Citibank Berhad

2011
PILLAR 3 DISCLOSURE

200 YEARS citi

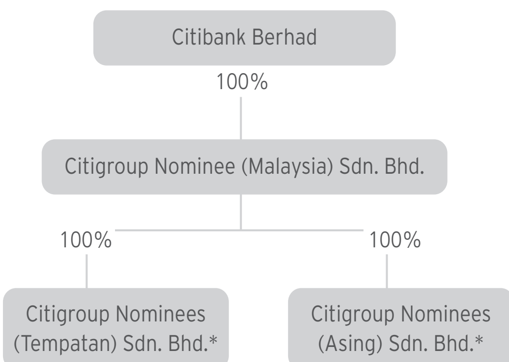
CONTENTS

Pillar 3 Disclosure

1. Introduction

Citibank Berhad was incorporated in Malaysia on 22 April 1994 and has its registered office at 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia. The Bank is licensed under the Banking and Financial Institution Act 1989 ("BAFIA"). The Bank also operates an Islamic window under the Islamic Banking Scheme licensed under the BAFIA Act 1989.

The group organization structure of Citibank Berhad is detailed below:-



** Principal activity is as a nominee company*

The subsidiaries of Citibank Berhad are consolidated using the purchase method of accounting. The basis of consolidation for financial accounting purposes is the same as that used for regulatory purposes.

The Capital Requirements Directive (CRD), often referred to as Basel II, introduced the need for banks operating under this new legislative framework to publish certain information relating to their risk management and capital adequacy. The disclosure of this information is known as Pillar 3 and is designed to complement the other two pillars of the Basel II, namely the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The disclosure has been prepared in accordance with the Guidelines for Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) (BNM/RH/GL 001-32) and Capital Adequacy Framework for Islamic Banks (CAFIB) – Disclosure Requirements (Pillar 3) (BNM/RH/GL 007-18) issued by Bank Negara Malaysia ("BNM").

Since 1 January 2008, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted Standardized Approach (SA) for Credit Risk and Market Risk, and the Basic Indicator Approach (BIA) for Operational Risk.

There are no significant restrictions or major impediments on transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of subsidiaries of the Group as at the financial year end.

This Pillar 3 disclosure should be read in conjunction with Citibank Berhad's Financial Statements for the corresponding financial year.

2. Capital Adequacy

The Bank's capital management is designed to ensure that it maintains sufficient capital consistent with the Bank's risk profile and all applicable regulatory standards and guidelines. The Bank adopts a balanced approach in risk taking, balancing senior management and Board of Directors oversight with well-defined independent risk management functions. The Board engages senior management regularly in key activities that may impact capital assessment and adequacy.

Other than paid up capital of the Bank, the bank's capital is historically generated via retained earnings from the business.

2. Capital Adequacy (continued)

The risk weighted assets and Capital Adequacy Ratios of Citibank Berhad are as follows:-

	Dec 2011 RM'000	Dec 2010 RM'000
Computation of Total Risk Weighted Assets (RWA)		
Total Credit RWA	22,272,830	19,954,371
Credit RWA Absorbed by PSIA	-	-
Total Market RWA	2,019,640	2,398,682
Market RWA Absorbed by PSIA	-	-
Total Operational RWA	3,525,964	3,550,272
Large Exposure Risk RWA for Equity Holdings	-	-
Total Risk Weighted Assets	27,818,434	25,903,325
Computation of Capital Ratios		
Tier 1 Capital	4,008,709	3,565,282
Capital Base	4,262,475	3,801,235
Before deducting proposed dividends		
Core Capital Ratio	14.41%	13.76%
Risk-Weighted Capital Ratio	15.32%	14.67%
After deducting proposed dividends / dividend payment		
Core Capital Ratio	13.33%	12.61%
Risk-Weighted Capital Ratio	14.24%	13.52%

The risk weighted assets and Capital Adequacy Ratios for the Islamic Banking Window are as follows:

	Dec 2011 RM'000	Dec 2010 RM'000
Computation of Total Risk Weighted Assets (RWA)		
Total Credit RWA	199,050	436,946
Credit RWA Absorbed by PSIA	-	-
Total Market RWA	20,319	79,687
Market RWA Absorbed by PSIA	-	-
Total Operational RWA	84,785	92,001
Large Exposure Risk RWA for Equity Holdings	-	-
Total Risk Weighted Assets	304,154	608,634
Computation of Capital Ratios		
Tier 1 Capital	225,131	203,761
Capital Base	231,517	210,955
Core Capital Ratio	74.02%	33.48%
Risk-Weighted Capital Ratio	76.12%	34.66%

The above ratios are well above the regulatory requirements for Total Capital Adequacy Ratios of 8%.

Pillar 3 Disclosure

2. Capital Adequacy (continued)

The following tables details the classes of RWA and the types of exposure of the Bank as at 31 December 2011:

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	**Credit Risk (Standardized Approach)**						
	On-Balance Sheet Exposures						
	Sovereigns/Central Banks	9,030,212	9,030,212	-	-	-	-
	Banks, Development Financial Institutions and MDBs	11,391,310	11,391,310	2,970,273	-	2,970,273	237,622
	Corporates, Insurance Cos and Securities Firms	4,393,905	4,371,348	4,330,295	-	4,330,295	346,424
	Regulatory Retail	6,988,379	6,829,936	5,126,118	-	5,126,118	410,089
	Residential Mortgages	8,590,218	8,590,218	3,164,308	-	3,164,308	253,145
	Higher Risk Assets	21,719	21,719	32,578	-	32,578	2,606
	Other Assets	537,019	537,019	304,500	-	304,500	24,360
	Defaulted Exposures	589,414	589,414	603,041	-	603,041	48,243
	Total for On- Balance Sheet Exposures	41,542,176	41,361,176	16,531,114	-	16,531,114	1,322,489
	Off-Balance Sheet Exposures						
	OTC Derivatives	1,914,337	1,914,337	1,040,746	-	1,040,746	83,260
	Off balance sheet exposures other than OTC derivatives or credit cerivatives	5,994,435	5,988,951	4,679,442	-	4,679,442	374,355
	Defaulted Exposures	18,445	18,445	21,528	-	21,528	1,722
	Total for Off- Balance Sheet Exposures	7,927,218	7,921,734	5,741,716	-	5,741,716	459,337
	Total On and Off- Balance Sheet Exposures	49,469,393	49,282,910	22,272,830	-	22,272,830	1,781,826
2.0	**Large Exposures Risk Requirement**	-	-	-	-	-	-

Item	Exposure Class	Long position	Short position	Net position	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
3.0	**Market Risk (Standardized Approach)**							
	Interest Rate Risk	317,676	(217,840)	99,836	1,590,904	-	1,590,904	127,272
	Foreign Currency Risk	170,564	(405,320)	(234,756)	405,320	-	405,320	32,426
	Equity Risk	-	-	-	-	-	-	-
	Commodity Risk	-	-	-	-	-	-	-
	Options Risk	-	-	-	-	-	-	-
	Inventory Risk	23,630	(3,731)	19,900	23,416	-	23,416	1,873
		511,870	(626,891)	(115,020)	2,019,640	-	2,019,640	161,571
4.0	**Operational Risk (Basic Indicator Approach)**				3,525,964	-	3,525,964	282,077
	Total RWA				27,818,434	-	27,818,434	2,225,474

2. Capital Adequacy (continued)

The following tables details the classes of RWA and the types of exposure of the Islamic Banking Window as at 31 December 2011:

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	**Credit Risk (Standardized Approach)**						
	On-Balance Sheet Exposures						
	Sovereigns/Central Banks	502,232	502,232	-	-	-	-
	Corporates	842	842	842	-	842	67
	Residential Mortgages	443,796	443,796	165,277	-	165,277	13,222
	Higher Risk Assets	58	58	88	-	88	7
	Other Assets	11,213	11,213	8,350	-	8,350	668
	Defaulted Exposures	5,843	5,843	5,843	-	5,843	467
	Total for On- Balance Sheet Exposures	963,984	963,984	180,400	-	180,400	14,432
	Off-Balance Sheet Exposures						
	OTC Derivatives	28,721	28,721	15,344	-	15,344	1,228
	Off balance sheet exposures other than OTC derivatives or credit cerivatives	4,447	4,447	3,305	-	3,305	264
	Defaulted Exposures	1	1	1	-	1	-
	Total for Off- Balance Sheet Exposures	33,169	33,169	18,651	-	18,651	1,492
	Total On and Off- Balance Sheet Exposures	997,153	997,153	199,050	-	199,050	15,924
2.0	**Large Exposures Risk Requirement**	-	-	-	-	-	-

