



CITIBANK BERHAD
AND ITS SUBSIDIARY COMPANIES
(Company No. 297089-M)
(Incorporated in Malaysia)

UNAUDITED CONDENSED FINANCIAL STATEMENTS
30 June 2018

Domiciled in Malaysia
Principal place of business :
Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur

CITIBANK BERHAD
AND ITS SUBSIDIARY COMPANIES
(Company No. 297089-M)
(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Group		Bank	
		June 2018 RM'000	December 2017 RM'000	June 2018 RM'000	December 2017 RM'000
ASSETS					
Cash and short term funds	1	4,229,300	5,879,561	4,229,280	5,879,541
Deposits and placements with banks and other financial institutions	2	1,433,281	943,830	1,433,281	943,830
Securities purchased under resale agreements		115,784	19,685	115,784	19,685
Financial assets held-for-trading	3	1,607,520	2,205,570	1,607,520	2,205,570
Financial investments available for-sale	4	4,921,571	4,183,086	4,921,571	4,183,086
Loans, advances and financing	5	23,269,932	23,526,645	23,269,932	23,526,645
Other assets	7	1,271,374	859,249	1,271,374	859,249
Statutory deposits with Bank					
Negara Malaysia	8	448,921	339,330	448,921	339,330
Deferred tax assets		79,969	77,348	79,969	77,348
Investment in subsidiary companies		-	-	20	20
Plant and equipment		39,243	43,378	39,243	43,378
TOTAL ASSETS		37,416,895	38,077,682	37,416,895	38,077,682
LIABILITIES					
Deposits from customers	9	25,027,742	26,421,900	25,027,742	26,421,900
Deposits and placements of banks and other financial institutions	10	5,584,433	4,464,256	5,584,433	4,464,256
Other liabilities	11	2,127,582	2,287,992	2,127,582	2,287,992
Provision for taxation		14,189	34,546	14,189	34,546
TOTAL LIABILITIES		32,753,946	33,208,694	32,753,946	33,208,694
EQUITY					
Share capital	12	502,000	502,000	502,000	502,000
Reserves	13	4,160,949	4,366,988	4,160,949	4,366,988
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		4,662,949	4,868,988	4,662,949	4,868,988
TOTAL LIABILITIES AND EQUITY		37,416,895	38,077,682	37,416,895	38,077,682
OFF-BALANCE SHEET EXPOSURES	21	196,846,126	161,448,027	196,846,126	161,448,027

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2017 and the accompanying notes on page 9 to 39 attached to the unaudited condensed interim financial statements.

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2018

	Note	Group and Bank	
		June 2018 RM'000	June 2017 RM'000
Revenue		1,244,534	1,272,402
Interest income	14	822,528	860,834
Interest expense	15	(215,931)	(232,484)
Net interest income		<u>606,597</u>	<u>628,350</u>
Net income from Islamic banking operations		14,770	32,973
Other operating income	16	<u>407,236</u>	<u>378,595</u>
Total net income		1,028,603	1,039,918
Other operating expenses	17	<u>(487,827)</u>	<u>(520,687)</u>
Operating profit		540,776	519,231
Allowance for financial assets	18	<u>(24,018)</u>	<u>26,522</u>
Profit before taxation		<u>516,758</u>	<u>545,753</u>
Tax expense		<u>(125,647)</u>	<u>(131,358)</u>
Profit for the period		<u><u>391,111</u></u>	<u><u>414,395</u></u>
Other comprehensive (expense)/income, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
- Net gain on revaluation of financial investments available-for-sale		<u>(13,615)</u>	<u>19,817</u>
Other comprehensive income for the period, net of income tax		<u>(13,615)</u>	<u>19,817</u>
Total comprehensive income for the period		<u><u>377,496</u></u>	<u><u>434,212</u></u>
Profit for the period attributable to:			
Equity holder of the Bank		<u><u>391,111</u></u>	<u><u>414,395</u></u>
Total comprehensive income attributable to:			
Equity holder of the Bank		<u><u>377,496</u></u>	<u><u>434,212</u></u>
Earnings per share - basic (sen)		<u><u>643</u></u>	<u><u>681</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2017 and the accompanying notes on page 9 to 39 attached to the unaudited condensed interim financial statements.

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UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2018

Group and Bank	←----- Attributable to equity holder of the Bank -----→						
	<----- Non-Distributable ----->				Distributable		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total Reserves RM'000	Total RM'000
At 1 January 2017	121,697	380,303	121,697	(55,893)	4,051,744	4,497,851	4,619,548
Profit for the period	-	-	-	-	414,395	414,395	414,395
Transfer to retained profits	-	-	(121,697)	-	121,697	-	-
Other comprehensive income for the period	-	-	-	19,817	-	19,817	19,817
Dividend paid	-	-	-	-	(550,000)	(550,000)	(550,000)
At 30 June 2017	<u>121,697</u>	<u>380,303</u>	<u>-</u>	<u>(36,076)</u>	<u>4,037,836</u>	<u>4,382,063</u>	<u>4,503,760</u>
At 1 January 2018	502,000	-	-	(19,533)	4,386,521	4,366,988	4,868,988
Impact of adopting MFRS 9 at 1 January 2018	-	-	-	3,397	(106,932)	(103,535)	(103,535)
Restated balance at 1 January 2018	<u>502,000</u>	<u>-</u>	<u>-</u>	<u>(16,136)</u>	<u>4,279,589</u>	<u>4,263,453</u>	<u>4,765,453</u>
Profit for the period	-	-	-	-	391,111	391,111	391,111
Other comprehensive expense for the period	-	-	-	(13,615)	-	(13,615)	(13,615)
Dividend paid	-	-	-	-	(480,000)	(480,000)	(480,000)
At 30 June 2018	<u>502,000</u>	<u>-</u>	<u>-</u>	<u>(29,751)</u>	<u>4,190,700</u>	<u>4,160,949</u>	<u>4,662,949</u>

Note 12

Note 13

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2017 and the accompanying notes on page 9 to 39 attached to the unaudited condensed interim financial statements.

