

Financial Results 2001

Citibank Berhad (297089 M)
and its subsidiary companies

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Balance Sheet

	Note	Group		Bank	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
ASSETS					
Cash and short term funds	3	2,812,153	2,609,794	2,812,153	2,609,794
Deposits and placements with financial institutions	4	707,285	228,100	707,285	228,100
Dealing securities	5	1,527,021	932,080	1,527,021	932,080
Investment securities	6	2,083,978	2,537,955	2,083,978	2,537,955
Loans, advances and financing	7	14,720,557	12,705,952	14,720,557	12,705,952
Other assets	8	266,518	617,306	266,498	617,286
Statutory deposits with Bank Negara Malaysia	9	405,221	403,781	405,221	403,781
Investment in subsidiary companies	10	—	—	20	20
Property, plant and equipment	11	151,900	72,022	151,900	72,022
TOTAL ASSETS		22,674,633	20,106,990	22,674,633	20,106,990
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	12	14,713,809	13,230,768	14,713,809	13,230,768
Deposits and placements of banks and other financial institutions	13	1,804,635	1,435,857	1,804,635	1,435,857
Obligations on securities sold under repurchase agreements		1,285,616	1,022,507	1,285,616	1,022,507
Bills and acceptances payable		319,830	527,982	319,830	527,982
Other liabilities	14	1,221,612	879,852	1,221,612	879,852
Recourse obligations on loans sold to Cagamas		1,752,933	1,591,646	1,752,933	1,591,646
TOTAL LIABILITIES		21,098,435	18,688,612	21,098,435	18,688,612
SHARE CAPITAL	15	121,697	121,697	121,697	121,697
RESERVES	16	1,237,501	1,133,681	1,237,501	1,133,681
PROPOSED DIVIDEND		217,000	163,000	217,000	163,000
SHAREHOLDERS' FUNDS		1,576,198	1,418,378	1,576,198	1,418,378
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		22,674,633	20,106,990	22,674,633	20,106,990
COMMITMENTS AND CONTINGENCIES	28	42,807,594	28,637,755	42,807,594	28,637,755

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

Income Statement of the Group and Bank

	Note	Group and Bank	
		2001 RM'000	2000 RM'000
Interest income	18	1,127,522	1,037,365
Interest expense	19	(515,118)	(448,836)
Net interest income		612,404	588,529
Islamic Banking income	34(f)	10,733	7,692
		623,137	596,221
Loan and financing loss and provision	20	(127,426)	(105,489)
Non-interest income	21	425,166	371,477
Net income		920,877	862,209
Overhead expenses	22	(431,671)	(398,194)
Profit before taxation		489,206	464,015
Taxation	25	(168,386)	(156,389)
Profit after taxation		320,820	307,626
Transfer from reserves		-	13,196
Profits attributable to shareholders		320,820	320,822
Earnings per share (sen) - Basic and fully diluted	27	264	253

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

Statement of Changes in Equity

The Group and Bank

	Share Capital RM'000	← Non-Distributable →		Distributable		Total Reserves RM'000	Proposed Dividend RM'000	Total RM'000
		Share Premium RM'000	Statutory Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000			
At 1 January 2000	121,697	380,303	121,697	17,239	598,859	1,118,098	-	1,239,795
Deficit on revaluation of properties	-	-	-	(4,043)	-	(4,043)	-	(4,043)
Net gains and losses not recognized in the income statement	-	-	-	(4,043)	-	(4,043)	-	(4,043)
Transfer to retained profits on realisation of assets	-	-	-	(13,196)	13,196	-	-	-
Profit after taxation	-	-	-	-	307,626	307,626	-	307,626
Dividend paid								
- interim 2000	-	-	-	-	(125,000)	(125,000)	-	(125,000)
Proposed dividend - final 2000	-	-	-	-	(163,000)	(163,000)	163,000	-
At 31 December 2000	121,697	380,303	121,697	-	631,681	1,133,681	163,000	1,418,378
At 1 January 2001	121,697	380,303	121,697	-	631,681	1,133,681	163,000	1,418,378
Profit after taxation	-	-	-	-	320,820	320,820	-	320,820
Dividend paid								
- final 2000	-	-	-	-	-	-	(163,000)	(163,000)
Proposed dividend - final 2001	-	-	-	-	(217,000)	(217,000)	217,000	-
At 31 December 2001	121,697	380,303	121,697	-	735,501	1,237,501	217,000	1,576,198
	(Note 15)	(Note 16)	(Note 16)		(Note 16)		(Note 17)	

