



## Media Release

### **RAM Ratings reaffirms Citibank's AAA/P1 ratings**

RAM Ratings has reaffirmed Citibank Berhad's (Citibank or the Bank) long- and short-term financial institution ratings at AAA and P1, respectively; the long-term rating has a stable outlook. The ratings reflect Citibank's strong market position, respectable performance and healthy asset quality that support its business model.

Citibank is ultimately owned by Citigroup Inc. On the domestic front, the Bank focuses on the consumer and corporate banking segments, and is well established in credit cards and residential mortgages. Citibank has leading market positions in these segments, capturing a respective 21.62% and 5.46% of the Malaysian banking industry's outstanding credit cards and residential mortgages as at 30 June 2009. Given that the commercial-banking segment is highly competitive and that Citibank has to compete against both domestic and foreign players with larger branch networks, the Bank's ability to retain its position testifies to the expertise of its experienced management team and franchise.

We note that Citibank's asset quality had deteriorated slightly as at end-June 2009; its gross non-performing-loan (NPL) ratio had edged up to 3.52% (end-December 2008: 3.09%), with an uptick in absolute gross NPLs and a contracting loan base due to its cautious lending strategy. Nonetheless, the Bank's asset quality is still considered healthy. Meanwhile, Citibank's gross NPL coverage ratio came up to 104.81% as at end-June 2009 (end-December 2008: 108.39%). "We believe that Citibank will be able to safeguard its asset quality, underscored by its stringent credit underwriting and vigilant loan monitoring," says Promod Dass, RAM Ratings' Head of Financial Institution Ratings.

Citibank registered a commendable pre-tax profit of RM424.96 million in 1H FY Dec 2009, with annualised return-on-assets and return-on-equity ratios of 1.92% and 25.73%, respectively. At the same time, the Bank's risk-weighted capital-adequacy ratio (RWCAR) and Tier-1 RWCAR came up to a respective 13.40% and 10.75%. These levels of capitalisation are deemed strong given the Bank's healthy credit fundamentals.

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