Months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
----- (Rupees in '000) -----					
Mark-up / return / interest earned	20	<b>3,192,217</b>	3,183,905	<b>8,266,383</b>	11,907,548
Mark-up / return/ interest expensed	21	<b>1,886,706</b>	1,345,622	<b>4,433,339</b>	6,215,051
Net Mark-up / Interest Income		<b>1,305,511</b>	1,838,283	<b>3,833,044</b>	5,692,497
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	22	<b>153,350</b>	147,445	<b>484,454</b>	547,910
Foreign exchange income		<b>678,810</b>	1,218,454	<b>1,969,117</b>	2,260,256
(Loss) / gain from derivatives		<b>14,335</b>	(424,555)	<b>70,066</b>	635,850
Gain on securities	23	<b>8,919</b>	232,675	<b>111,985</b>	933,630
Other income	24	<b>1,030</b>	-	<b>1,030</b>	-
Total non-markup / interest income		<b>856,444</b>	1,174,019	<b>2,636,652</b>	4,377,646
Total Income		<b>2,161,955</b>	3,012,302	<b>6,469,696</b>	10,070,143
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	25	<b>440,410</b>	(244,074)	<b>1,609,456</b>	991,031
Workers Welfare Fund		<b>31,721</b>	56,724	<b>89,589</b>	159,043
Other charges		-	-	-	-
Total non-markup / interest expenses		<b>472,131</b>	(187,350)	<b>1,699,045</b>	1,150,074
Profit before provisions		<b>1,689,824</b>	3,199,652	<b>4,770,651</b>	8,920,069
(Reversals) / provisions and write offs - net	26	<b>(4,783)</b>	(2)	<b>(36,452)</b>	1,950
<b>PROFIT BEFORE TAXATION</b>		<b>1,694,607</b>	3,199,654	<b>4,807,103</b>	8,918,119
Taxation	27	<b>775,607</b>	1,075,275	<b>2,225,503</b>	3,331,506
<b>PROFIT AFTER TAXATION</b>		<b>919,000</b>	2,124,379	<b>2,581,600</b>	5,586,613

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

**AHMED BOZAI**  
Managing Director and  
Citi Country Officer

**IMAD HASSAN KHAN**  
Country Finance 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 nine months ended September 30, 2021

	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)				
<b>Opening Balance as at January 1, 2020 (audited)</b>	6,812,671	104,302	161,543	4,821,622	11,900,138
Profit after taxation for the half year ended September 30, 2020	-	-	-	5,586,613	5,586,613
Other comprehensive income for the half year ended September 30, 2020 - net of tax	-	293,014	-	11,162	304,176
Remittances made to head office	-	-	-	(4,821,622)	(4,821,622)
<b>Transactions with owners, recorded directly in equity</b>					
Contribution by the head office in respect of share based payments	-	-	9,201	-	9,201
Recharged balance payable to the head office for share based payments	-	-	(9,201)	-	(9,201)
Effect of re-measurement of cost under share based payment - net of tax			7		7
<b>Opening Balance as at October 1, 2020 (un-audited)</b>	<b>6,812,671</b>	<b>397,316</b>	<b>161,550</b>	<b>5,597,775</b>	<b>12,969,312</b>
Profit after taxation for the period October 1, 2020 to December 31, 2020	-	-	-	1,169,815	1,169,815
Other comprehensive income for the period October 1, 2020 to December 31, 2020 - net of tax	-	(294,475)	-	(21,258)	(315,733)
Remittances made to head office	-	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>					
Contribution by the head office in respect of share based payments	-	-	20,433	-	20,433
Recharged balance payable to the head office for share based payments	-	-	(20,433)	-	(20,433)
<b>Opening Balance as at January 1, 2021 (audited)</b>	<b>6,812,671</b>	<b>102,841</b>	<b>161,550</b>	<b>6,746,332</b>	<b>13,823,394</b>
Profit after taxation for the nine months ended September 30, 2021	-	-	-	2,581,600	2,581,600
Other comprehensive income for the nine months year ended September 30, 2021 - net of tax	-	(318,426)	-	-	(318,426)
Remittances made to head office	-	-	-	(6,746,332)	(6,746,332)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>					
Contribution by the head office in respect of share based payments	-	-	128,488	-	128,488
Recharged balance payable to the head office for share based payments	-	-	(128,488)	-	(128,488)
Effect of re-measurement of cost under share based payment - net of tax	-	-	2,169	-	2,169
<b>Closing Balance as at September 30, 2021</b>	<b>6,812,671</b>	<b>(215,585)</b>	<b>163,719</b>	<b>2,581,600</b>	<b>9,342,405</b>

The annexed notes 1 to 33 form an integral part of these condensed interim financial statements.

