

Financial Results 2000

Citibank Berhad (297089 M)
and its subsidiary companies

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Balance Sheet

	Note	Group		Bank	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
ASSETS					
Cash and short term funds	3	2,609,794	2,842,141	2,609,794	2,842,141
Deposits and placements with financial institutions	4	228,100	96,000	228,100	96,000
Dealing securities	5	932,080	535,127	932,080	535,127
Investment securities	6	2,537,955	1,862,916	2,537,955	1,862,916
Loans, advances and financing	7	11,114,306	9,078,121	11,114,306	9,078,121
Other assets	8	617,306	306,896	617,286	306,876
Statutory deposits with Bank Negara Malaysia	9	403,781	368,511	403,781	368,511
Investment in subsidiary companies	10	-	-	20	20
Property, plant and equipment	11	72,022	97,531	72,022	97,531
TOTAL ASSETS		18,515,344	15,187,243	18,515,344	15,187,243
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	12	13,230,768	10,373,100	13,230,768	10,373,100
Deposits and placements with banks and other financial institutions	13	1,435,857	1,608,848	1,435,857	1,608,848
Obligations on securities sold under repurchase agreements		1,022,507	955,852	1,022,507	955,852
Bills and acceptances payable		527,982	321,395	527,982	321,395
Other liabilities	14	1,042,852	688,253	1,042,852	688,253
TOTAL LIABILITIES		17,259,966	13,947,448	17,259,966	13,947,448
SHARE CAPITAL	15	121,697	121,697	121,697	121,697
RESERVES	16	1,133,681	1,118,098	1,133,681	1,118,098
SHAREHOLDERS' FUNDS		1,255,378	1,239,795	1,255,378	1,239,795
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		18,515,344	15,187,243	18,515,344	15,187,243
COMMITMENTS AND CONTINGENCIES	27	30,229,401	22,314,459	30,229,401	22,314,459

The accompanying Notes form an integral part of the financial statements.

Income Statement of The Group and Bank

	Note	Group and Bank	
		2000 RM'000	1999 RM'000
Interest income	17	1,037,365	983,379
Interest expense	18	(448,836)	(505,253)
Net interest income		<u>588,529</u>	<u>478,126</u>
Islamic Banking income	32(f)	7,692	2,109
		<u>596,221</u>	<u>480,235</u>
Loan and financing loss and provision	19	(105,489)	(104,060)
Non-interest income	20	371,477	316,364
		<u>862,209</u>	<u>692,539</u>
Overhead expenses	21	(398,194)	(347,012)
Profit before taxation		464,015	345,527
Taxation	24	(156,389)	-
Profit after taxation		<u>307,626</u>	<u>345,527</u>
Transfer from reserves		13,196	-
		<u>320,822</u>	<u>345,527</u>
Retained profit brought forward		598,859	498,332
Profit available for distribution		<u>919,681</u>	<u>843,859</u>
Interim dividend of 142.66% less tax (1999-91.31%)		(125,000)	(80,000)
Proposed final dividend of 186.03% (1999-188.31%) less tax		(163,000)	(165,000)
Retained profit carried forward		<u>631,681</u>	<u>598,859</u>
Earnings per share (sen) – Basic	26	<u>253</u>	<u>284</u>

The accompanying Notes form an integral part of the financial statements.

Statement of Changes in Equity

The Group and Bank

	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1 January 1999	121,697	380,303	121,697	17,239	498,332	1,139,268
Net profit for the year					345,527	345,527
Dividends					(245,000)	(245,000)
At 31 December 1999/ 1 January 2000	121,697	380,303	121,697	17,239	598,859	1,239,795
Deficit on revaluation of properties				(4,043)		(4,043)
Net gains and losses not recognized in the income statement				(4,043)		(4,043)
Transfer to retained profits on realisation of assets				(13,196)	13,196	-
Net profit for the year					307,626	307,626
Dividends					(288,000)	(288,000)
At 31 December 2000	121,697	380,303	121,697	-	631,681	1,255,378

(Note 15)