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL PERIOD NINE MONTHS ENDED SIX MONTHS ENDED 30 JUNE 2018**

	Group		Bank	
	June 2018 RM'000	June 2017 RM'000	June 2018 RM'000	June 2017 RM'000
Profit before taxation	516,758	545,753	516,758	545,753
Adjustments for non cash items	(147,236)	262,036	(147,236)	262,036
Operating profit before working capital changes	<u>369,522</u>	<u>807,789</u>	<u>369,522</u>	<u>807,789</u>
Changes in working capital :				
Net changes in operating assets	(245,954)	292,161	(245,954)	292,161
Net changes in operating liabilities	(433,522)	(1,041,459)	(433,522)	(1,041,459)
Income taxes paid	(108,159)	(115,542)	(108,159)	(115,542)
Net cash used in operating activities	<u>(418,113)</u>	<u>(57,051)</u>	<u>(418,113)</u>	<u>(57,051)</u>
Net cash used in investing activities	<u>(752,148)</u>	<u>(585,314)</u>	<u>(752,148)</u>	<u>(585,314)</u>
Net cash used in financing activities	<u>(480,000)</u>	<u>(550,000)</u>	<u>(480,000)</u>	<u>(550,000)</u>
Net changes in cash and cash equivalents	(1,650,261)	(1,192,365)	(1,650,261)	(1,192,365)
Cash and cash equivalents at beginning of the period	<u>5,879,561</u>	<u>11,425,781</u>	<u>5,879,541</u>	<u>11,425,761</u>
Cash and cash equivalents at end of the period	<u><u>4,229,300</u></u>	<u><u>10,233,416</u></u>	<u><u>4,229,280</u></u>	<u><u>10,233,396</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2017 and the accompanying notes on page 9 to 39 attached to the unaudited condensed interim financial statements.

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A Explanatory Notes Pursuant to Financial Reporting policy document (BNM/RH/STD 032-5) issued by Bank Negara Malaysia.

A1 Basis of preparation

The unaudited interim financial statements for the financial period six months ended 30 June 2018 have been prepared in accordance with the Financial Reporting policy document issued by Bank Negara Malaysia ("BNM") on 2 February 2018.

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2017. The explanatory notes attached in the unaudited interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2017.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2017.

A2 Auditor's Report on preceeding Annual Financial Statements

The audit report on the audited financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

A3 Seasonality or Cyclical factors

The business operations of the Group and the Bank are not subject to material seasonal or cyclical fluctuations.

A4 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and the Bank for the financial period six months ended 30 June 2018.

A5 Changes in estimates

There were no changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Group and the Bank for the financial period six months ended 30 June 2018.

A6 Issuance and repayment of Debt and Equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period six months ended 30 June 2018.

A7 Dividend

The final ordinary dividends proposed in respect of the year ended 31 December 2017 of RM480 million was paid in June 2018.

A8 Subsequent events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited interim financial statements.

A9 Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period six months ended 30 June 2018.

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A10 Changes in accounting policies

The accounting policies applied in the interim financial statements are consistent with those applied in the Group and the Bank's consolidated financial statements as at and for the year ended 31 December 2017, except for the changes below.

MFRS 9, Financial Instruments

The Group and the Bank has adopted MFRS 9 *Financial Instruments*. The requirements of MFRS 9 represent a change from MFRS 139 *Financial Instruments: Recognition and Measurement*. The new standard includes a new model for classification and measurement of financial assets and a forward-looking 'expected loss' impairment model. The standard replaces the existing guidance in MFRS 139 *Financial Instruments: Recognition and Measurement*.

The key changes to the Group and bank's accounting policies resulting from its adoption of MFRS 9 are summarised below.

(i) Classification of financial assets and financial liabilities

The MFRS 139 measurement categories will be replaced by: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost. MFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing MFRS 139 categories of held-to-maturity, loans and receivables and available-for-sale.

The impact on classification and measurement to the Group and Bank's financial assets are summarised below on the initial application of MFRS 9 on 1 January 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under MFRS 139 RM'000	New carrying amount under MFRS 9 RM'000
Financial assets				
Loans, advances and financing	Loans and receivables	Amortised cost	23,652,547	23,652,547
Loans, advances and financing	Loans and receivables	FVTPL	342,077	299,830
Financial investments available for-sale	Available-for-sale	Amortised cost	4,176,071	4,176,071
Financial investments available for-sale	Available-for-sale	FVTPL	7,015	15,966

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(ii) Impairment of financial assets

MFRS 9 replaces the ‘incurred loss’ model in MFRS 139 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost, investment securities measured at FVOCI and to certain loan commitments and financial guarantee contracts.

Under MFRS 9, credit loss allowances will be measured on each reporting date according to a three-Stage expected credit loss impairment model under which each financial asset is classified in one of the stages below:

(i) Stage 1: 12-months ECL

From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults expected over the next 12 months.

(ii) Stage 2: Lifetime ECL - not credit impaired

Following a significant increase in credit risk relative to the risk at initial recognition of the financial asset, a loss allowance is recognized equal to the full credit losses expected over the remaining life of the asset.

(iii) Stage 3: Lifetime ECL - credit impaired

When a financial asset is considered to be credit-impaired, a loss allowance equal to the full lifetime expected credit losses will be recognized.

(iii) Transition

The Group and the Bank has elected not to restate comparative figures. Differences in the carrying amounts of financial assets resulting from the adoption of MFRS 9 are recognised in retained profits and reserves as at 1 January 2018.