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## Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2021

	Nine Months ended	
	September 30, 2021	September 30, 2020
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,807,103	8,918,119
Adjustments:		
Depreciation	97,302	96,832
Depreciation on right-of-use assets	90,088	85,387
Interest expense on lease liability against right-of-use assets	12,716	17,365
(Reversal) / Provisions and write-offs - net	(36,452)	24,174
Gain on sale of fixed assets	(937)	-
Fixed Assets written off	-	3,453
Unrealised gain on revaluation of investments classified as held for trading	17,498	(3,264)
Charge for defined benefit plan	38,164	39,290
	<b>218,379</b>	<b>263,237</b>
	<b>5,025,482</b>	<b>9,181,356</b>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(350,465)	2,951,301
Held-for-trading securities	(16,543,765)	10,020,532
Advances	518,847	8,992,587
Other assets (excluding advance taxation)	(4,904,890)	1,996,914
	<b>(21,280,273)</b>	<b>23,961,334</b>
Increase in operating liabilities		
Bills payable	(378,783)	(357,634)
Borrowings from financial institutions	(1,022,584)	(11,689,364)
Deposits	22,902,026	14,167,862
Other liabilities (excluding current taxation, Head Office Expenses, payable to defined benefit plan and lease liability against right-of-use assets)	5,305,523	588,262
	<b>26,806,182</b>	<b>2,709,126</b>
Income tax paid	(2,177,794)	(3,322,602)
Contribution to gratuity fund	(23,956)	(16,415)
<i>Net cash flow (used in) / generated from operating activities</i>	<b>8,349,641</b>	<b>32,512,799</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(19,062,074)	(3,008,006)
Investments in operating fixed assets	(29,635)	(58,575)
Proceeds from sale of fixed assets	1,010	-
<i>Net cash flow used in investing activities</i>	<b>(19,090,699)</b>	<b>(3,066,581)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liability against right-of-use assets	(84,859)	(132,220)
Profit repatriated to head office during the period	(6,746,332)	(4,821,622)
<i>Net cash used in financing activities</i>	<b>(6,831,191)</b>	<b>(4,953,842)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(17,572,249)</b>	<b>24,492,376</b>
Cash and cash equivalents at beginning of the period	<b>32,498,105</b>	<b>11,998,925</b>
Cash and cash equivalents at end of the period	<b>14,925,856</b>	<b>36,491,301</b>

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

For the nine months ended September 30, 2021

### 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, 2021, the Bank operates through 3 branches (December 31, 2020: 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 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, vide its BSD Circular Letter no. 10 dated August 26, 2002 deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1) / 2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. 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 and presentations made in these condensed interim financial statements are based on the format prescribed by the State Bank of Pakistan vide 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 the disclosures required for 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, 2020.

- 2.2 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 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 01, 2021, 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.

#### 3.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet effective

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and implementation guidelines are awaited.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current period. These are not likely to have material effect on the Bank's financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as that applied in the preparation of the audited financial statements for the year ended December 31, 2020.