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

Consolidated Cash Flow Statement

	Group and Bank	
	2001	2000
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	489,206	464,015
Adjustments for:		
Allowance for diminution in value of dealing securities	800	—
Amortisation of premium less accretion of discount of investment securities	(27,019)	(49,028)
Depreciation	31,813	36,804
Dividends from investment securities	(63)	(126)
Gain from disposal of investment securities	(67,375)	(38,298)
(Gain)/Loss on disposal of property, plant and equipment	(306)	2,562
Property, plant and equipment written-off	1,245	11,716
Provision for bad and doubtful debts		
- specific	96,167	64,884
- general	31,259	40,605
Provision for interest in suspense	33,784	21,464
Operating profit before working capital changes	589,511	554,598
Changes in working capital:-		
Deposits and placements with financial institutions	(479,185)	(132,100)
Dealing securities	(595,741)	(396,953)
Loans, advances and financing	(2,175,815)	(2,739,613)
Other assets	350,788	(310,410)
Statutory deposits with Bank Negara Malaysia	(1,440)	(35,270)
Deposits from customers	1,483,041	2,857,668
Deposits and placements of banks and other financial institutions	368,778	(172,991)
Obligations on securities sold under repurchase agreements	263,109	66,655
Other liabilities	312,552	297,981
Bills and acceptance payable	(208,151)	206,587
Recourse obligations on loans sold to Cagamas	161,287	576,475
Cash generated from operations	68,734	772,627
Income taxes paid	(139,179)	(97,771)
Net cash (used in)/generated from operating activities	(70,445)	674,856
Cash flows from investing activities		
Dividends from investment securities	63	126
Purchase of property, plant and equipment	(114,533)	(47,269)
Proceeds from disposal of property, plant and equipment	1,903	17,653
Purchase of investment securities	(2,862,566)	(5,744,727)
Proceeds from disposal of investment securities	3,404,867	5,170,439
Purchase of unquoted shares	—	(13,425)
Proceeds from disposal of quoted securities	6,070	—
Net cash generated from/(used in) investing activities	435,804	(617,203)
Cash flows from financing activity		
Dividend paid	(163,000)	(290,000)
Net cash used in financing activity	(163,000)	(290,000)
Net increase/(decrease) in cash and cash equivalents	202,359	(232,347)
Cash and cash equivalents at beginning of year	2,609,794	2,842,141
Cash and cash equivalents at end of year	2,812,153	2,609,794
Analysis of cash and cash equivalents		
Cash and short-term funds	2,812,153	2,609,794

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

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 in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia except for the early adoption of the accounting for proposed dividends in accordance with MASB 19 on Events After the Balance Sheet Date (Note 17). 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 off 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 daily or monthly. 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.

Dividends 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 and financing 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 judgment 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 Institutions 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.

Private Debt Securities are valued at the lower of cost and market value. 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 which is other than temporary.

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

(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 diminution in the value of such investments which is other than temporary.

(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%

(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 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:

	2001 RM	2000 RM
USD	3.8000	3.8000
DM	1.7213	1.8063
AUD	1.9367	2.1050
DGL	1.5275	1.6031
SGD	2.0529	2.1924
YEN	2.8950	3.3127
STG	5.5148	5.6724
FFR	0.5132	0.5386
EUR	3.3662	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 30 April 2001.