The following table analyses the impact, net of tax, of transition to MFRS 9 on the opening balance of reserves and retained profits.

	Group and Bank Impact of adopting MFRS 9 at 1 Jan 2018 RM'000
Fair value reserve	
1 Jan	(26,024)
Reclassification of investment securities from available-for-sale to FVOCI	3,397
Restated 1 Jan 2018	<u>(22,627)</u>
Retained profits	
1 Jan	4,386,521
Recognition of expected credit losses under MFRS 9	(115,883)
Reclassification of fair value gain from financial assets available-for-sale to FVTPL	8,951
Impact at 1 Jan 2018	<u>4,279,589</u>

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B Review of performance and current year prospects

B1 Performance Review

Citibank Berhad registered a net profit of RM391 million and revenue of RM1,245 million for the financial period six months ended 30 June 2018, a decrease of 6% or RM23 million in net profit as compared to previous corresponding period. The net profit decreased was mainly contributed by the increase of 191% or RM51 million in allowance for financial assets.

Total assets recorded a decrease of RM661 million as compared to 31 December 2017, mainly contributed by decrease of cash and short term funds by RM1,650 million and offset with increase of financial investments available for-sale by RM738 million. Total liabilities recorded a decrease of 1% or RM455 million as compared to 31 December 2017. This is mainly driven by decrease in deposits from customers and deposits and placements with banks and other financial institutions.

B2 Prospects for 2018

The second quarter of the financial year saw the country's economy gaining momentum with GDP projected to grow between 5.5% and 5.6% compared to 5.4% in the first quarter. Underpinning the steady growth were export growth, private investment and consumption following the removal of the goods and services tax and the move to replace this with the sales and services tax in September.

Improved consumer sentiment post the GST and fuel subsidies further contributed to the positive growth. Inflation in Q2 is expected to be lower around 1.7% y-o-y, impacted positively by the removal of the GST and introduction of fuel subsidies.

Against this economic backdrop, Citibank Berhad recorded profit before tax of RM516 million.

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(1) Cash and short term funds

	Group	
	June 2018 RM'000	December 2017 RM'000
Cash and balances with banks and other financial institutions	52,205	53,201
Money at call and deposit placements maturing within one month	<u>4,177,095</u>	<u>5,826,360</u>
	<u><u>4,229,300</u></u>	<u><u>5,879,561</u></u>

	Bank	
	June 2018 RM'000	December 2017 RM'000
Cash and balances with banks and other financial institutions	52,185	53,181
Money at call and deposit placements maturing within one month	<u>4,177,095</u>	<u>5,826,360</u>
	<u><u>4,229,280</u></u>	<u><u>5,879,541</u></u>

(2) Deposits and placements with banks and other financial institutions

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Licensed banks	<u>1,433,281</u>	<u>943,830</u>

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(3) Financial assets held-for-trading

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
At FVTPL		
Malaysian Government Treasury Bills	590	81,462
Malaysian Government Securities	1,097,202	1,285,817
Malaysian Government Investment Issues	236,133	384,292
Bank Negara Malaysia Bills/Notes	273,595	49,699
U.S. Treasury Notes	-	404,300
	<u>1,607,520</u>	<u>2,205,570</u>

(4) Financial investment available-for-sale

(i) By measurement

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Investment securities measured at FVOCI	4,906,018	-
Investment securities measured at FVTPL	15,553	-
Available-for-sale	-	4,183,086
	<u>4,921,571</u>	<u>4,183,086</u>

(ii) By type

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Malaysian Government Securities	2,528,459	2,238,142
Bank Negara Malaysia Bills	299,275	-
Malaysian Government Investment Issues	1,922,932	1,536,910
U.S. Treasury Notes	155,352	401,019
Unquoted securities	15,553	7,015
	<u>4,921,571</u>	<u>4,183,086</u>

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(5) Loans, advances and financing

(i) By measurement

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Loans, advances and financing measured at amortised cost	23,536,955	23,994,623
Loans, advances and financing measured at FVTPL	277,605	-
Gross loans, advances and financing	<u>23,814,560</u>	<u>23,994,623</u>

(ii) By type

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Overdrafts	517,554	471,364
Term loans/financing		
- Housing loans/financing	10,494,125	10,680,991
- Other term loans/financing	2,829,229	2,678,424
Bills receivable	1,217,941	1,361,621
Trust receipts	229,475	189,923
Claims on customers under acceptance credits	789,743	686,584
Staff loans	41,850	45,311
Share margin financing	126,809	146,883
Credit cards receivables	5,824,248	6,046,915
Revolving credit	1,759,795	1,696,623
	<u>23,830,769</u>	<u>24,004,639</u>
Unearned interest and income	(16,209)	(10,016)
Gross loans, advances and financing	<u>23,814,560</u>	<u>23,994,623</u>
Less: Loss allowance	Note (5)(iii) (544,628)	(467,978)
Net loans, advances and financing	<u>23,269,932</u>	<u>23,526,645</u>

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(5) Loans, advances and financing (continued)

(iii) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	Group and Bank						
		2018			2017		
	12-months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000	Collective RM'000	Individual RM'000	Total RM'000
At 1 January	-	-	-	-	416,271	124,952	541,223
Restated at at 1 January	109,412	300,469	160,738	570,619	-	-	-
Transfer to 12-month ECL	255,553	(242,662)	(12,891)	-	-	-	-
Transfer to lifetime ECL not credit impaired	(4,090)	7,074	(2,984)	-	-	-	-
Transfer to lifetime ECL credit impaired provision	(3)	(49,518)	49,521	-	-	-	-
Less: Loans/financing derecognised during the period (other than write-offs)	(4,037)	(7,911)	(24,592)	(36,540)	-	-	-
New loans/financing originated or purchased	6,582	233	-	6,815	-	-	-
Net remeasurement of loss allowance	(739)	(57)	364	(432)	(67,883)	17,222	(50,661)
Modifications to contractual cash flows of financial asset	-	34,267	7,354	41,621	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-
Less: Write-offs	(29)	(8,045)	(33,297)	(41,371)	-	(22,584)	(22,584)
Others	(267,658)	258,642	12,932	3,916	-	-	-
At 30 June / 31 December	94,991	292,492	157,145	544,628	348,388	119,590	467,978