Consolidated Cash Flow Statement

	Group and Bank	
	2000	1999
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	464,015	345,527
Adjustments for:		
(Gain) from disposal of investment securities	(38,298)	(44,944)
Depreciation	36,804	55,584
Loss on disposal of property, plant and equipment	2,562	116
Property, plant and equipment written-off	11,716	74
Provision for bad and doubtful debts		
- specific	64,884	74,725
- general	40,605	29,335
Provision for interest-in-suspense	21,464	20,707
Dividends from investment securities	(126)	(11)
Amortisation of premium less accretion of discount of investment securities	(49,028)	(23,801)
Operating profit before working capital changes	554,598	457,312
(Increase)/Decrease in working capital:-		
Deposits and placements with financial institutions	(132,100)	350,400
Dealing securities	(396,953)	105,194
Loans and advances	(2,163,138)	(1,880,188)
Other assets	(310,410)	(751,026)
Statutory deposits with Bank Negara Malaysia	(35,270)	(58,269)
Deposits from customers	2,857,668	2,492,267
Deposits and placements of bank and other financial institutions	(172,991)	(481,666)
Securities sold under repurchase agreements	66,655	243,873
Other liabilities	297,981	115,093
Bills and acceptance payable	206,587	64,037
Cash generated from operations	772,627	657,027
Income taxes paid	(97,771)	(112,556)
Net cash generated from operating activities	674,856	544,471
Cash flows from investing activities		
Dividends from investment securities	126	11
Purchase of property, plant and equipment	(47,269)	(22,026)
Proceeds from disposal of property, plant and equipment	17,653	934
Purchase of investment securities	(5,744,727)	(5,659,452)
Proceeds from disposal of investment securities	5,170,439	6,004,770
Purchase of unquoted shares	(13,425)	(1,908)
Net cash used in investing activities	(617,203)	322,329
Cash flows from financing activities		
Dividend paid	(290,000)	(185,385)
Net cash used in financing activities	(290,000)	(185,385)
Net increase in cash and cash equivalents	(232,347)	681,415
Cash and cash equivalents brought forward	2,842,141	2,160,726
	2,609,794	2,842,141
Analysis of cash and cash equivalents		
Cash and short-term funds	2,609,794	2,842,141

Notes To The Financial Statements

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Bank have been prepared under the historical cost convention, in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. The financial statements incorporate those activities relating to Islamic Banking which have been undertaken by the Bank.

Islamic Banking refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Bank and are consistent with those adopted in the previous years.

(a) Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiary companies made up to the end of the financial year. All inter company balances and transactions have been eliminated on consolidation. Details of the subsidiary companies are set out in Note 10 to the financial statements.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements.

(b) Income Recognition

Income is recognized on an accrual basis. Interest income on housing and term loans is recognized by reference to rest periods that are either monthly or yearly. In line with the guidelines set by Bank Negara Malaysia and in accordance with the established practice of the Bank, where any advance is in arrears for more than three months after due date for loans and overdrafts, and where the instrument is due and unpaid two weeks after maturity date for trade bills, bankers' acceptances and trust receipts, or where doubt as to the recoverability of an advance exists, the interest on the entire such advance is accrued in a suspense account and is recognized only in the year when it is recovered. The policy on suspension of interest is more stringent than Bank Negara Malaysia's revised "Guideline on Interest Suspension, BNM/GP3" dated 23 September 1998.

(c) Recognition of Fees and Other Income

Loan arrangement fees and commissions are recognized as income when all conditions precedent are fulfilled.

Commitment fees and guarantee fees which are material are recognized as income based on time apportionment.

Dividend from dealing and investment securities, if any, are recognized when received.

(d) Provision for Bad and Doubtful Debts and Financing

Specific provisions are made for doubtful debts and financing which has been individually reviewed and specifically identified as bad or doubtful.

A general provision based on a percentage of the loan and financing portfolio is also made to cover possible losses that are not specifically identified.

An uncollectible loan or portion of a loan and financing classified as bad is written-off after taking into consideration the realizable value of collateral, if any, when in the judgement of the management, there is no prospect of recovery.

(e) Repurchase Agreements

Securities purchased under resale agreements are securities which the Bank had purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Bank has sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligations to repurchase the securities are reflected as a liability on the balance sheet.

(f) Dealing Securities

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term, and are stated at the lower of cost and market value.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

(g) Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet the minimum liquid assets requirement pursuant to Section 38 of the Banking and Financial Institution Act 1989, and are usually held to maturity.

Malaysian Government Securities, Malaysian Government investment certificates, Cagamas bonds, Cagamas notes and other Government securities held for investment are stated at cost adjusted for amortization of premium or accretion of discount to maturity date on a straight line basis. Other investment securities are stated at cost and provision is made in the event of any permanent diminution in value.

Transfers, if any, between investment and dealing securities are made at the lower of carrying value and market value.

Unquoted equity securities are held as long term investments and are stated at cost and provision is made in the event of any permanent diminution in value.

(h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances and short term funds, with original maturity within one month.

(i) Investment in Subsidiary Companies

A subsidiary company is a company in which the Bank controls the composition of its board of directors or holds more than half of its voting power, or holds more than half of its issued ordinary share capital.