Item	Exposure Class	Long position	Short position	Net position	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
3.0	**Market Risk (Standardized Approach)**							
	Benchmark Rate Risk	1,625	-	1,625	20,319	-	20,319	1,625
	Foreign Currency Risk	-	-	-	-	-	-	-
	Equity Risk	-	-	-	-	-	-	-
	Commodity Risk	-	-	-	-	-	-	-
	Options Risk	-	-	-	-	-	-	-
	Inventory Risk	-	-	-	-	-	-	-
4.0	**Operational Risk (Basic Indicator Approach)**				84,785	-	84,785	6,783
	Total RWA				304,154	-	304,154	24,332

Pillar 3 Disclosure

2. Capital Adequacy (continued)

The following table details the classes of RWA and the types of exposure of the Bank as at 31 December 2010:

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	**Credit Risk (Standardized Approach)**						
	On-Balance Sheet Exposures						
	Sovereigns/Central Banks	8,111,852	8,111,852	274	-	274	22
	Banks, Development Financial Institutions and MDBs	6,463,580	6,463,580	1,417,201	-	1,417,201	113,376
	Insurance Cos, Securities Firms and Fund Managers	254	254	-	-	-	-
	Corporates	3,078,104	3,076,833	3,021,479	-	3,021,479	241,718
	Regulatory Retail	6,770,010	6,605,653	4,954,240	-	4,954,240	396,339
	Residential Mortgages	9,164,982	9,164,982	3,479,201	-	3,479,201	278,336
	Higher Risk Assets	40,145	40,145	60,218	-	60,218	4,817
	Other Assets	659,283	659,283	597,800	-	597,800	47,824
	Defaulted Exposures	651,337	651,337	672,800	-	672,800	53,824
	Total for On- Balance Sheet Exposures	34,939,546	34,773,918	14,203,212	-	14,203,212	1,136,257
	Off-Balance Sheet Exposures						
	OTC Derivatives	2,199,313	2,199,313	1,273,623	-	1,273,623	101,890
	Off balance sheet exposures other than OTC derivatives or credit cerivatives	5,572,879	5,569,664	4,441,926	-	4,441,926	355,354
	Defaulted Exposures	32,701	32,701	35,610	-	35,610	2,849
	Total for Off- Balance Sheet Exposures	7,804,893	7,801,678	5,751,159	-	5,751,159	460,093
	Total On and Off- Balance Sheet Exposures	42,744,439	42,575,596	19,954,371	-	19,954,371	1,596,350
2.0	**Large Exposures Risk Requirement**	-	-	-	-	-	-

Item	Exposure Class	Long position	Short position	Net position	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
3.0	**Market Risk (Standardized Approach)**							
	Interest Rate Risk	316,277	(255,670)	60,607	1,125,706	-	1,125,706	90,056
	Foreign Currency Risk	146,021	(1,205,930)	(1,059,909)	1,205,930	-	1,205,930	96,474
	Equity Risk	-	-	-	-	-	-	-
	Commodity Risk	-	-	-	-	-	-	-
	Options Risk	-	-	-	-	-	-	-
	Inventory Risk	9,412	(1,820)	7,593	67,046	-	67,046	5,364
		471,711	(1,463,420)	(991,709)	2,398,682	-	2,398,682	191,895
4.0	**Operational Risk (Basic Indicator Approach)**				3,550,272	-	3,550,272	284,022
	Total RWA				25,903,325	-	25,903,325	2,072,266

2. Capital Adequacy (continued)

The following tables details the classes of RWA and the types of exposure of the Islamic Banking Window as at 31 December 2010:

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
1.0	**Credit Risk (Standardized Approach)**						
	On-Balance Sheet Exposures						
	Sovereigns/Central Banks	665,218	665,218	-	-	-	-
	Corporates	19,908	19,908	19,908	-	19,908	1,593
	Residential Mortgages	493,563	493,563	224,151	-	224,151	17,932
	Higher Risk Assets	601	601	901	-	901	72
	Other Assets	14,716	14,716	10,415	-	10,415	833
	Defaulted Exposures	9,094	9,094	10,599	-	10,599	848
	Total for On- Balance Sheet Exposures	1,203,101	1,203,101	265,974	-	265,974	21,278
	Off-Balance Sheet Exposures						
	OTC Derivatives	173,956	173,956	167,660	-	167,660	13,413
	Off balance sheet exposures other than OTC derivatives or credit cerivatives	8,341	8,341	3,312	-	3,312	265
	Total for Off- Balance Sheet Exposures	182,297	182,297	170,972	-	170,972	13,678
	Total On and Off- Balance Sheet Exposures	1,385,398	1,385,398	436,946	-	436,946	34,956
2.0	**Large Exposures Risk Requirement**	-	-	-	-	-	-

Item	Exposure Class	Long position	Short position	Net position	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
3.0	**Market Risk (Standardized Approach)**							
	Benchmark Rate Risk	6,375	-	6,375	79,687	-	79,687	6,375
	Foreign Currency Risk	-	-	-	-	-	-	-
	Equity Risk	-	-	-	-	-	-	-
	Commodity Risk	-	-	-	-	-	-	-
	Options Risk	-	-	-	-	-	-	-
	Inventory Risk	-	-	-	-	-	-	-

Item	Exposure Class	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000
4.0	**Operational Risk (Basic Indicator Approach)**	92,001	-	92,001	7,360
	Total RWA	608,634	-	608,634	48,691

Pillar 3 Disclosure

3. Capital Structure

The following details the capital structure for the Group and Bank:

	Group and Bank	
	Dec 2011	Dec 2010
	RM'000	RM'000
Tier I Capital		
Paid Up Share Capital	121,697	121,697
Share Premium	380,303	380,303
Retained earnings	3,388,271	2,998,408
Other Reserves	121,697	121,697
	4,011,968	3,622,105
less: Deferred Tax Assets	(3,259)	(56,823)
Total Tier 1 Capital	**4,008,709**	**3,565,282**
Tier II Capital		
Collective assessment allowance for impaired loans and financing	253,786	235,973
General allowance for bad and doubtful debts and financing	-	-
Maximum allowable subordinated debt capital	-	-
Total Tier II Capital	**253,786**	**235,973**
Total Eligible Tier 2 Capital	253,786	235,973
less: Investment in Subsidiaries	(20)	(20)
Capital Base	**4,262,475**	**3,801,235**

The following details the capital structure for the Islamic Banking Window:

	Dec 2011	Dec 2010
	RM'000	RM'000
Tier I Capital		
Fund allocated	20,000	20,000
Retained earnings	205,550	184,714
Other reserves	-	-
	225,550	204,714
less: Deferred Tax Assets	(419)	(953)
Total Tier 1 Capital	**225,131**	**203,761**
Tier II Capital		
Collective assessment allowance for impaired financing, advances and other loans	6,386	7,194
General allowance for bad and doubtful debts and financing	-	-
Capital Base	**231,517**	**210,955**

The capital structure of the Group and the Bank as disclosed above does not have any specific terms and conditions attached to them.

4. Risk Management

A sound risk management process, strong internal controls and well documented policies and procedures are the foundation for ensuring the safety and soundness of the Bank. The Board and Senior Management ensure that capital levels are adequate for the Bank's risk profile. They also ensure that the risk management and control processes are appropriate in the light of the Bank's risk profile and business plans.