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(5) Loans, advances and financing (continued)

(iv) By interest/profit rate sensitivity

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	576,291	570,321
- Other fixed rate loans/financing	11,053,819	11,255,501
Variable rate		
- BLR plus	10,433,805	10,631,131
- Cost plus	1,750,645	1,537,670
	<u>23,814,560</u>	<u>23,994,623</u>

(v) By sector

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Primary agriculture	123,178	62,489
Mining & quarrying	326,134	379,023
Manufacturing (including agriculture based)	2,321,115	2,115,835
Electricity, gas, water	1,123	1,200
Construction	35,756	36,924
Wholesale, retail trade, restaurants and hotels	1,221,983	1,174,863
Transport, storage and communication	571,417	334,301
Finance, insurance, real estate and business services	774,691	759,876
Social & community services	131,752	190,627
Household		
- consumption credit	6,821,350	7,085,419
- residential	9,839,988	10,049,691
- purchase of securities	145,869	152,148
- others	139,479	165,974
Other sectors	1,360,725	1,486,253
	<u>23,814,560</u>	<u>23,994,623</u>

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(5) Loans, advances and financing (continued)
(vi) Residual contractual maturity

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Maturing within one year	11,652,782	11,194,413
One to five years	1,451,283	1,867,212
Over five years	10,710,495	10,932,998
	<u>23,814,560</u>	<u>23,994,623</u>

(vii) By geographical distribution

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Within Malaysia	<u>23,814,560</u>	<u>23,994,623</u>

(6) Impaired loans, advances and financing

(i) Movements in impaired loans, advances and financing are as follows:

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
At 1 January	556,106	526,696
Classified as impaired during the period/year	257,886	725,859
Reclassified as not impaired during the period/year	(220,524)	(374,624)
Amount recovered	(45,611)	(118,622)
Amount written off	(99,894)	(203,203)
Others	(9,216)	-
At 30 June / 31 December	<u>438,747</u>	<u>556,106</u>
Lifetime ECL credit impairment/individual assessment allowance	<u>(157,145)</u>	<u>(119,590)</u>
Net impaired loans, advances and financing	<u>281,602</u>	<u>436,516</u>
Ratio of impaired loans, advances and financing to gross loans, advances and financing	1.84%	2.32%

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(6) Impaired loans, advances and financing (continued)

(ii) Impaired loans, advances and financing by sector

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Primary agriculture	261	261
Mining & quarrying	38	1,398
Manufacturing (including agriculture based)	8,465	11,707
Construction	1,506	1,040
Wholesale, retail trade, restaurants and hotels	1,899	2,417
Transport, storage and communication	454	70
Finance, insurance, real estate and business services	4,667	4,534
Household		
- consumption credit	88,702	225,965
- residential	302,389	283,097
- purchase of securities	19,060	19,091
Other sectors	11,306	6,526
	<u>438,747</u>	<u>556,106</u>

(iii) Impaired loans, advances and financing by geographical distribution

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Within Malaysia	<u>438,747</u>	<u>556,106</u>

(7) Other assets

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Interest/Income receivables	105,271	107,051
Other debtors, deposits and prepayments	321,358	240,159
Retirement benefits plan	1,695	1,695
Derivative assets (Note 22)	843,916	510,344
	<u>1,272,240</u>	<u>859,249</u>
Loss allowance on other financial assets	(866)	-
	<u>1,271,374</u>	<u>859,249</u>

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(8) Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia (“BNM”) to satisfy the Statutory Reserve Requirement (“SRR”) as per Section 26(2)(c) of the Central Bank of Malaysia Act, 2009. The amount of which is determined as a set percentage of total eligible liabilities.

(9) Deposits from customers

(i) By type of deposit

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Demand deposits	15,513,429	16,684,943
Saving deposits	1,453,612	1,431,787
Fixed deposits	8,060,676	8,304,689
Others - cash collateral	25	481
	<u>25,027,742</u>	<u>26,421,900</u>

(ii) By type of customers

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Government and statutory bodies	367,156	129,438
Business enterprises	13,300,103	14,438,752
Individuals	11,274,494	11,472,070
Others	85,989	381,640
	<u>25,027,742</u>	<u>26,421,900</u>

(iii) Maturity structure of fixed deposits, other deposits and negotiable instruments of deposit are as follows:

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Due within six months	6,541,866	6,463,186
Six months to one year	1,502,778	1,821,297
One year to five years	16,032	20,206
	<u>8,060,676</u>	<u>8,304,689</u>

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(10) Deposits and placements of banks and other financial institutions

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Bank Negara Malaysia	-	21,300
Licensed banks	3,573,642	1,612,441
Licensed finance companies	2,010,791	2,830,515
	<u>5,584,433</u>	<u>4,464,256</u>

(11) Other liabilities

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Interest/Profit payables	52,228	42,236
Other creditors and accruals	1,301,058	1,351,745
Structured products	102,307	154,667
Provision for loan commitments and financial guarantees	3,880	-
Derivatives liabilities (Note 22)	668,109	739,344
	<u>2,127,582</u>	<u>2,287,992</u>