5 FINANCIAL RISK MANAGEMENT

5.1 The Bank's risk management policies are the same as disclosed in the financial statements for the year ended December 31, 2020.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
Local currency	95,223	102,004
Foreign currency	101,830	110,044
	<u>197,053</u>	<u>212,048</u>
With State Bank of Pakistan in		
Local currency current account	16,891,359	9,681,690
Foreign currency current accounts		
- Cash reserve account	383,980	479,503
- US Dollar clearing account	8,068	7,992
Foreign currency deposit account		
- Special cash reserve account	767,959	959,006
	<u>18,051,366</u>	<u>11,128,191</u>
With National Bank of Pakistan in		
Local currency current account	2,021	2,021
	<u>18,250,440</u>	<u>11,342,260</u>

7 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	10,886	9,886
Outside Pakistan		
In current accounts	301,662	21,376,970
	<u>312,548</u>	<u>21,386,856</u>

8 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	990,046	639,581
	<u>990,046</u>	<u>639,581</u>
Less: Provision held against Lending to Financial Institutions	-	-
Lendings to Financial Institutions - net of provision	<u>990,046</u>	<u>639,581</u>

9 INVESTMENTS	Note	(Un-audited) September 30, 2021				(Audited) December 31, 2020			
		Cost / amortised cost	Provision for diminution	Surplus	Carrying value	Cost / amortised cost	Provision for diminution	Surplus	Carrying Value
9.1 Investments by type:		(Rupees in '000)							
<b>Held-for-trading securities</b>									
Federal Government Securities		28,330,381	-	3,132	28,333,513	11,786,616	-	20,630	11,807,246
		<u>28,330,381</u>	<u>-</u>	<u>3,132</u>	<u>28,333,513</u>	<u>11,786,616</u>	<u>-</u>	<u>20,630</u>	<u>11,807,246</u>
<b>Available-for-sale securities</b>									
Federal Government Securities		94,978,980	-	(353,417)	94,625,563	75,916,906	-	168,593	76,085,499
Non Government Debt Securities		-	-	-	-	248,090	(248,090)	-	-
		<u>94,978,980</u>	<u>-</u>	<u>(353,417)</u>	<u>94,625,563</u>	<u>76,164,996</u>	<u>(248,090)</u>	<u>168,593</u>	<u>76,085,499</u>
<b>Total Investments</b>		<u>123,309,361</u>	<u>-</u>	<u>(350,285)</u>	<u>122,959,076</u>	<u>87,951,612</u>	<u>(248,090)</u>	<u>189,223</u>	<u>87,892,745</u>

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
<b>9.1.2 Investments given as collateral</b>		

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

<b>Federal Government securities:</b>		
-Market Treasury Bills	10,425,387	18,614,390

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	248,090.0	-
Amounts written off	-	-
Closing Balance	<u>-</u>	<u>(248,090)</u>

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) September 30, 2021		(Audited) December 31, 2020	
	Non Performing Investments	Provision	Non Performing Investments	Provision
Domestic				
Loss	-	-	248,090	248,090
	<u>-</u>	<u>-</u>	<u>248,090</u>	<u>248,090</u>

10	ADVANCES	Performing		Non Performing		Total	
		(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----							
	Loans, cash credits, running finances, etc.	32,740,280	33,348,186	1,735,256	2,381,081	34,475,536	35,729,267
	Bills discounted and purchased	3,216,313	3,090,889	-	-	3,216,313	3,090,889
	Advances - gross	35,956,593	36,439,075	1,735,256	2,381,081	37,691,849	38,820,156
	Provision against advances						
	- Specific	-	-	(1,735,256)	(2,381,081)	(1,735,256)	(2,381,081)
	- General	(119)	(206)	-	-	(119)	(206)
	Advances - net of provision	35,956,474	36,438,869	-	-	35,956,474	36,438,869

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----			
10.1	Particulars of advances (Gross)		
	In local currency	37,493,087	38,633,999
	In foreign currency	198,762	186,157
		37,691,849	38,820,156

10.2 Advances include Rs. 1,735,256 million (December 31, 2020: Rs. 2,381,081 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) June 30, 2021		(Audited) December 31, 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
Loss	1,735,256	1,735,256	2,381,081	2,381,081
Total	1,735,256	1,735,256	2,381,081	2,381,081

10.3 Particulars of provision against advances

	(Un-audited) June 30, 2021		(Audited) December 31, 2020		
	Specific	General	Specific	General	Total
----- (Rupees in '000) -----					
Opening balance	2,381,081	206	2,381,287	2,673,071	215
Exchange adjustments	12,606	-	-	11,353	-
Charge for the period / year	-	-	-	1,956	-
Reversals	(36,367)	(87)	(36,454)	-	(9)
				1,956	(9)
Amounts written off	(622,064)	-	(622,064)	(305,299)	-
Closing balance	1,735,256	119	1,722,769	2,381,081	206

10.3.1 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between 0.5% to 1.5% based on the classified housing finance to total housing finance ratio present in the portfolio.

		Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----				
11	FIXED ASSETS			
	Property and equipment		274,097	341,837
	Right-of-use assets		276,405	189,120
			550,502	530,957

		(Un-audited) September 30, 2021	(Audited) September 30, 2020
----- (Rupees in '000) -----			
11.2	Additions to fixed assets		
The following additions have been made to fixed assets during the period:			
<b>Property and equipment</b>			
	Furniture and fixture	8,866	11,101
	Electrical, office and computer equipment	19,999	47,359
		28,865	58,460

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Electrical, office and computer equipment	73	-
Total	73	-





17	<b>OTHER LIABILITIES</b>	Note	(Un-audited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020
	Mark-up / Return / Interest payable in local currency		100,707	242,031
	Mark-up / Return / Interest payable in foreign currency		528	1,368
	Unearned commission and income on bills discounted		18,517	26,233
	Accrued expenses	17.1 & 17.2	1,463,874	1,324,364
	Acceptances		5,554,725	1,199,226
	Mark to market loss on forward foreign exchange contracts		1,037,862	1,017,289
	Unremitted head office expenses		937,033	936,972
	Payable to regional offices for support services		17,651	17,463
	Payable to defined benefit plan		281,095	266,887
	Payable on account of sale proceeds of securities held under custody		2,148,677	1,650,716
	Payable on account of sale proceeds of shares sold by an associated undertaking		136,033	136,033
	Lease liability against right-of-use assets		231,942	126,712
	Clearing account balances		706,265	834,753
	Unclaimed deposit balances		924,028	945,447
	Others		1,405,080	817,118
			<u>14,964,017</u>	<u>9,542,612</u>
17.1	This includes the Bank's obligation to the head office under the stock award and stock option programmes. As of September 30, 2021, recognised liability for share based incentive plans was 376.807 million (December 31, 2020: Rs. 245.609 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. 899.454 million against Sind and Punjab WWF laws from the date of its levy till September 30, 2021. The bank along with the banking industry has challenged the Sind WWF levy which is pending in Court. No notice has been received from Punjab Revenue Authority in respect of its WWF law. However, single member bench of Sindh High Court issued an interim order, whereby all banks are required to follow the order of full bench's order in the similar case. The lawyer is of the view that stay is still in field, the final order of full bench will also decide the fate of bank's cases.  No notice has been received from Punjab Revenue Authority in respect of its PWWF law.			
		Note	(Un-audited) September 30, 2021 (Rupees in '000)	(Audited) December 31, 2020
18	<b>(DEFICIT) / SURPLUS ON REVALUATION OF ASSETS</b>			
	Surplus on revaluation of:			
	- Available for sale securities	9.1	(353,417)	168,593
	Deferred tax on surplus on revaluation of:			
	- Available for sale securities		137,832	(65,752)
			<u>(215,585)</u>	<u>102,841</u>
19	<b>CONTINGENCIES AND COMMITMENTS</b>			
	- Guarantees	19.1	2,419,659	1,541,777
	- Commitments	19.2	146,115,474	227,621,840
	- Other contingent liabilities	19.3	239,468	239,765
			<u>148,774,601</u>	<u>229,403,382</u>
19.1	<b>Guarantees</b>			
	Financial guarantees		202	202
	Performance guarantees		2,419,457	1,541,575
			<u>2,419,659</u>	<u>1,541,777</u>
19.2	<b>Commitments</b>			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		16,239,643	9,609,444
	Commitments in respect of:			
	- Forward foreign exchange contracts	19.2.1	104,482,978	196,867,719
	- Forward government securities transactions	19.2.2	11,417,747	19,267,722
	- Forward lending	19.2.3	2,029,032	1,870,826
	Commitments for acquisition of:			
	- Fixed assets		42	6,129
	Other commitments	19.2.4	11,946,032	-
			<u>146,115,474</u>	<u>227,621,840</u>
19.2.1	<b>Commitments in respect of forward foreign exchange contracts</b>			
	Purchase		60,159,707	91,281,050
	Sale		44,323,271	105,586,669
			<u>104,482,978</u>	<u>196,867,719</u>
19.2.2	<b>Commitments in respect of forward government securities transactions</b>			
	Purchase		10,427,519	18,627,719
	Sale		990,228	640,003
			<u>11,417,747</u>	<u>19,267,722</u>
19.2.3	<b>Commitments in respect of forward lending</b>			
	Undrawn formal standby facilities, credit lines and other commitments to lend	19.2.3.1	2,029,032	1,870,826
19.2.3.1	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, 2021 (Rupees in '000)	(Audited) December 31, 2020
19.2.4	<b>Other commitments</b>			
	Forward borrowing		11,946,032	-
			<u>11,946,032</u>	<u>-</u>
19.3	<b>Other contingent liabilities</b>			
	Claims against bank not acknowledged as debt	19.3.1	239,468	239,765
19.3.1	These are not recognised as debt as the probability of these crystallising against the Bank is considered remote.			
19.4	Tax related contingencies are disclosed in note 27.1 of these condensed interim financial statements.			