Investments in subsidiary companies are stated at cost, and written down when the directors consider that there is a permanent diminution in the value of such investments.

(j) Property, Plant and Equipment and Depreciation

Freehold land is not depreciated. Other property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation is provided on the straight line method by reference to the expected useful lives of the assets. The principal annual rates of depreciation are as follows:-

Buildings	2.0% - 2.5%
Installations	7.0% - 12.5%
Furniture and equipment	10.0% - 50.0%

During the year the Bank accelerated the depreciation rate of installations, furniture and equipment to reflect the balance of its economic useful life in view of the relocation of its offices. The accelerated depreciation rate resulted in an additional charge of RM14.1 million (1999 – RM27.5 million) to the income statement for the year.

(k) Assets Under Lease

Assets under lease which in substance transfer the risks and benefits of ownership of the assets to the Bank are capitalized under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease terms. Such leased assets are subject to depreciation consistent with that for depreciable assets, which are owned.

Leases that do not meet such criteria are classified as operating lease and the related rentals are charged to income statement as incurred.

(l) Bills and Acceptances Payable

Bills and acceptances payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.

(m) Forward Exchange Contracts

Forward contracts are valued using the net present value (NPV) method. Under the NPV method, the revalued gain/loss is discounted based on the forward rate to consider the time value of money. The unrealised gains and losses are recognised in the income statement for the year.

(n) Interest Rate Swaps, Futures and Option Contracts

The Bank acts as an intermediary with counter parties who wish to swap their interest rate obligations. The Bank also uses interest rate swaps, futures and option contracts in its trading account activities.

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognized over the life of the swap agreement as a component of interest income or interest expense. Gains and losses on interest rate futures, forward, and option contracts that qualify as hedges are generally deferred and amortized over the life of the hedged assets or liabilities as adjustments to interest income or interest expense.

Gains and losses on other interest rate swaps, futures and option contracts are recognized in the current year using the mark-to-market method, and are included in net result from dealing securities.

(o) Currency Translations

Individual foreign currency assets and liabilities are stated in the balance sheet at middle market rates of exchange, which closely approximate those ruling at the balance sheet date. Income statement items are translated at rates prevailing on transaction dates. Exchange gains and losses are recognized in the income statement in the year they arise.

Foreign exchange positions on spot contracts are valued at the prevailing rates of exchange. The resultant unrealised gains and losses are recognized in the income statement.

The closing rates used in translation are as follows:

	2000 RM	1999 RM
USD	3.8000	3.8000
DM	1.8063	1.9567
AUD	2.1050	2.4748
DGL	1.6031	1.7366
SGD	2.1924	2.2802
YEN	3.3127	3.7218
STG	5.6724	6.1554
FFR	0.5386	0.5834
EUR	3.5329	—

(p) Deferred Taxation

Provision is made using the 'liability' method for deferred taxation in respect of all material timing differences. However, where the timing differences give rise to deferred tax benefits, these net benefits are not recognized.

(q) Retirement Benefits

The Bank and certain related companies contribute to the Citibank Malaysia Staff Retirement Plan ("the Plan") for eligible officers. Contributions are made based on an external actuarial report to the Plan, which is a defined benefit scheme, and is funded to the extent permitted by tax allowable Bank contributions.

The assets of the trust fund are held separately in an independently administered fund. The last actuarial valuation was carried out in 1 January 2000.

3. CASH AND SHORT TERM FUNDS

	Group and Bank	
	2000 RM'000	1999 RM'000
Cash and balances with banks and other financial institutions	228,494	219,183
Money at call and deposit placements maturing within one month	2,381,300	2,622,958
	2,609,794	2,842,141

4. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank	
	2000 RM'000	1999 RM'000
Licensed banks	228,100	96,000

5. DEALING SECURITIES

	Group and Bank	
	2000 RM'000	1999 RM'000
Money market instruments:-		
Malaysian Government Treasury Bills	196,086	229,817
Malaysian Government Loan Stock	212,104	36,744
Cagamas Notes and Bonds	274,922	64,907
Khazanah Bonds	57,671	140,469
Private Debt Securities	18,460	63,190
Bank Negara Malaysia Bills	172,837	-
	932,080	535,127

Market value of quoted money market instruments:-

Malaysian Government Treasury Bills	196,072	229,897
Malaysian Government Loan Stock	212,639	36,820
Cagamas Notes and Bonds	275,517	64,901
Khazanah Bonds	57,697	140,446
Private Debt Securities	18,411	63,400
Bank Negara Malaysia Bills	172,811	-
	933,147	535,464