(12) Share capital

	Group and Bank			
	Amount	Number of shares		Amount
	June	June	December	Number of
	2018	2018	2017	shares
	RM'000	'000	RM'000	December
				2017
				'000
Issued and fully paid	<u>502,000</u>	<u>121,697</u>	<u>502,000</u>	<u>121,697</u>

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(13) Reserves

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Other reserve	(29,752)	(19,533)
- Fair value reserve	(36,243)	(26,024)
- Defined benefit reserve	6,491	6,491
Retained profits	4,190,701	4,386,521
	<u>4,160,949</u>	<u>4,366,988</u>

(14) Interest income

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
Loans and advances		
- Interest income other than recoveries from impaired loans	614,856	607,789
- Recoveries from impaired loans	27,058	26,516
Money at call and deposit placements with financial institutions	81,800	143,195
Financial assets held-for-trading	21,173	27,882
Financial investments available-for-sale	74,305	60,735
Securities purchased under resale agreements	2,220	3,550
	<u>821,412</u>	<u>869,667</u>
Accretion of discounts	1,116	(8,833)
	<u>822,528</u>	<u>860,834</u>

(15) Interest expense

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
Deposits and placements of banks and other financial institutions	20,967	44,212
Deposits from customers	193,192	186,150
Others	1,772	2,122
	<u>215,931</u>	<u>232,484</u>

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(16) Other operating income

	Group and Bank	
	June 2018	June 2017
	RM'000	RM'000
Fee income:		
Commission	38,910	33,595
Service charges and fees	29,030	10,873
Guarantee fees	3,566	3,631
Bankcard fees	173,375	155,078
Insurance premium and referral	24,229	27,062
Other fee income	20,615	43,955
	<u>289,725</u>	<u>274,194</u>
Trading income:		
Unrealised loss from revaluation of financial assets held-for-trading	(788)	(3,926)
Net (loss)/gain from sales of securities		
- Financial assets held-for-trading	(2,322)	12,200
- Financial investments available-for-sale	1,233	1,066
	<u>(1,877)</u>	<u>9,340</u>
Other income:		
Foreign exchange (loss)/gain, net	(132,321)	358,653
Unrealised gain/(loss) from derivatives	175,537	(276,875)
Gain from derivatives	81,208	13,287
Net loss on revaluation of financial assets measured at FVTPL	(6,172)	-
Loss on disposal of plant and equipment	(51)	(4)
Others	1,187	-
	<u>119,388</u>	<u>95,061</u>
Total other operating income	<u>407,236</u>	<u>378,595</u>

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(17) Other operating expenses

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
Personnel costs		
- Salaries, allowances and bonuses	143,355	147,576
- Contribution to Employees Provident Fund	22,884	22,454
- Staff benefits and other compensations	18,038	16,274
- Others	1,909	2,061
	<u>186,186</u>	<u>188,365</u>
Establishment costs		
- Depreciation	7,883	7,865
- Rental of premises	10,028	10,612
- Hire of equipments	328	175
- Utilities	1,925	1,960
- Repairs & Maintenance	5,329	5,201
- Others	3,681	4,803
	<u>29,174</u>	<u>30,616</u>
Marketing expenses		
- Advertisement and promotional expenses	15,287	17,884
- Others	207	252
	<u>15,494</u>	<u>18,136</u>
Administration and general expenses		
- Processing cost	184,557	199,097
- Auditors' remuneration	955	346
- Stationeries and supplies	1,472	1,674
- Communication expenses	2,920	5,576
- Others	67,069	76,877
	<u>256,973</u>	<u>283,570</u>
Total other operating expenses	<u>487,827</u>	<u>520,687</u>

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(18) Allowance for financial assets

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
<u>Individual assessment</u>		
- made in the financial period	-	10,465
- written back	-	(4,456)
<u>Collective assessment</u>		
- written back in the financial period	-	(84,883)
<u>Impaired loans, advances and financing</u>		
- written back	-	(43,354)
- written off	-	95,706
<u>12-months ECL</u>		
- made in the financial period	7,612	-
- written back	(24,921)	-
<u>Lifetime ECL not credit impaired</u>		
- made in the financial period	7,728	-
- written back	(15,881)	-
<u>Lifetime ECL credit impaired</u>		
- made in the financial period	2,638	-
- written back	(51,028)	-
- written off	97,870	-
	<u>24,018</u>	<u>(26,522)</u>

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(19) Credit transactions and exposures with connected parties

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Outstanding credit exposures with connected parties	<u>763,319</u>	<u>451,007</u>
Total credit exposure which is non-performing or in default	<u>-</u>	<u>-</u>
Total credit exposures	<u>57,196,340</u>	<u>57,977,802</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>1.33%</u>	<u>0.78%</u>
- as a proportion of capital base	<u>16.69%</u>	<u>8.92%</u>
- which is non-performing or in default	<u>0.00%</u>	<u>0.00%</u>

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(20) Capital adequacy

(a) The capital adequacy ratios are as follows:

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Computation of Total Risk-Weighted Assets ("RWA")		
Credit Risk	21,820,075	21,028,798
Market Risk	1,254,939	1,643,230
Operational Risk	3,834,197	3,731,917
Total Risk-Weighted Assets	<u>26,909,211</u>	<u>26,403,945</u>
Computation of Capital Ratios *		
Common Equity Tier 1 ("CET 1") Capital	4,190,177	4,789,945
Tier 1 Capital	4,190,177	4,789,945
Total Capital	4,462,928	5,052,805
Before deducting proposed dividends:		
Common Equity Tier 1 ("CET 1") Capital ratio	NA	18.141%
Tier 1 Capital ratio	NA	18.141%
Total Capital ratio	<u>NA</u>	<u>19.137%</u>
After deducting proposed dividends:		
Common Equity Tier 1 ("CET 1") Capital ratio	15.572%	16.323%
Tier 1 Capital ratio	15.572%	16.323%
Total Capital ratio	<u>16.585%</u>	<u>17.319%</u>

*In arriving at the capital base used in the ratio calculations of the Bank, payments of dividends were deducted for June 2018 (proposed dividend were not deducted for December 2017).