		<b>(Un-audited)</b>	
		<b>September 30,</b>	September 30,
		<b>2021</b>	2020
		<b>(Rupees in '000)</b>	
<b>20</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>		
	On:		
	a) Loans and advances	<b>2,272,233</b>	4,341,844
	b) Investments	<b>5,336,729</b>	6,897,908
	c) Lendings to financial institutions	<b>651,854</b>	627,043
	d) Balances with banks	<b>5,567</b>	40,753
	e) Income from foreign currency swaps against foreign currency deposits / borrowings	-	-
		<b>8,266,383</b>	<b>11,907,548</b>
<b>21</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	On:		
	a) Deposits	<b>4,052,006</b>	5,012,798
	b) Borrowings	<b>67,239</b>	613,365
	c) Cost of foreign currency swaps against foreign currency deposits / borrowings	<b>314,094</b>	588,888
		<b>4,433,339</b>	<b>6,215,051</b>
<b>22</b>	<b>FEE &amp; COMMISSION INCOME</b>		
	Branch banking customer fees	<b>24,307</b>	18,585
	Card related fees (credit cards)	<b>3,065</b>	3,391
	Custody related fees	<b>250,248</b>	290,757
	Commission on trade	<b>107,965</b>	118,397
	Commission on guarantees	<b>15,022</b>	11,086
	Commission on cash management	<b>67,676</b>	94,875
	Commission on remittances including home remittances	<b>8</b>	8
	Others	<b>16,163</b>	10,811
		<b>484,454</b>	<b>547,910</b>
<b>23</b>	<b>GAIN ON SECURITIES</b>		
	Realised	<b>129,483</b>	930,366
	Unrealised - held for trading	<b>(17,498)</b>	3,264
		<b>111,985</b>	933,630
<b>23.1</b>	Realised gain on:		
	Federal Government Securities	<b>129,483</b>	930,366
		<b>129,483</b>	<b>930,366</b>
<b>24</b>	<b>OTHER INCOME</b>		
	Gain on sale of fixed assets-net	<b>937</b>	-
	Sale of non-capitalized assets	<b>93</b>	-
		<b>1,030</b>	-

Note

	Note	(Un-audited)	
		September 30, 2021	September 30, 2020
(Rupees in '000)			
<b>25 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		<b>847,088</b>	576,008
<b>Property expense</b>			
Rent and taxes		3,354	9,865
Utilities cost		25,359	22,686
Security (including guards)		31,404	30,916
Repair and maintenance (including janitorial charges)		63,438	60,353
Depreciation		58,786	53,775
Depreciation on right-of-use assets		90,088	85,387
Interest expense on lease liability against right-of-use assets		12,716	17,365
Fixed Assets written off		-	3,453
Others		(567)	1,509
		<b>284,578</b>	285,309
<b>Information technology expenses</b>			
Software maintenance		48,577	33,409
Hardware maintenance		2,784	4,826
Depreciation		32,843	37,384
Network charges		37,960	32,477
Others		4,484	1,210
		<b>126,648</b>	109,306
<b>Other operating expenses</b>			
Legal and professional charges		41,931	28,710
Outsourced services costs		78,241	64,848
Travelling and conveyance		7,663	15,491
Depreciation		5,673	5,673
Training and development		218	92
Postage and courier charges		8,602	14,762
Communication		20,276	31,169
Head office expenses	25.1	61	(388,214)
Stationery and printing		6,958	17,542
Donations		-	600
Auditors Remuneration		1,730	2,117
Banking Service Charges		79,448	106,812
Brokerage and commission paid		20,016	28,293
Card Association Fees		29,387	40,451
Others		50,938	52,045
		<b>351,142</b>	20,408
		<b>1,609,456</b>	991,031