6. INVESTMENT SECURITIES

	Group and Bank	
	2000 RM'000	1999 RM'000
Money market instruments:-		
Malaysian Government Loan Stock	519,560	410,100
Cagamas Bonds	453,340	392,340
Danamodal Bonds	637,500	163,500
Khazanah Bonds	61,700	164,600
Negotiable Instruments of Deposit	200,000	226,000
Bankers Acceptances	-	315,567
Private Debt Securities	398,000	215,000
Danaharta Bonds	440,000	-
	2,710,100	1,887,107

Quoted securities in Malaysia:-

Bond and Equity	23,586	12,070
Corporate warrants	80	80

Unquoted securities:-

Shares	7,539	5,630
	2,741,305	1,904,887
Net accretion of discounts	(203,350)	(41,971)
Total Investment Securities	2,537,955	1,862,916

i) Market value of quoted securities:-

	Group and Bank	
	2000 RM'000	1999 RM'000
Money market instrument:-		
Malaysian Government Loan Stock	526,755	442,654
Cagamas Bonds	458,072	398,500
Danamodal Bonds	562,594	133,567
Khazanah Bonds	60,125	129,680
Private Debt Securities	342,320	221,604
Danaharta Bonds	377,047	-
	2,326,913	1,326,005

	Group and Bank	
	2000	1999
	RM'000	RM'000
Quoted securities in Malaysia:-		
Bond & Equity	21,338	11,944
Corporate warrants	158	490
	21,496	12,434
	2,348,409	1,338,439

ii) The maturity structure of money market instruments held for investment are as follows:-

Maturity within one year	440,670	671,050
One year to three years	1,529,430	525,805
Three years to five years	610,000	620,335
More than five years	130,000	69,917
	2,710,100	1,887,107

7. LOANS, ADVANCES AND FINANCING

	Group and Bank	
	2000	1999
	RM'000	RM'000
Overdrafts	2,722,410	2,168,140
Term loans - fixed rate	1,179,044	1,534,453
- floating rate	5,514,809	3,282,775
Lease receivable	275,394	173,084
Credit cards receivables	1,917,007	1,533,933
Bills receivable	154,766	93,602
Trust receipts	38,283	34,558
Claims on customers under acceptance credits	1,023,714	961,333
Staff loans (of which RM176,932; 1999 - RM167,958 to directors)	148,299	138,036
Other loans	139,266	479,498
	13,112,992	10,399,412
Unearned interest and income	(27,635)	(23,668)
	13,085,357	10,375,744
Less: Housing loans sold to Cagamas	(1,591,646)	(1,015,171)
Gross loans, advances and financing	11,493,711	9,360,573
Provision for bad and doubtful debts and financing		
- Specific	(134,146)	(88,701)
- General	(194,248)	(153,643)
Interest-in-suspense/Income-in-suspense	(51,011)	(40,108)
Net loans, advances and financing	11,114,306	9,078,121

i) The maturity structure of gross loans, advances and financing are as follows:-

	Group and Bank	
	2000	1999
	RM'000	RM'000
Maturing within one year	7,223,537	5,638,806
One year to three years	510,110	243,102
Three years to five years	323,026	282,365
Over five years	3,437,038	3,196,300
	11,493,711	9,360,573

ii) Loans, advances and financing according to economic sector are as follows:-

	Group and Bank	
	2000 RM'000	1999 RM'000
Agriculture	71,774	4,585
Mining and quarrying	222	—
Manufacturing	1,802,237	1,839,905
Construction	146,089	95,718
Real estate	105,057	91,160
Purchase of landed property		
- Residential	3,869,162	1,775,865
- Non-residential	914,984	918,838
General commerce	762,225	460,569
Transport, storage and communication	101,381	73,810
Finance, insurance and business services	404,146	489,832
Purchase of securities	334,861	287,966
Consumption credit	2,960,690	3,170,439
Others	20,883	151,886
	11,493,711	9,360,573

iii) Movements in the non-performing loans and financing (including interest and income receivable) are as follows:-

	Group and Bank	
	2000 RM'000	1999 RM'000
Balance at 1 January	415,419	462,761
Non-performing during the year	300,345	282,715
Less: Recoveries	(176,861)	(231,480)
Amount written-off	(36,102)	(98,577)
Balance at 31 December	502,801	415,419
Percentage of net non-performing loans to total loans (net of specific provision and interest-in-suspense)	2.50%	2.80%

iv) Movements in the provision for bad and doubtful debts and financing and interest-in-suspense/income-in-suspense accounts are as follows:-