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-Weighted Assets) reissued on 2 February 2018. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The stated minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for CET 1 Capital ratio, Tier 1 Capital ratio and Total Capital ratio are 4.5%, 6.0% and 8.0% respectively.

(b) The components of CET 1, Tier 1 and Tier 2 Capital are as follows:

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
CET 1 Capital/Tier 1 Capital		
Paid up ordinary share capital	502,000	502,000
Retained profits	3,799,589	4,386,521
Other reserves	(29,751)	(19,533)
Less: Deferred tax assets, net	(79,969)	(77,348)
Less: Defined benefit pension fund assets	(1,692)	(1,695)
Total CET 1 Capital/Tier 1 Capital	<u>4,190,177</u>	<u>4,789,945</u>
Tier 2 Capital		
Loss allowance and regulatory reserves*	<u>272,751</u>	<u>262,860</u>
Total Tier 2 Capital	<u>272,751</u>	<u>262,860</u>
Total Capital	<u>4,462,928</u>	<u>5,052,805</u>

* Excludes loss allowance restricted from Tier 2 Capital by BNM of RM115.6 million (2017: RM85.5 million)

**CITIBANK BERHAD
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(21) Off-balance sheet exposures

The off-balance sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows:

June 2018 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	1,669,362	1,669,362	1,413,121
Transaction related contingent items	703,426	351,713	323,541
Short term self liquidating trade related contingencies	281,622	56,324	44,636
Forward asset purchases	17,905	17,905	13,953
Foreign exchange related contracts:			
One year or less	72,020,308	875,601	481,546
Over one year to five years	2,380,779	176,294	78,354
Over five years	38,545	3,951	3,951
Interest/Profit rate related contracts:			
One year or less	14,491,302	11,328	3,106
Over one year to five years	65,396,026	883,279	310,789
Over five years	3,052,420	196,728	102,109
Equity related contracts:			
One year or less	-	-	-
Over one year to five years	1,430,553	53,248	26,624
Over five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	2,903,534	194,297	104,598
Over one year to five years	9,585	13,589	10,998
Over five years	-	328	328
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	9,030	1,806	1,806
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	468,018	234,009	184,847
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	13,337,859	-	-
Unutilised credit card lines	18,635,852	3,727,170	2,814,025
Total	196,846,126	8,466,932	5,918,332

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(21) Off-balance sheet exposures (continued)

The off-balance sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows (continued):

December 2017 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	1,651,974	1,651,974	1,527,019
Transaction related contingent items	491,885	245,942	216,789
Short term self liquidating trade related contingencies	121,881	24,376	20,417
Forward asset purchases	1,540	1,540	770
Foreign exchange related contracts:			
One year or less	43,977,381	473,491	314,906
Over one year to five years	3,152,163	267,568	108,371
Over five years	43,287	3,972	3,972
Interest/Profit rate related contracts:			
One year or less	20,728,494	21,072	6,443
Over one year to five years	55,605,667	849,506	298,154
Over five years	2,482,000	143,077	84,945
Equity related contracts:			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	1,132,108	128,106	68,273
Over one year to five years	13,095	23,655	19,609
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	824,093	412,047	348,277
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	160,583	32,117	32,117
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	12,585,530	-	-
Unutilised credit card lines	18,476,346	3,695,269	2,790,328
Total	161,448,027	7,973,712	5,840,390

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(22) Derivative financial instruments

	<----- June 2018 ----->			<----- December 2017 ----->		
	Contract Amount RM'000	Positive fair value RM'000	Negative fair value RM'000	Contract amount RM'000	Positive fair value RM'000	Negative fair value RM'000
Foreign exchange related contracts:						
- Forwards	67,876,317	464,398	456,262	40,689,409	149,225	395,557
- Cross currency interest rate swaps	5,072,183	182,015	61,148	5,974,934	178,599	192,977
- Options	1,491,131	4,311	2,499	508,488	1,530	919
Interest rate contracts:						
- Futures	-	-	-	810,900	-	-
- Swaps	82,699,748	118,111	62,224	77,765,261	113,581	70,202
- Options	240,000	705	-	240,000	869	-
Equity related contracts	1,430,553	110	121	-	-	-
Others	2,913,120	74,266	85,855	1,145,203	66,540	79,689
	161,723,052	843,916	668,109	127,134,195	510,344	739,344
		Note 7	Note 11		Note 7	Note 11

CITIBANK BERHAD
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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

		Group and Bank	
		June	December
		2018	2017
		RM'000	RM'000
Assets			
Cash and short term funds	(a)	1,061,185	2,355,265
Financing, advances and other loans	(b)	452,088	399,855
Other assets	(d)	3,194	4,001
Total assets		<u>1,516,467</u>	<u>2,759,121</u>
Liabilities			
Deposits from customers	(e)	1,093,547	2,339,362
Deferred tax liabilities		356	505
Other liabilities	(f)	2,920	10,819
Total liabilities		<u>1,096,823</u>	<u>2,350,686</u>
Islamic banking funds	(g)	419,644	408,435
Total liabilities and Islamic banking funds		<u>1,516,467</u>	<u>2,759,121</u>
Off-balance sheet exposures	(o)	<u>14</u>	<u>-</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2017 and the accompanying notes on page 29 to 39 attached to the unaudited condensed interim financial statements.