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

		<b>(Un-audited)</b>	
		<b>September 30,</b>	September 30,
		<b>2021</b>	2020
		<b>(Rupees in '000)</b>	
<b>26</b>	<b>PROVISIONS &amp; WRITE OFFS - NET</b>		
	(Reversals) / provisions against loans and advances	10.3	1,950
		<u><b>(36,452)</b></u>	<u>1,950</u>
<b>27</b>	<b>TAXATION</b>		
	Current	27.2	3,108,176
	Prior periods		-
	Deferred		223,330
		<u><b>1,997,633</b></u>	<u>3,331,506</u>
		<u><b>196,227</b></u>	<u>-</u>
		<u><b>31,643</b></u>	<u>223,330</u>
		<u><b>2,225,503</b></u>	<u>3,331,506</u>

**27.1** The Income Tax returns of the Bank have been filed up to the tax year 2021 (accounting year ended December 31, 2020).

The income tax authorities issued amended assessment orders for up to tax years 2020 whereby aggregate tax demand of Rs. 667 million (December 31, 2020: Rs. 392 million) was raised. Total demand has been paid except for the tax year 2019, where management had decided to pay 10% against the demand of Rs. 175 million. This was done in accordance with the tax opinion from tax advisor in order to obtain stay against demand for the tax year 2019.

The Bank has filed appeals before the appellate forums against these amended assessment orders for all years, where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. On the other hand, where the appellate authorities have not allowed relief, the Bank has filed appeals before higher appellate forums. The management of the Bank, in consultation with its tax advisor, is confident that the appeals will be decided in favour of the Bank.

In the year 2020, FBR had started proceedings for monitoring of withholding taxes under section 161 of the Income Tax Ordinance 2001 and has passed an order creating demand of Rs. 127 million for the accounting years 2005 and 2006. Penalty amount on alleged short tax payment is Rs. 6.39 million. Surcharge amount for alleged short tax payment, if any, will be in addition to it. Bank has filed appeals and obtained a stay against the demand from the Sindh High Court. Neither the demand is paid nor any provision has been recognised for this demand in the books of accounts as management is of the view that the bank will be able to defend its position in a court of law. Bank's view is supported by external counsel opinion.

**27.2** This represents tax charge for tax year 2020 on account of difference between tax charged in the financial statements for the year ended December 31, 2019 and tax charge offered in the return.