	Group and Bank	
	2000 RM'000	1999 RM'000
General provision		
Balance at 1 January	153,643	124,308
Provisions made during the year	40,605	29,335
Balance at 31 December	194,248	153,643
Percentage of provision to total loans (including housing loans sold to Cagamas net of specific provision and interest-in-suspense)	1.50%	1.50%
Specific provision		
Balance at 1 January	88,701	84,678
Provisions made during the year	87,541	102,615
Amount written back in respect of recoveries	(22,657)	(27,890)
Amount written-off	(19,439)	(70,702)
Balance at 31 December	134,146	88,701

Interest-in-suspense/Income-in-suspense

Balance at 1 January	40,108	36,161
Provisions made during the year	41,091	46,912
Amount written back in respect of recoveries	(19,627)	(26,205)
Amount written-off	(10,561)	(16,760)
Balance at 31 December	51,011	40,108

8. OTHER ASSETS

	Group		Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Other debtors, deposits and prepayments	329,441	175,154	329,441	175,154
Inter-company balances	287,865	131,742	287,845	131,722
	617,306	306,896	617,286	306,876

9. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act 1958 (Revised - 1994), the amounts of which are determined as set percentages of total eligible liabilities.

10. INVESTMENT IN SUBSIDIARY COMPANIES

	Group and Bank	
	2000 RM'000	1999 RM'000
Unquoted shares, at cost - in Malaysia	20	20

The subsidiary companies of the Bank are as follows:-

Name	Principal activity	Country of incorporation	Percentage of equity held	
			2000	1999
Citicorp Nominee (Malaysia) Sdn. Bhd.	Nominee company	Malaysia	100%	100%
Citicorp Nominees (Tempatan) Sdn. Bhd.*	Nominee company	Malaysia	100%	100%
Citicorp Nominees (Asing) Sdn. Bhd.*	Nominee company	Malaysia	100%	100%

*Wholly owned by Citicorp Nominee (Malaysia) Sdn. Bhd.

All income and expenditure arising from the activities of the subsidiaries have been recognised in the Bank's results.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Building on freehold land RM'000	Building on leasehold land RM'000	Installations RM'000	Furniture and equipment RM'000	Total RM'000
Cost/Valuation						
At 1 January 2000	8,000	16,000	1,702	40,631	163,002	229,335
Revaluation	(200)	(3,843)	—	—	—	(4,043)
Additions	—	—	—	12,607	34,662	47,269
Disposals	(7,800)	(12,157)	—	—	(9,548)	(29,505)
Write-off	—	—	—	(16,824)	(52,787)	(69,611)
At 31 December 2000	—	—	1,702	36,414	135,329	173,445
Depreciation						
At 1 January 2000	—	1,955	476	33,158	96,215	131,804
Charge for the year	—	739	34	9,163	26,868	36,804
Disposals	—	(2,694)	—	—	(6,596)	(9,290)
Write-off	—	—	—	(16,647)	(41,248)	(57,895)
At 31 December 2000	—	—	510	25,674	75,239	101,423
Net book value						
At 31 December 2000	—	—	1,192	10,740	60,090	72,022
At 31 December 1999	8,000	14,045	1,226	7,473	66,787	97,531
Depreciation charge for the year ended 31 December 1999	—	308	34	24,584	30,658	55,584

12. DEPOSITS FROM CUSTOMERS

	Group and Bank	
	2000 RM'000	1999 RM'000
Demand deposits	2,932,467	1,952,792
Savings deposits	676,227	630,458
Fixed deposits	8,602,683	7,063,358
Negotiable instruments of deposit	50,000	124,317
Others - cash collateral	2,747	1,444
- placements	966,644	600,731
	13,230,768	10,373,100

i) Maturity structure of fixed deposits and negotiable instruments of deposit are as follows:-

	Group and Bank	
	2000 RM'000	1999 RM'000
Due within six months	6,701,821	4,713,437
Six months to one year	1,756,468	1,356,030
One year to three years	190,684	1,087,220
Three years to five years	3,710	25,951
Over five years	—	5,037
	8,652,683	7,187,675

ii) The deposits are sourced from the following types of customers:-

	Group and Bank	
	2000 RM'000	1999 RM'000
Business enterprises	2,897,054	2,737,411
Individuals	7,622,309	6,880,167
Others	2,711,405	755,522
	13,230,768	10,373,100

13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2000	1999
	RM'000	RM'000
Licensed banks	1,325,587	1,387,824
Licensed finance companies	900	162,820
Other financial institutions	109,370	58,204
	1,435,857	1,608,848

14. OTHER LIABILITIES

	Group and Bank	
	2000	1999
	RM'000	RM'000
Proposed dividend	163,000	165,000
Provision for retirement benefits	1,911	2
Taxation	89,831	36,033
Deferred taxation (Note 25)	15,000	10,180
Other liabilities	773,110	477,038
	1,042,852	688,253