3. CASH AND SHORT TERM FUNDS

	Group and Bank	
	2001 RM'000	2000 RM'000
Cash and balances with banks and other financial institutions	199,898	228,494
Money at call and deposit placements maturing within one month	2,612,255	2,381,300
	2,812,153	2,609,794

4. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank	
	2001 RM'000	2000 RM'000
Licensed banks	707,285	228,100

5. DEALING SECURITIES

	Group and Bank	
	2001 RM'000	2000 RM'000
Money market instruments:-		
Malaysian Government Treasury Bills	169,386	196,086
Malaysian Government Loan Stock	830,690	212,104
Bank Negara Malaysia Bills	258,435	172,837
Cagamas Notes and Bonds	201,511	274,922
Khazanah Bonds	4,663	57,671
Private Debt Securities	63,136	18,460
	1,527,821	932,080
Less: Allowance for diminution in value	(800)	-
	1,527,021	932,080
Market value of quoted securities:-		
Malaysian Government Treasury Bills	169,351	196,072
Malaysian Government Loan Stock	831,352	212,639
Bank Negara Malaysia Bills	258,429	172,811
Cagamas Notes and Bonds	200,331	275,517
Khazanah Bonds	4,643	57,697
Private Debt Securities	62,920	18,411
	1,527,026	933,147

6. INVESTMENT SECURITIES

	Group and Bank	
	2001 RM'000	2000 RM'000
Money market instruments:-		
Malaysian Government Treasury Bills	259,500	-
Malaysian Government Loan Stock	315,560	519,560
Cagamas Bonds	490,900	453,340
Danamodal Bonds	137,500	637,500
Danaharta Bonds	45,000	440,000
Khazanah Bonds	66,700	61,700
Negotiable Instruments of Deposit	80,000	200,000
Bankers Acceptances	8,000	-
Commercial Papers	48,000	-
Private Debt Securities	626,936	398,000
	2,078,096	2,710,100
Quoted securities in Malaysia:-		
Bond & Equity	17,595	23,586
Corporate warrants	-	80
	17,595	23,666
Unquoted securities:-		
Shares	7,539	7,539
	7,539	7,539
Net accretion of discounts	(19,252)	(203,350)
Total Investment Securities	2,083,978	2,537,955

i) Market value of quoted and unquoted securities:-

	Group and Bank	
	2001	2000
	RM'000	RM'000
Money market instrument:-		
Malaysia Government Treasury Bills	258,118	-
Malaysian Government Loan Stock	330,203	526,755
Cagamas Bonds	495,300	458,072
Danamodal Bonds	130,206	562,594
Danaharta Bonds	42,291	377,047
Khazanah Bonds	61,418	60,125
Commercial Papers	47,847	-
Private Debt Securities	610,670	342,320
	1,976,053	2,326,913
Quoted and unquoted securities in Malaysia:-		
Bond & Equity	24,893	21,338
Corporate warrants	-	158
	24,893	21,49
	2,000,946	2,348,409

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
Maturity within one year	775,500	440,670
One year to three years	888,660	1,529,430
Three years to five years	334,936	610,000
More than five years	79,000	130,000
	2,078,096	2,710,100

7. LOANS, ADVANCES AND FINANCING

	Group and Bank	
	2001	2000
	RM'000	RM'000
Overdrafts	2,700,934	2,722,410
Term loans - fixed rate	1,834,232	1,179,044
- floating rate	6,742,640	5,514,809
Lease receivable	350,372	275,394
Credit cards receivables	2,225,975	1,917,007
Bills receivable	138,649	154,766
Trust receipts	42,938	38,283
Claims on customers under acceptance credits	1,032,169	1,023,714
Staff loans (of which RM120,371; 2000 - RM143,382 to directors)	161,878	148,299
Other loans	4,214	139,266
	15,234,001	13,112,992
Unearned interest and income	(21,690)	(27,635)
Gross loans, advances and financing	15,212,311	13,085,357
Provision for bad and doubtful debts and financing		
- Specific	(194,968)	(134,146)
- General	(225,507)	(194,248)
Interest in suspense/income in suspense	(71,279)	(51,011)
Net loans, advances and financing	14,720,557	12,705,952

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
Maturing within one year	8,158,205	7,373,587
One year to three years	540,574	1,520,857
Three years to five years	276,019	753,875
Over five years	6,237,762	3,437,038
	15,212,560	13,085,357