## **28 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.

### **28.1 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:

		(Un-audited) September 30, 2021				
Note	Carrying / Notional Value	Fair Value			Total	
		Level 1	Level 2	Level 3		
----- (Rupees in '000) -----						
<b>On balance sheet financial instruments</b>						
<b>Financial assets - measured at fair value</b>						
Investments						
	Federal Government Securities	122,959,076	-	122,959,076	-	122,959,076
<b>Financial assets - disclosed but not measured at fair value</b>						
	Cash and balances with treasury banks	28.2	18,250,440	-	-	-
	Balances with other banks	28.2	312,548	-	-	-
	Lendings to financial institutions	28.2	990,046	-	-	-
	Advances - net	28.2	35,956,474	-	-	-
	Other financial assets	28.2	8,295,461	-	-	-
			<u>186,764,045</u>	<u>-</u>	<u>122,959,076</u>	<u>-</u>
						<u>122,959,076</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>						
	Forward purchase of foreign exchange		60,159,707	-	61,187,582	-
	Forward sale of foreign exchange		44,323,271	-	43,383,392	-
	Forward Borrowing		11,946,032	-	11,946,032	-
	Forward purchase contracts of government securities		10,427,519	-	10,427,519	-
	Forward sale contracts of government securities		990,228	-	990,228	-
(Audited) December 31, 2020						
		Fair Value				
Note	Carrying / Notional Value	Level 1	Level 2	Level 3	Total	
		Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----						
<b>On balance sheet financial instruments</b>						
<b>Financial assets - measured at fair value</b>						
Investments						
	Federal Government Securities		87,892,745	-	87,892,745	-
<b>Financial assets - disclosed but not measured at fair value</b>						
	Cash and balances with treasury banks	28.2	11,342,260	-	-	-
	Balances with other banks	28.2	21,386,856	-	-	-
	Lendings to financial institutions	28.2	639,581	-	-	-
	Advances - net	28.2	36,438,869	-	-	-
	Other financial assets	28.2	3,392,640	-	-	-
			<u>161,092,951</u>	<u>-</u>	<u>87,892,745</u>	<u>-</u>
						<u>87,892,745</u>
<b>Off-balance sheet financial instruments - measured at fair value</b>						
	Forward purchase of foreign exchange		91,281,050	-	91,956,578	-
	Forward sale of foreign exchange		105,586,669	-	104,929,163	-
	Forward purchase contracts of government securities		18,627,719	-	18,627,719	-
	Forward sale contracts of government securities		640,003	-	640,003	-

28.2 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.

28.3 Valuation techniques used in determination of fair valuation of financial instruments within level 2.

Federal government debt securities	The fair value of government securities are valued using PKRV rates.
Forward contracts	The fair values are derived using forward exchange rates or PKRV rates applicable to their respective remaining maturities.

## 29 SEGMENT INFORMATION

### 29.1 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, 2021

	Corporate Banking	Treasury	Total
----- (Rupees in '000) -----			
<b>Profit &amp; Loss</b>			
Net mark-up / return / profit	(1,779,773)	5,612,817	3,833,044
Inter segment revenue - net	4,073,308	(4,073,308)	-
Non mark-up / return / interest income	485,438	2,151,214	2,636,652
<b>Total Income</b>	<b>2,778,973</b>	<b>3,690,723</b>	<b>6,469,696</b>
Segment direct expenses	1,265,096	433,949	1,699,045
Inter segment expense allocation	-	-	-
<b>Total expenses</b>	<b>1,265,096</b>	<b>433,949</b>	<b>1,699,045</b>
Reversals of provision	(36,452)	-	(36,452)
<b>Profit before tax</b>	<b>1,550,329</b>	<b>3,256,774</b>	<b>4,807,103</b>

(Un-audited)  
As at September 30, 2021

	Corporate Banking	Treasury	Total
----- (Rupees in '000) -----			
<b>Balance Sheet</b>			
Cash & Bank balances	197,053	18,365,935	18,562,988
Investments	-	122,959,076	122,959,076
Net inter segment lending	114,866,033	-	114,866,033
Lendings to financial institutions	-	990,046	990,046
Advances - performing	35,956,474	-	35,956,474
- non-performing net of provision	-	-	-
Others	7,364,266	1,943,532	9,307,798
<b>Total Assets</b>	<b>158,383,826</b>	<b>144,258,589</b>	<b>302,642,415</b>
Borrowings	-	21,232,270	21,232,270
Deposits & other accounts	140,348,307	792,610	141,140,917
Net inter segment borrowing	-	114,866,033	114,866,033
Others	15,022,520	1,038,270	16,060,790
<b>Total liabilities</b>	<b>155,370,827</b>	<b>137,929,183</b>	<b>293,300,010</b>
Equity	3,012,999	6,329,406	9,342,405
<b>Total Equity &amp; liabilities</b>	<b>158,383,826</b>	<b>144,258,589</b>	<b>302,642,415</b>
<b>Contingencies &amp; Commitments</b>	<b>20,927,844</b>	<b>127,846,757</b>	<b>148,774,601</b>