15. SHARE CAPITAL

	Group and Bank	
	2000	1999
	RM	RM
Authorized:- Ordinary shares of RM1.00 each	500,000,000	500,000,000
Issued and fully paid	121,696,972	121,696,972

16. RESERVES

	Group and Bank	
	2000	1999
	RM'000	RM'000
Share premium	380,303	380,303
Statutory reserve	121,697	121,697
Revaluation reserve	-	17,239
Retained profit	631,681	598,859
	1,133,681	1,118,098

The share premium arose from the issuance of 121,696,972 ordinary shares of RM1 each at an issue price of RM4.125 per share.

The statutory reserves are maintained in compliance with Section 36 of the Banking and Financial Institutions Act 1989 and are not distributable as cash dividends. No transfers were made to the statutory reserves during the year as the Bank has met the reserve requirements.

Subject to agreement with the Inland Revenue Board, the Bank has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of dividends out of all its retained profits as at 31 December 2000.

17. INTEREST INCOME

	Group and Bank	
	2000	1999
	RM'000	RM'000
Loans and advances	787,910	750,829
Money at call and deposit placements with financial institutions	130,683	111,700
Dealing securities	25,489	24,621
Investment securities and others	65,719	93,135
	1,009,801	980,285
Accretion of discounts less amortization of premium	49,028	23,801
Net interest suspended	(21,464)	(20,707)
	1,037,365	983,379

18. INTEREST EXPENSE

	Group and Bank	
	2000	1999
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	34,476	75,469
Deposits from other customers	388,307	402,340
Others	26,053	27,444
	448,836	505,253

19. LOAN AND FINANCING LOSS AND PROVISION

	Group and Bank	
	2000	1999
	RM'000	RM'000
Provision for bad and doubtful debts and financing:-		
- specific provision (net of recoveries)	64,884	74,725
- general provision	40,605	29,335
	105,489	104,060

20. NON-INTEREST INCOME

	Group and Bank	
	2000	1999
	RM'000	RM'000
Fee income:		
Commission	35,688	21,370
Service charges and fees	19,318	13,920
Guarantee fees	6,759	6,557
Other fee income	149,268	113,775
	211,033	155,622
Investment income:		
Net profit from dealing securities	14,309	14,509
Gain from sale of investment securities	40,729	44,944
Gross dividends from unquoted investment securities	126	11
	55,164	59,464
Other income:		
Foreign exchange profit and other income	105,278	101,137
Gain on disposal of property, plant and equipment	2	141
	105,280	101,278
	371,477	316,364

21. OVERHEAD EXPENSES

	Group and Bank	
	2000	1999
	RM'000	RM'000
Personnel costs	150,983	118,371
Establishment costs	65,004	77,763
Marketing expenses	58,226	42,241
Administration and general expenses	123,981	108,637
	398,194	347,012

The above expenditure includes the following statutory disclosures:-

Directors' remuneration (Note 23)	3,486	1,213
Rental of premises	14,463	12,404
Hire of equipment	2,766	1,893
Auditors' remuneration	102	102
Depreciation of property, plant and equipment (Note 11)	36,804	55,584
Loss on disposal of property, plant and equipment	2,564	257
Property, plant and equipment written-off	11,716	74

The number of persons employed by the Group and the Bank as at year end was 1,370 (1999 : 1,245).

22. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

	Group and Bank	
	2000	1999
	RM'000	RM'000
Bank Income		
Interest on interest bearing deposits	36,479	21,154
Interest on current accounts	8,055	7,273
Other fee income	(828)	13,827
	43,706	42,254
Expenditure		
Interest on interest bearing deposits	24,283	39,442
Interest on current accounts	(357)	289
Other operating expenses	28,741	29,024
	52,667	68,755
Amount due from related companies		
Interest bearing deposits	472,714	685,802
Current account balances	2,081,766	742,185
Other balances	42,136	24,300
	2,596,616	1,452,287
Amount due to related companies		
Interest bearing deposits	286,512	501,404
Current account balances	1,978,686	706,652
Other balances	43,573	112,509
	2,308,771	1,320,565

23. DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all directors charged to the income statement for the year are as follows:

	Group and Bank	
	2000 RM'000	1999 RM'000
Fees	150	85
Other remuneration - Executive Directors	3,336	1,128
	<u>3,486</u>	<u>1,213</u>

The estimated cash value of benefits-in-kind of directors amounted to RM137,000 (1999 - RM266,000).