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
Agriculture	141,795	71,774
Mining and quarrying	200	222
Manufacturing	2,125,842	1,802,237
Construction	137,190	146,089
Real estate	121,895	105,057
Purchase of landed property		
- Residential	7,038,958	5,460,808
- Non-residential	894,007	914,984
General commerce	655,064	762,225
Transport, storage and communication	102,373	101,381
Finance, insurance and business services	586,407	404,146
Purchase of securities	179,683	334,861
Electricity/Gas & Water	125,150	-
Consumption credit	3,075,355	2,960,690
Others	28,392	20,883
	15,212,311	13,085,357

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
Balance at 1 January	502,801	415,419
Non-performing during the year	427,854	300,345
Less: Recoveries	(126,646)	(176,861)
Amount written off/reclassified	(186,998)	(36,102)
Balance at 31 December	617,011	502,801
Percentage of net non-performing loans to total loans (net of specific provision and interest-in-suspense)	2.35%	2.40%

- 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	
	2001	2000
	RM'000	RM'000
<u>General provision</u>		
Balance at 1 January	194,248	153,643
Provisions made during the year	31,259	40,605
Balance at 31 December	225,507	194,248
Percentage of provision to total loans (net of specific provision and interest-in-suspense)	1.50%	1.50%

	Group and Bank	
	2001	2000
	RM'000	RM'000
<u>Specific provision</u>		
Balance at 1 January	134,146	88,701
Provisions made during the year	120,475	87,541
Amount written back in respect of recoveries	(24,308)	(22,657)
Amount written off	(35,345)	(19,439)
Balance at 31 December	<u>194,968</u>	<u>134,146</u>
<u>Interest-in-suspense/income-in-suspense</u>		
Balance at 1 January	51,011	40,108
Provisions made during the year	53,244	41,091
Amount written back in respect of recoveries	(19,460)	(19,627)
Amount written off	(13,516)	(10,561)
Balance at 31 December	<u>71,279</u>	<u>51,011</u>

8. OTHER ASSETS

	Group		Bank	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Other debtors, deposits and prepayments	266,498	329,441	266,498	329,441
Inter company balances	20	287,865	-	287,845
	<u>266,518</u>	<u>617,306</u>	<u>266,498</u>	<u>617,286</u>

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	
	2001	2000
	RM'000	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	
			2001	2000
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

	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 2001	–	1,702	36,414	135,328	173,444
Additions	–	–	58,962	55,571	114,533
Disposals	–	–	–	(3,921)	(3,921)
Write-off	–	–	(27,664)	(11,011)	(38,675)
At 31 December 2001	–	1,702	67,712	175,967	245,381
Accumulated Depreciation					
At 1 January 2001	–	511	25,675	75,236	101,422
Charge for the year	–	34	7,392	24,387	31,813
Disposals	–	–	–	(2,324)	(2,324)
Write-off	–	–	(26,817)	(10,613)	(37,430)
At 31 December 2001	–	545	6,250	86,686	93,481
Net book value					
At 31 December 2001	–	1,157	61,462	89,281	151,900
At 31 December 2000	–	1,191	10,739	60,092	72,022
Depreciation charge for the year ended 31 December 2000	739	34	9,163	26,868	36,804

12. DEPOSITS FROM CUSTOMERS

	Group and Bank 2001 RM'000	2000 RM'000
Demand deposits	2,606,714	2,932,467
Savings deposits	771,676	676,227
Fixed deposits	9,745,580	8,602,683
Negotiable instruments of deposit	665,000	50,000
Others		
- cash collateral	3,916	2,747
- placements	920,923	966,644
	14,713,809	13,230,768

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

	Group and Bank 2001 RM'000	2000 RM'000
Due within six months	7,603,304	6,701,821
Six months to one year	2,315,775	1,756,468
One year to three years	296,473	190,684
Three years to five years	28	3,710
Over five years	195,000	–
	10,410,580	8,652,683

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

	Group and Bank 2001 RM'000	2000 RM'000
Business enterprises	3,494,465	2,897,054
Individuals	8,881,092	7,622,309
Others	2,338,252	2,711,405
	14,713,809	13,230,768

13. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2001	2000
	RM'000	RM'000
Licensed banks	1,677,185	1,325,587
Licensed finance companies	47,650	900
Other financial institutions	79,800	109,370
	1,804,635	1,435,857

14. OTHER LIABILITIES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Provision for retirement benefits	4,750	1,911
Taxation	119,039	89,831
Deferred taxation (Note 26)	15,000	15,000
Other liabilities	743,463	773,110
Inter company balances	339,360	-
	1,221,612	879,852

15. SHARE CAPITAL

	Group and Bank	
	2001	2000
	RM	RM
Ordinary shares of RM1.00 each Authorized	500,000	500,000
Issued and fully paid	121,697	121,697

16. RESERVES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Share premium	380,303	380,303
Statutory reserve	121,697	121,697
Retained profit	735,501	631,681
	1,237,501	1,133,681

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 2001.

17. DIVIDENDS

Dividends declared or proposed in respect of the year ended 31 December 2001 and 2000 are as follows:

	Group and Bank			
	2001		2000	
	Gross per share sen	Dividend net of tax RM'000	Gross per share sen	Dividend net of tax RM'000
Interim dividend paid	-	-	143	125,000
Proposed final dividend	248	217,000	186	163,000

18. INTEREST INCOME

	Group and Bank	
	2001	2000
	RM'000	RM'000
Loans and advances	916,986	787,910
Money at call and deposit placements with financial institutions	135,429	130,683
Dealing securities	24,169	25,489
Investment securities and others	57,703	65,719
	1,134,287	1,009,801
Accretion of discounts less amortization of premium	27,019	49,028
Net interest suspended	(33,784)	(21,464)
	1,127,522	1,037,365

19. INTEREST EXPENSE

	Group and Bank	
	2001	2000
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	50,002	34,476
Deposits from other customers	432,772	388,307
Others	32,344	26,05
	515,118	448,836

20. LOAN AND FINANCING LOSS AND PROVISION

	Group and Bank	
	2001	2000
	RM'000	RM'000
Provision for bad and doubtful debts and financing:-		
- specific provision (net of recoveries)	96,167	64,884
- general provision	31,259	40,605
	127,426	105,489

21. NON-INTEREST INCOME

	Group and Bank	
	2001	2000
	RM'000	RM'000
Fee income:		
Commission	49,096	35,688
Service charges and fees	14,448	19,318
Guarantee fees	7,185	6,759
Other fee income	169,631	149,268
	240,360	211,033
Investment income:		
Net profit from dealing securities	16,755	14,309
Gain from sale of investment securities	67,375	40,729
Gross dividends from unquoted investment securities	63	126
Allowance for diminution in value of dealing securities	(800)	-
	83,393	55,164
Other income:		
Foreign exchange profit and other income	101,107	105,278
Gain on disposal of property, plant and equipment	306	2
	101,413	105,280
	425,166	371,477

22. OVERHEAD EXPENSES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Personnel costs	179,584	150,983
Establishment costs	62,963	65,004
Marketing expenses	44,458	58,226
Administration and general expenses	144,666	123,98
	431,671	398,194

The above expenditure includes the following statutory disclosures:-

Directors' remuneration (Note 24)	3,961	3,871
Rental of premises	17,642	14,463
Hire of equipment	3,486	2,766
Auditors' remuneration	102	102
Depreciation of property, plant and equipment	31,813	36,804
Loss on disposal of property, plant and equipment	-	2,564
Property, plant and equipment written off	1,245	11,716

The number of persons employed by the Group and the Bank (including Directors) as at year end was 1,503 (2000 - 1,370).

23. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Bank Income		
Interest on interest bearing deposits	37,263	36,479
Interest on current accounts	1,071	8,055
Other fee income	4,117	(828)
	42,451	43,706
Expenditure		
Interest on interest bearing deposits	28,806	24,283
Interest on current accounts	19	(357)
Other operating expenses	37,840	28,741
	66,665	52,667
Amount due from related companies		
Interest bearing deposits	1,906,927	472,714
Current account balances	111,863	2,081,766
Other balances	40,117	42,136
	2,058,907	2,596,616
Amount due to related companies		
Interest bearing deposits	2,186,119	286,512
Current account balances	137,969	1,978,686
Other balances	74,179	43,573
	2,398,267	2,308,771

24. DIRECTORS' REMUNERATION

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
Executive Directors		
- Salary and other remuneration	1,610	1,501
- Bonuses	1,990	2,092
- Benefits-in-kind	211	128
	<u>3,811</u>	<u>3,721</u>
Non Executive Directors		
- Fees	150	150
	<u>150</u>	<u>150</u>

The remuneration attributable to the Chief Executive Officer of the Bank, including benefits-in-kind during the year amounted to RM2,011,000 (2000 : RM1,700,000).

25. TAXATION

	Group and Bank	
	2001	2000
	RM'000	RM'000
Current taxation	168,386	151,569
Transfer to deferred taxation	-	4,820
	<u>168,386</u>	<u>156,389</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.

26. DEFERRED TAXATION

	Group and Bank	
	2001	2000
	RM'000	RM'000
Balance at 1 January	15,000	10,180
Transfer from income statement	-	4,820
	<u>15,000</u>	<u>15,000</u>

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

27. EARNINGS PER SHARE

The earnings per ordinary share have been calculated based on the net profit after taxation of RM320,820,000 (2000 - RM307,626,000) and on the number of 121,696,972 ordinary shares of RM1 each in issue during the year.

28. 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			
	2001		2000	
	Principal amount RM'000	Credit equivalent amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000
Direct credit substitutes	1,009,625	1,009,625	823,439	823,439
Certain transaction-related contingent items	694,403	347,202	498,795	249,398
Short-term self-liquidating trade-related contingencies	170,632	34,126	507,374	101,475
Irrevocable commitments to extend credit:-				
- maturity exceeding one year	2,011,544	1,005,772	1,751,337	875,669
- maturity not exceeding one year	15,153,250	-	7,580,298	-
Foreign exchange related contracts				
- less than one year	14,850,779	225,155	16,158,079	239,924
- one year to less than five years	503,763	49,987	582,523	43,393
Interest rate related contracts				
- less than one year	1,619,000	3,622	348,000	573
- more than one year but less than five years	4,741,640	87,449	331,640	7,856
Other commitments and contingencies	2,052,958	30,000	56,270	10,000
	42,807,594	2,792,938	28,637,755	2,351,727

	Group and Bank	
	2001	2000
	RM'000	RM'000
Foreign exchange related contracts		
- Forward contracts	11,592,002	10,306,369
- Cross currency interest rate swaps	941,668	859,445
- Options purchased	1,410,436	2,787,394
- Options sold	1,410,436	2,787,394
	15,354,542	16,740,602

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 offsetting on and off-balance sheet positions. As at 31 December 2001, the amount of contracts which were not hedged and, hence, exposed to market risk was RM7,212,908,000. (2000 - RM1,540,945,000).

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 2001, the amounts of credit risk, measured in term of the cost to replace the profitable contracts was RM178,509,000 (2000 - RM261,493,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

29. 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
2002	21,606
2003	21,424
2004	18,382

30. CAPITAL COMMITMENTS

Capital expenditure authorized but not contracted for

Group and Bank	
2001	2000
RM'000	RM'000
6,481	37,524

31. CAPITAL ADEQUACY

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	121,697	121,697
Share premium	380,303	380,303
Other reserves	1,074,198	916,378
Total Tier 1 capital	1,576,198	1,418,378
<u>Tier 2 capital</u>		
General provision for bad and doubtful debts	225,507	194,248
Total capital	1,801,705	1,612,626
Less: Investment in subsidiary companies	(20)	(20)
Capital base	1,801,685	1,612,606

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
0% Risk Weightage	5,109,602	4,642,805
10% Risk Weightage	717,418	729,416
20% Risk Weightage	3,530,705	2,132,906
50% Risk Weightage	8,179,662	6,489,284
100% Risk Weightage	10,212,716	9,258,016
Total risk weighted assets	27,750,103	23,252,427
Core capital ratio	10.45%	10.91%
Risk weighted capital ratio	11.95%	12.40%