The Bank has put in place a risk management system, which leverages in part the risk management framework developed by Citigroup, to oversee and monitor material risks faced by the Bank, including credit, market and operational risks. The Audit Committee assists the Board in overseeing legal, compliance and operational risks and is supported by the Bank's audit and compliance functions. The Audit Committee will review the audit findings of the compliance and internal audit functions at its quarterly meetings, including management's response to the audit findings and progress of the related corrective action plans. The Bank's management, Audit Committee and relevant bank personnel will update the Board during its quarterly meetings about pertinent operational, legal and compliance risk management issues which have arisen during the quarter such as reporting risk positions and performance, capital requirements, risk and control limits.

The Bank has a Risk Management Committee, which together with the Audit Committee and management team assists the Board in fulfilling its oversight responsibility relating to the establishment and operation of a risk management system. The Risk Management Committee has particular oversight of credit, market and liquidity risk; reviews acquisition and disposal of large securities positions of the Bank; and monitors the progress of the Basel II implementation.

The compositions of the Audit Committee and Risk Management Committee are disclosed in the Statement of Corporate Governance in Citibank Berhad's Annual Report.

Strategies & Policies

The Bank's risk management framework recognizes the diversity of the organization's activities by balancing the Board's strong supervision with well-defined independent risk management functions within each business area.

The risk management framework is firmly based on the following six principles, applicable across the board for all businesses and risk types:

- Risk management policies are integrated with business plans and strategies;
- All risks and returns resulting from this are owned and managed by an accountable business unit;
- All risks are managed within a limited framework while the risk limits are endorsed by the business management and approved by an independent risk management organization;
- All risk management policies are clearly and formally documented;
- All risks are measured using well defined methodologies, including stress testing; and
- All risks are comprehensively reported across the organization.

Risks are regularly reviewed by independent risk managers, senior business managers and whenever appropriate, by the Board of Directors themselves.

The independent risk managers are responsible for establishing and implementing risk management policies and practices within their business units while ensuring consistency with Citi's corporate standards.

The independent risk managers are ultimately accountable to the Board and on a day-to-day basis; they are also individually responsible for meeting and responding to the needs of their respective business units, apart from overseeing their existing portfolio risks.

To assess adequacy of the Bank's capital to support its current and future activities, the Bank has identified material risks applicable to the Citibank Berhad's lines of business, in accordance with the Guidelines for Risk Weighted Capital Adequacy Framework (Basel II) – Internal Capital Adequacy Assessment Process (Pillar 2) issued by BNM (BNM/RH/GL 001-33). Material risks are regularly reviewed by senior management and presented to the Board of Directors. For the purpose of Pillar 3, the following material risks are discussed in this document: Credit Risk, Market Risk (comprising Price Risk, Liquidity Risk, Interest Rate Risk in the Banking Book ("IRRBB")) and Operational Risk.

Pillar 3 Disclosure

5. Credit Risk

Credit risk is the potential for financial loss resulting from the failure of a borrower or counter party to honor its financial or contractual obligations.

Credit risk arises in lending, trading and derivatives transactions, securities transactions, settlement and when the Bank acts as an intermediary on behalf of its clients and other third parties. For the retail bank, credit risk arises by way of the borrower being unable to fulfill his contractual commitments thereby resulting in causing credit losses to the Bank.

5.1 Credit Risk management policy

While business managers and independent risk management are jointly responsible for managing the risk/return tradeoffs as well as establishing limits and risk management practices, the origination and approval roles are clearly defined and segregated.

In addition to conforming to established corporate standards, independent credit risk management is responsible for establishing local policies that comply with local regulations and any other relevant legal requirements.

These standards will cover credit origination, measurement and documentation as well as problem recognition, classification and remedial actions. In addition, specific write-off criterion is set according to Citigroup's corporate requirements or the BNM guideline BNM/RH/GC-007-17 on Classification and Impairment Provisions for Loans/Financing, whichever is more stringent.

Independent credit risk management is also responsible for implementing portfolio limits, including obligor limits through risk rating, maturity and business segments to ensure diversification of portfolio. The Risk management team also evaluates the immediate to long term risks for all products and segments thus providing for profitability on a long term sustainable basis.

Continuous monitoring of credit behavior aided by sophisticated debt rating modules, plus portfolio delinquency performance allows independent credit risk management to constantly assess the health of the credit portfolio.