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2018

	Group and Bank	
	June	June
	2018	2017
	RM'000	RM'000
Income derived from investments of depositors' funds and others	(h) 26,819	29,992
Allowance for financial assets	(i) (303)	77,584
Total attributable income	26,516	107,576
Income attributable to depositors	(j) (3,615)	(5,103)
Total attributable to the Bank	22,901	102,473
(Loss)/ Income derived from investment of Islamic Banking Capital funds	(k) (8,434)	8,084
Total net income	14,467	110,557
Other operating expenses	(m) (51)	(712)
Profit before taxation	14,416	109,845
Tax expense	(3,464)	(26,355)
Profit for the period	<u>10,952</u>	<u>83,490</u>
Other comprehensive expense, net of income tax		
Net loss on revaluation of financial investments available-for-sale	<u>-</u>	<u>-</u>
Other comprehensive expense for the period, net of income tax	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>10,952</u>	<u>83,490</u>
Profit for the period attributable to:		
Equity holder of the Bank	<u>10,952</u>	<u>83,490</u>
Total comprehensive income attributable to:		
Equity holder of the Bank	<u>10,952</u>	<u>83,490</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2017 and the accompanying notes on page 29 to 39 attached to the unaudited condensed interim financial statements.

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UNAUDITED STATEMENTS OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2018

	Capital funds RM'000	Group and Bank Retained profits RM'000	Total RM'000
At 1 January 2017	20,000	284,067	304,067
Profit for the period	-	83,490	83,490
At 30 June 2017	<u>20,000</u>	<u>367,557</u>	<u>387,557</u>
At 1 January 2018	20,000	388,435	408,435
Impact of adopting MFRS 9 at 1 January 2018	-	257	257
Restated balance at 1 January 2018	<u>20,000</u>	<u>388,692</u>	<u>408,692</u>
Profit for the period	-	10,952	10,952
At 30 June 2018	<u>20,000</u>	<u>399,644</u>	<u>419,644</u>

Note (g)

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2017 and the accompanying notes on page 29 to 39 attached to the unaudited condensed interim financial statements.

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(a) Cash and short term funds

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Cash and balances with banks and other financial institutions	2,043	2,432
Money at call and deposit placements maturing within one month	1,059,142	2,352,833
	<u>1,061,185</u>	<u>2,355,265</u>

(b) Financing, advances and other loans

(i) By measurement

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Loans, advances and financing measured at amortised cost	257,068	432,030
Loans, advances and financing measured at FVTPL	195,953	-
Gross loans, advances and financing	<u>453,021</u>	<u>432,030</u>

(ii) By type

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Term financing		
- Housing loans/financing	169,417	195,329
- Other term loans/financing	277,525	243,129
	<u>446,942</u>	<u>438,458</u>
Unearned income	6,079	(6,428)
Gross financing, advances and other loans	<u>453,021</u>	<u>432,030</u>
Less: Loss allowance	(933)	(32,175)
Total net financing, advances and other loans	<u>452,088</u>	<u>399,855</u>

Note (b)(iii)

CITIBANK BERHAD
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(b) Financing, advances and other loans (continued)

(iii) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	Group and Bank						
	2018				2017		
	12-months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000	Collective RM'000	Individual RM'000	Total RM'000
At 1 January	-	-	-	-	104,004	515	104,519
Restated at at 1 January	286	28	497	811	-	-	-
Transfer to 12-month ECL	20	(18)	(2)	-	-	-	-
Transfer to lifetime ECL not credit impaired	(15)	17	(2)	-	-	-	-
Transfer to lifetime ECL credit impaired provision	-	(3)	3	-	-	-	-
Less: Loans/financing derecognised during the period (other than write-offs)	(9)	(1)	-	(10)	-	-	-
New loans/financing originated or purchased	103	-	-	103	-	-	-
Net remeasurement of loss allowance	-	-	-	-	(70,137)	(13)	(70,150)
Modifications to contractual cash flows of financial asset	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-
Less: Write-offs	-	-	-	-	(2,179)	(15)	(2,194)
Others	13	13	3	29	-	-	-
At 31 March / 31 December	398	36	499	933	31,688	487	32,175

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(b) Financing, advances and other loans (continued)

(iv) By contract

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Bai'Bi Thaman Ajil	11,906	12,664
Diminishing Musharakah	163,590	176,237
Murabahah	277,525	243,129
	<u>453,021</u>	<u>432,030</u>

(v) By profit rate sensitivity

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Fixed rate		
- House loans/financing	175,496	188,901
Variable rate		
- Cost plus	277,525	243,129
	<u>453,021</u>	<u>432,030</u>

(vi) By sector

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Manufacturing (including agriculture based)	81,094	-
Household-residential	175,044	188,429
Mining & quarrying	196,431	243,129
Other sectors	452	472
	<u>453,021</u>	<u>432,030</u>

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(c) Impaired financing, advances and other loans

(i) Movements in impaired financing, advances and other loans are as follows:

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
At 1 January	8,147	7,302
Classified as impaired during the period/year	1,438	8,726
Reclassified as performing during the period/year	(1,956)	(6,255)
Amount recovered	(183)	(1,626)
Others	(169)	-
At 30 June / 31 December	<u>7,277</u>	<u>8,147</u>
Lifetime ECL credit impairment/individual assessment allowance	(499)	(487)
Net impaired financing, advances and other loans	<u><u>6,778</u></u>	<u><u>7,660</u></u>
Ratio of impaired financing, advances and other loans to total gross financing, advances and other loans	1.61%	1.89%

(ii) Impaired financing, advances and other loans by sector are as follows:

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Household - Residential	<u><u>7,277</u></u>	<u><u>8,147</u></u>