The proposed final dividend of RM217 million (2000: RM163 million) in respect of the current financial year has been incorporated in computing the capital ratios.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the year are as follows:-

- (a) The Bank obtained its first local rating from Rating Agency of Malaysia (RAM) on 19 February 2001. It was assigned with a long term rating of AAA and short term rating of P1.
- (b) On 11 June 2001, the Bank officially relocated the Kuala Lumpur branch from 89 Jalan Ampang (Wisma Char Yong) to 165 Jalan Ampang (Menara Citibank).
- (c) In June 2001, the Bank completed the relocation of the consumer bank offices to Menara Citibank at 165 Jalan Ampang, 50450 Kuala Lumpur.

33. COMPARATIVES

The comparative figures for reporting of "Recourse obligations on loans sold to Cagamas" and "Dividends proposed after the balance sheet date" have been expanded and/or reclassified to conform with the current year's presentation.

34. THE OPERATION OF ISLAMIC BANKING

BALANCE SHEET AT 31 DECEMBER 2001

	Note	Group and Bank	
		2001 RM'000	2000 RM'000
ASSETS			
Cash and short term funds	(a)	1,850	3,415
Loans, advances and financing	(b)	196,494	179,029
Other assets		27,351	144
TOTAL ASSETS		225,695	182,588
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits and placements of banks and other financial institutions	(c)	186,785	171,087
Other liabilities	(d)	4,417	1,068
TOTAL LIABILITIES		191,202	172,155
ISLAMIC BANKING FUND	(e)	34,493	10,433
TOTAL LIABILITIES AND ISLAMIC BANKING FUND		225,695	182,588

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

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	Group and Bank	
		2001 RM'000	2000 RM'000
Income	(f)	10,733	7,692
Loans and financing loss and provision	(g)	(259)	(3,373)
Net income		10,474	4,319
Overhead expenses	(h)	(1,414)	(938)
Profit before and after zakat		9,060	3,381
Retained profit brought forward		5,433	2,052
Retained profit carried forward		14,493	5,433

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

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONT'D)

(a) CASH AND SHORT TERM FUNDS

	Group and Bank	
	2001	2000
	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,850	3,415

(b) LOANS, ADVANCES AND FINANCING

	Group and Bank	
	2001	2000
	RM'000	RM'000
Other financing	220,565	201,294
Unearned income	(21,086)	(19,539)
Gross loans, advances and financing	199,479	181,755
Provision for bad and doubtful debts and financing - general	(2,985)	(2,726)
Net loans, advances and financing	196,494	179,029

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
Al-Ijarah	199,479	181,755

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
Maturing within one year	41,077	17,908
One year to three years	111,874	146,345
Three years to five years	46,528	17,502
	199,479	181,755

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
Manufacturing	87,374	83,837
Transport	65,622	27,445
General commerce	7,565	20,558
Construction	8,260	11,660
Finance, insurance and business services	29,198	34,559
Others	1,460	3,696
	199,479	181,755

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

	Group and Bank	
	2001	2000
	RM'000	RM'000
Licensed banks	186,785	171,087

(d) OTHER LIABILITIES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Other liabilities	4,417	1,068

(e) ISLAMIC BANKING FUND

	Group and Bank	
	2001	2000
	RM'000	RM'000
Funds allocated	20,000	5,000
Retained profit	14,493	5,433
	34,493	10,433

(f) INCOME FROM ISLAMIC BANKING

	Group and Bank	
	2001	2000
	RM'000	RM'000
Income derived from funds allocated	17,536	14,632
Income attributable to depositors, banks and financial institutions	(6,803)	(6,940)
	10,733	7,692

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

Income from financing	17,536	14,632
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(g) LOANS AND FINANCING LOSS AND PROVISION

	Group and Bank	
	2001	2000
	RM'000	RM'000
Provision for bad and doubtful debts		
- specific	-	647
- general	259	2,726
	259	3,373

(h) OVERHEAD EXPENSES

	Group and Bank	
	2001	2000
	RM'000	RM'000
Personnel costs	1,244	912
Administration and general expenses	170	26
	1,414	938

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 2001 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: 27 February 2002