5.2 Definition of past due and impaired loans

Definition of past due loans are disclosed in Note 2(g) of the financial statements.

A loan is impaired when there is objective evidence that demonstrates that a loss event has occurred after the initial recognition of the loan, and that the loss event has an impact on the future cash flows of the loan.

Objective evidence that a loan or a loan portfolio is impaired includes observable data that could include the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- observable data relating to a portfolio of financial assets such as :
    - i) adverse changes in the payment status of borrowers in the portfolio; and
    - ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Under the revised policy issued by BNM on Classification and Impairment Provisions for Loan Financing, if the repayment conduct of the loan is past due for more than 90 days of either principal, interest or both, the loan shall be classified as impaired. The Bank applies this policy in addition to the above when determining if a loan is impaired.

5.3 Impairment Provision

The Bank complies with the Financial Reporting Standards ("FRS") 139, Financial Instruments: Recognition and Measurement for loan impairment.

5.3.1 Individual Impairment

The Bank assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. For financial assets that are not individually significant assessment for impairment is done individually and/or collectively. If the Group determines that no objective

5. Credit Risk (continued)

5.3 Impairment Provision (continued)

5.3.1 Individual Impairment (continued)

evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Impairment losses are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate.

5.3.2 Collective Impairment

For the purposes of the collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics by using a grading process that considers obligor type, industry, geographical location, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the likelihood of receiving all amounts due under a facility according to the contractual terms of the assets being evaluated.

In assessing the collective impairment, the Bank uses methods as listed below depending on the loan portfolio:

i) Statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether the current economic and credit conditions are such that the actual losses incurred are likely to be greater or less than suggested historical modeling. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure they remain appropriate;

ii) Based upon historical delinquency flow rates, charge-off statistics and loss severity, adjusted for management's judgement as to whether current economic and credit conditions are such that actual losses are likely to be greater or less than suggested by historical modeling.

5.4 Distribution of Credit Exposures

The following information on credit exposures are disclosed in the respective notes below in the financial statements:

1) Geographic distribution is disclosed in Note 7 (vii)
2) Sector or economic purpose is disclosed in Note 7 (iv & v)
3) Residual contractual maturity is disclosed in Note 31(2)(i) under loans, advances and financing

5.5 Distribution of impaired loans and individual and collective impairment provisions

The following information on impaired loans and the corresponding individual and collective impairment provision is disclosed in Note 8 in the financial statements:-

1) The amount of impaired loans by sector or economic purpose in Note 8 (iii)
2) The amount of individual and collective impairment provision in Note 8 (ii)
3) The charges for individual impairment provision and write offs in Note 8 (ii)
4) The amount of impaired loans by geographic area in Note 8 (iv)
5) Reconciliation of changes in loan impairment provisions in Note 8 (i)

Pillar 3 Disclosure

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions (ECAIs)

In terms of assessing Counterparty Credit Risk, Citibank Berhad uses ratings by global agencies Fitch Ratings, Moody's Investor Services, and Standard & Poor's. Citibank Berhad also uses ratings from local agencies Rating Agency Malaysia (RAM) Berhad and Malaysian Rating Corporation (MARC) Berhad.

The Bank uses a regional system called Asia Pacific Reveleus to calculate its risk weighted assets and this system receives its external ratings from a credit system that has a feed for external ratings from approved ECAIs. The mapping of external ratings to the respective counterparties and exposures is automated in the system.

The Bank uses issue-specific ratings for securities. In general, where no issue-specific rating exists, the credit rating assigned to the counterparty of a particular credit exposure is used. Where an exposure has neither an issue-specific rating nor counterparty rating, it is deemed as unrated.