(d) Other assets

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Profit receivables	1,445	1,534
Other debtors, deposits and prepayments	<u>1,931</u>	<u>2,467</u>
	3,376	4,001
Loss allowance on other financial assets	(182)	-
	<u><u>3,194</u></u>	<u><u>4,001</u></u>

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(e) Deposits and funds from customers

(i) By type of deposit and funds

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Non-Mudarabah Fund		
Demand deposits	1,046,333	2,291,165
Saving deposits	47,214	48,197
	<u>1,093,547</u>	<u>2,339,362</u>

(ii) By type of customers

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Government and statutory bodies	299,809	25,430
Business enterprises	455,933	1,659,281
Individuals	56,316	56,186
Others	281,489	598,465
	<u>1,093,547</u>	<u>2,339,362</u>

(f) Other liabilities

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Profit payable	20	-
Provision for taxation	68	11
Other creditors and accruals	2,832	10,808
	<u>2,920</u>	<u>10,819</u>

(g) Islamic Banking funds

	Group and Bank	
	June	December
	2018	2017
	RM'000	RM'000
Fund allocated	20,000	20,000
Retained profits	399,644	388,435
	<u>419,644</u>	<u>408,435</u>

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(h) Income derived from investment of depositors' funds and others

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
Income derived from investment of:		
(i) General investment deposits	26,819	29,992

(i) Income derived from investment of general investment deposits

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
Finance income and hibah		
Financing, advances and other loans	6,992	7,653
Money at call and placements with financial institutions	19,817	22,311
	26,809	29,964
Accretion of discount less amortisation of premium	-	3
Total finance income and hibah	26,809	29,967
Other operating income		
Fee income	10	25
Income from general investment deposits	26,819	29,992

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(i) Allowance for financial assets

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
<u>Individual assessment allowance</u>		
- made in the financial period	-	6
- written back	-	(15)
<u>Collective assessment allowance</u>		
- Written back during the period	-	(77,575)
<u>12-months ECL</u>		
- made in the financial period	316	-
- written back	(25)	-
<u>Lifetime ECL not credit impaired</u>		
- made in the financial period	11	-
- written back	(3)	-
<u>Lifetime ECL credit impaired</u>		
- made in the financial period	2	-
- written back	(1)	-
- written off	3	-
	303	(77,584)
	303	(77,584)

(j) Income attributable to depositors

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
Deposits from customers		
- Mudarabah funds	-	3,979
- Non-Mudarabah funds	3,584	1,085
Others	31	39
	3,615	5,103
	3,615	5,103

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(k) (Loss)/income derived from investment of Islamic Banking Capital Funds

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
Financing, advances and other loans	1,756	1,188
Money at call and placements with financial institutions	4,979	3,465
	<u>6,735</u>	<u>4,653</u>
Accretion of discount less amortisation of premium	-	1
Total finance income and hibah	<u>6,735</u>	<u>4,654</u>
Other operating income		
Fee income	83	109
(Loss)/gain from trading activities	(1,111)	3,321
Net loss on revaluation of financial assets measured at FVTPL	(14,141)	-
	<u>(15,169)</u>	<u>3,430</u>
(Loss)/income from Islamic Banking Capital Funds	<u>(8,434)</u>	<u>8,084</u>

(l) Income from Islamic banking operations

For consolidation with the conventional operations, income from Islamic banking operations comprises the following:

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
Income derived from investment of depositors' funds and others	(h) 26,819	29,992
Income attributable to depositors	(j) (3,615)	(5,103)
(Loss)/income derived from investment of Islamic Banking Funds	(k) (8,434)	8,084
	<u>14,770</u>	<u>32,973</u>

(m) Other operating expenses

	Group and Bank	
	June 2018 RM'000	June 2017 RM'000
Personnel costs	58	29
Establishment costs	7	32
Administrative and general expenses	(14)	652
	<u>51</u>	<u>713</u>

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(n) **Capital adequacy**

(i) The capital adequacy ratios are as follows:

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
Computation of Total Risk-Weighted Assets ("RWA")		
Credit Risk	149,359	74,744
Operational Risk	105,048	104,519
Total Risk-Weighted Assets	254,407	179,263
Computation of Capital Ratios		
Common Equity Tier 1 ("CET 1") Capital	408,691	408,435
Tier 1 Capital	408,691	408,435
Total Capital	409,307	412,317
Common Equity Tier 1 ("CET 1") Capital ratio	160.644%	227.841%
Tier 1 Capital ratio	160.644%	227.841%
Total Capital ratio	160.887%	230.007%

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-Weighted Assets) reissued on 2 February 2018. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The stated minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for CET 1 Capital ratio, Tier 1 Capital ratio and Total Capital ratio are 4.5%, 6.0% and 8.0% respectively.

(ii) The components of CET 1, Tier 1 and Tier 2 Capital are as follows:

	Group and Bank	
	June 2018 RM'000	December 2017 RM'000
CET 1 Capital/Tier 1 Capital		
Fund allocated	20,000	20,000
Retained profits	388,691	388,435
Total CET 1 Capital/Tier 1 Capital	408,691	408,435
Tier 2 Capital		
Loss allowance and regulatory reserves*	616	3,882
Total Tier 2 Capital	616	3,882
Total Capital	409,307	412,317

* Excludes loss allowance restricted from Tier 2 Capital by BNM of RM Nil. (2017: RM27.8 million)

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(o) **Off-balance sheet exposures**

The off-balance sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows:

June 2018			
Group and Bank	Principal amount	Credit equivalent amount	Risk weighted assets
Nature of item	RM'000	RM'000	RM'000
Profit rate related contracts:			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	14	7	2
Total	14	7	2

December 2017			
Group and Bank	Principal amount	Credit equivalent amount	Risk weighted assets
Nature of item	RM'000	RM'000	RM'000
Profit rate related contracts:			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	-	-
Total	-	-	-