24. TAXATION

	Group and Bank	
	2000 RM'000	1999 RM'000
Current taxation	151,569	-
Transfer to deferred taxation	4,820	-
	<u>156,389</u>	<u>-</u>

The Group and Bank's effective tax rate is higher than the prima facie tax rate as certain expenses are not deductible for tax purposes.

No provision for tax on profit for the previous year has been made in the financial statements for the year ended 31 December 1999 in view of the tax waiver in 1999 pursuant to the Income Tax (Amendment) Act, 1999 which was gazetted on 8 July 1999.

25. DEFERRED TAXATION

	Group and Bank	
	2000 RM'000	1999 RM'000
Balance at 1 January	10,180	10,180
Transfer from income statement account	4,820	-
	<u>15,000</u>	<u>10,180</u>

The deferred tax liability is in respect of timing differences between depreciation and corresponding capital allowances on property, plant and equipment.

26. EARNINGS PER SHARE

The earnings per ordinary share have been calculated based on the net profit after taxation of RM307,626,000 (1999 - RM345,527,000) and on the number of 121,696,972 ordinary shares of RM1 each in issue during the year.

27. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies constitute the following:-

	Group and Bank			
	2000		1999	
	Principal amount	Credit equivalent amount	Principal amount **	Credit equivalent amount
	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	823,439	823,439	999,619	999,619
Certain transaction-related contingent items	498,795	249,398	470,931	235,466
Short-term self-liquidating trade-related contingencies	507,374	101,475	198,440	39,688
Housing loans sold directly and indirectly to Cagamas Berhad	1,591,646	1,591,646	1,015,171	1,015,171
Irrevocable commitments to extend credit:-				
- maturity exceeding one year	1,751,337	875,669	1,218,711	609,356
- maturity not exceeding one year	7,580,298	-	6,093,352	-
Foreign exchange related contracts				
- less than one year	16,158,079	239,924	11,229,116	238,180
- one year to less than five years	582,523	43,393	631,119	37,082
Interest rate related contracts				
- less than one year	348,000	573	458,000	860
- more than one year but less than five years	331,640	7,856	-	-
Other commitments and contingencies	56,270	10,000	-	-
	30,229,401	3,943,373	22,314,459	3,175,422

	Group and Bank	
	2000	1999
	RM'000	RM'000
Foreign exchange related contracts		
- Forward contracts	10,306,369	7,140,111
- Cross currency interest rate swaps	859,445	649,434
- Options purchased	2,787,394	2,035,345
- Options sold	2,787,394	2,035,345
	16,740,602	11,860,235

Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through off-setting on and off-balance sheet positions. As at 31 December 2000, the amount of contracts which were not hedged and, hence, exposed to market risk was – RM1,540,945,000. (1999 – RM786,004,000)

Credit Risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Bank has a gain position. As at end of 31 December 2000, the amounts of credit risk, measured in term of the cost to place the profitable contracts was RM261,493,000 (1999 – RM106,062,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

28. LEASE COMMITMENTS

The Bank has lease commitments in respect of rented premises and equipment on hire, all of which are classified as operating leases. A summary of the non-cancellable long term commitments, net of sub-leases are as follows:-

Year	Group and Bank	
	RM'000	
2001	17,884	
2002	16,173	
2003	3,940	

29. CAPITAL COMMITMENTS

	Group and Bank	
	2000	1999
	RM'000	RM'000
Capital expenditure authorized but not contracted for	37,524	20,130

30. CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are as follows:-

	Group and Bank	
	2000	1999
	RM'000	RM'000
Tier I capital		
Paid-up share capital	121,697	121,697
Share premium	380,303	380,303
Other reserves	753,378	720,556
Total Tier-I capital	1,255,378	1,222,556
Tier-II capital		
Revaluation reserves	-	8,620
General provision for bad and doubtful debts	194,247	153,643
Total Tier-II capital	194,247	162,263
Total capital	1,449,625	1,384,819
Less: Investments in subsidiaries	(20)	(20)
Capital base	1,449,605	1,384,799

Breakdown of risk-weighted assets in the various categories of risk-weights:-

0% Risk Weightage	4,642,805	4,784,026
10% Risk Weightage	729,416	460,978
20% Risk Weightage	2,132,906	1,280,621
50% Risk Weightage	6,489,284	3,032,360
100% Risk Weightage	9,258,016	9,616,853
Total risk weighted assets	23,252,427	19,174,838
Core capital ratio	9.66%	10.69%
Risk weighted capital ratio	11.15%	12.11%

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the year are as follows:

- (a) On 13 March 2000, the Bank relocated the Medan Pasar branch in Kuala Lumpur to Johor Bahru.
- (b) On June 2000, the Bank relocated the corporate bank offices which were previously located in Medan Pasar branch and Multi Purpose building to Menara Citibank at Jalan Ampang.
- (c) The Bank, completed the disposal of its building located at Medan Pasar for a total consideration of RM17.9 million during the year.