(Un-audited)  
For the nine months ended September 30, 2020

	Corporate Banking	Treasury	Total
----- (Rupees in '000) -----			
Profit & Loss			
Net mark-up / return / profit	(670,954)	6,363,451	5,692,497
Inter segment revenue - net	3,549,251	(3,549,251)	-
Non mark-up / return / interest income	525,686	3,851,960	4,377,646
Total Income	<u>3,403,983</u>	<u>6,666,160</u>	<u>10,070,143</u>
Segment direct expenses	861,032	289,042	1,150,074
Inter segment expense allocation	-	-	-
Total expenses	<u>861,032</u>	<u>289,042</u>	<u>1,150,074</u>
Provisions	1,950	-	1,950
Profit before tax	<u>2,541,001</u>	<u>6,377,118</u>	<u>8,918,119</u>

(Audited)  
As at December 31, 2020

	Corporate Banking	Treasury	Total
----- (Rupees in '000) -----			
Balance Sheet			
Cash & Bank balances	212,047	32,517,069	32,729,116
Investments	-	87,892,745	87,892,745
Net inter segment lending	91,107,997	-	91,107,997
Lendings to financial institutions	-	639,581	639,581
Advances - performing	36,438,869	-	36,438,869
- non-performing net of provision	-	-	-
Others	2,871,645	1,408,101	4,279,746
Total Assets	<u>130,630,558</u>	<u>122,457,496</u>	<u>253,088,054</u>
Borrowings	-	18,848,733	18,848,733
Deposits & other accounts	116,727,819	1,511,072	118,238,891
Net inter segment borrowing	-	91,107,997	91,107,997
Others	10,041,350	1,027,689	11,069,039
Total liabilities	<u>126,769,169</u>	<u>112,495,491</u>	<u>239,264,660</u>
Equity	3,861,390	9,962,004	13,823,394
Total Equity & liabilities	<u>130,630,559</u>	<u>122,457,495</u>	<u>253,088,054</u>
Contingencies & Commitments	<u>13,267,941</u>	<u>216,135,441</u>	<u>229,403,382</u>





### 31 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Un-audited) (Audited)  
**September 30,** December 31,  
**2021** 2020  
(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	9,342,405	13,720,553
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	9,342,405	13,720,553
Eligible Tier 2 Capital	119	103,047
Total Eligible Capital (Tier 1 + Tier 2)	9,342,524	13,823,600

#### Risk Weighted Assets (RWAs):

Credit Risk	25,094,091	26,513,780
Market Risk	2,174,015	1,819,952
Operational Risk	19,263,742	19,263,743
Total	46,531,848	47,597,475

Common Equity Tier 1 Capital Adequacy Ratio	20.08%	28.83%
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Tier 1 Capital Adequacy Ratio	20.08%	28.83%
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Total Capital Adequacy Ratio	20.08%	29.04%
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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 quarter ended September 30, 2021 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 11.50% of the risk weighted exposures of the Bank as of September 30, 2021. The Bank's CAR as at September 30, 2021 was 20.08% of its risk weighted exposure.

In order to dampen the effects of COVID - 19, SBP via BPRD Circular Letter No. 12 dated 26 March 2020 has given regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of 15 August 2013, for the time being, from its existing level of 2.50% to 1.50%, till further instructions.

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.

(Un-audited) (Audited)  
**September 30,** December 31,  
**2021** 2020  
(Rupees in '000)

#### Leverage Ratio (LR):

Eligible Tier-1 Capital	9,342,405	13,720,553
Total Exposure	229,031,616	204,816,282
Leverage Ratio	4.08%	6.70%

#### Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	107,644,165	76,849,975
Total Net Cash Outflow	23,922,323	27,517,608
Liquidity Coverage Ratio	449.97%	279.28%

#### Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	145,085,300	123,130,530
Total Required Stable Funding	46,503,417	64,680,917
Net Stable Funding Ratio	311.99%	190.37%

**32 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on 29 October 2021 by the management of the Bank.

**33 GENERAL**

**33.1** Figures have been rounded off to the nearest thousand rupees.

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

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**AHMED BOZAI**  
Managing Director and  
Citi Country Officer

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**IMAD HASSAN KHAN**  
Country Finance Officer