32. THE OPERATION OF ISLAMIC BANKING

BALANCE SHEET AT 31 DECEMBER 2000

	Note	Group and Bank	
		2000 RM'000	1999 RM'000
ASSETS			
Cash and short term funds	(a)	3,415	3,937
Loans, advances and financing	(b)	179,029	119,218
Other assets		144	–
TOTAL ASSETS		182,588	123,155
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits and placements of banks and other financial institutions	(c)	171,087	100,529
Other liabilities	(d)	1,068	15,574
Total liabilities		172,155	116,103
Islamic Banking Fund	(e)	10,433	7,052
TOTAL LIABILITIES AND ISLAMIC BANKING FUND		182,588	123,15

The accompanying Notes form an integral part of the Financial Statements.

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

		Group and Bank	
		2000 RM'000	1999 RM'000
Income	(f)	7,692	2,109
Loans and financing loss and provision	(g)	(3,373)	–
Net income		4,319	2,109
Overhead expense	(h)	(938)	(130)
Profit before taxation		3,381	1,979
Retained profit brought forward		2,052	73
Retained profit carried forward		5,433	2,052

The accompanying Notes form an integral part of the financial statements.

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (CONT'D)

(a) CASH AND SHORT TERM FUNDS

	Group and Bank	
	2000	1999
	RM'000	RM'000
Cash and balances with banks and other financial institutions	3,415	3,937

(b) LOANS, ADVANCES AND FINANCING

	Group and Bank	
	2000	1999
	RM'000	RM'000
Other financing	201,294	138,256
Unearned income	(19,539)	(19,038)
	181,755	119,218
Gross loans, advances and financing		
Provision for bad and doubtful debts and financing		
- specific	-	-
- general	(2,726)	-
	179,029	119,218
Net loans, advances and financing		

(i) Loans, advances and financing analysed by concepts are as follows:-

	Group and Bank	
	2000	1999
	RM'000	RM'000
Al-ljarah	181,755	119,218

(ii) The maturity structure of loans, advances and financing are as follows:-

	Group and Bank	
	2000	1999
	RM'000	RM'000
Maturing within one year	17,908	25,872
One year to three years	146,345	88,977
Three years to five years	17,502	4,369
	181,755	119,218

(iii) Loans, advances and financing analysed by their economic purposes are as follows:-

	Group and Bank	
	2000	1999
	RM'000	RM'000
Manufacturing	83,837	44,111
Transport	27,445	18,565
General commerce	20,558	5,641
Construction	11,660	8,769
Finance, insurance and business services	34,559	-
Others	3,696	42,132
	181,755	119,218

(c) **DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group and Bank	
	2000	1999
	RM'000	RM'000
Licensed banks	171,087	100,529

(d) **OTHER LIABILITIES**

	Group and Bank	
	2000	1999
	RM'000	RM'000
Other liabilities	1,068	15,574

(e) **ISLAMIC BANKING FUND**

	Group and Bank	
	2000	1999
	RM'000	RM'000
Funds allocated	5,000	5,000
Retained profit	5,433	2,052
	10,433	7,052

(f) **INCOME FROM ISLAMIC BANKING**

	Group and Bank	
	2000	1999
	RM'000	RM'000
Income derived from funds allocated	14,632	4,615
Income attributable to depositors, banks and financial institutions	(6,940)	(2,506)
	7,692	2,109

Details of the income derived from funds allocated are as follows:-

Income from financing	14,632	4,587
Fee income:-		
Commission	-	28
	14,632	4,615

(g) **LOAN AND FINANCING LOSS AND PROVISION**

	Group and Bank	
	2000	1999
	RM'000	RM'000
Provision for bad and doubtful debts		
- specific provision	647	-
- general provision	2,726	-
	3,373	-

(h) **OVERHEAD EXPENSES**

	Group and Bank	
	2000	1999
	RM'000	RM'000
Personnel costs	912	120
Administration and general expenses	26	10
	938	130

Report of The Auditors to The Members of Citibank Berhad (297089 M)

We have audited the financial statements set out on pages 1 to 21. The preparation of the financial statements is the responsibility of the Bank's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Bank at 31 December 2000 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Bank;
- and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Bank and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758
Public Accountants

Siew Chin Kiang @ Seow Chin Kiang

Partner
Approval Number: 2012/11/02(J)

Kuala Lumpur,
Date: 21 March 2001