The alignment of the alphanumerical scale of each recognized ECAIs used by Citibank Berhad is detailed in the table below:

CREDIT QUALITY GRADES AND ELIGIBLE ECAIs

Credit Quality Grade		1	2	3	4	5	6	Unrated
Reveleus CQG (Basel Credit Ratings)								
Rating Source	**Rating Agencies**	**AAA**	**A+**	**BBB+**	**BB+**	**B+**	**CCC+**	**Unrated**
Central	Fitch Ratings	AAA AA+ AA AA-	A+ A A-	BBB+ BBB BBB-	BB+ BB BB-	B+ B B-	CCC+ CCC CCC- CC C D	
Central	Moody's Investor Services	Aaa Aa1 Aa2 Aa3	A1 A2 A3	Baa1 Baa2 Baa3	Ba1 Ba2 Ba3	B1 B2 B3	Caa1 Caa2 Caa3 Ca C	
Central	Standard & Poor's	AAA AA+ AA AA-	A+ A A-	BBB+ BBB BBB-	BB+ BB BB-	B+ B B-	CCC+ CCC CCC- CC C D	
Local	Rating Agency Malaysia Berhad (RAM)	AAA Aa1 Aa2 Aa3	A1 A2 A3	BBB1 BBB2 BBB3	BB1 BB2 BB3	B1 B2 B3	C1 C2 C3 D	
Local	Malaysian Rating Corporation Berhad (MARC)	AAA AA+ AA AA-	A+ A A-	BBB+ BBB BBB-	BB+ BB BB-	B+ B B-	C D	
Central	Rating and Investment Information Inc	AAA AA+ AA AA-	A+ A A-	BBB+ BBB BBB-	BB+ BB BB-	B+ B B-	CCC CC C D	

5. Credit Risk (continued)

The following tables show Citibank Berhad's rated and unrated exposures according to ratings by ECAIs:

5.6.1 Ratings of Corporates by Approved ECAIs

December 2011
Group and Bank

Ratings of Corporates by Approved ECAIs (amounts in RM'000)

Exposure Class	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	Total
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		4,262	12,369	-	-	26,370	43,001
Corporates		20,169	24,103	4,211	-	6,489,590	6,538,072

Islamic Banking Window

Ratings of Corporates by Approved ECAIs (amounts in RM'000)

Exposure Class	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	Total
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		-	-	-	-	-	-
Corporates		-	-	-	-	874	874

Pillar 3 Disclosure

5. Credit Risk (continued)

The following tables show Citibank Berhad's rated and unrated exposures according to ratings by ECAIs: (continued)

5.6.1 Ratings of Corporates by Approved ECAIs (continued)

December 2010
Group and Bank

Ratings of Corporates by Approved ECAIs (amounts in RM'000)

Exposure Class							
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ toBB-	B+ to D	Unrated	
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ toBB-	B+ to D	Unrated	
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		232	1,026	-	-	60,112	61,369
Corporates		6,981	18,755	4,168	-	5,055,493	5,085,397

Islamic Banking Window

Ratings of Corporates by Approved ECAIs (amounts in RM'000)

Exposure Class							
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		-	-	-	-	-	-
Corporates		-	-	-	-	173,022	173,022

5. Credit Risk (continued)

5.6.2 Short Term Ratings of Banking Institutions and Corporates by Approved ECAIs

This disclosure does not apply to Citibank Berhad as it uses long term ratings for all exposures.

5.6.3 Ratings of Sovereigns and Central Banks by Approved ECAIs

December 2011
Group and Bank

Ratings of Sovereign/Central Banks by Approved ECAIs (amounts in RM'000)

Exposure Class								
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to C	Unrated	
Sovereigns/ Central Banks		-	9,050,336	-	-	-	-	9,050,336

Islamic Banking Window

Ratings of Sovereign/Central Banks by Approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
Sovereigns/ Central Banks		-	502,232	-	-	-	-	502,232

Pillar 3 Disclosure

5. Credit Risk (continued)

5.6.3 Ratings of Sovereigns and Central Banks by Approved ECAIs (continued)

December 2010
Group and Bank

Ratings of Sovereign/Central Banks by Approved ECAIs (amounts in RM'000)

Exposure Class								
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to C	Unrated	
Sovereigns/ Central Banks		111,711	7,142,517	-	-	-	914,540	8,168,768

Islamic Banking Window

Ratings of Sovereign/Central Banks by Approved ECAIs (amounts in RM'000)

Exposure Class								
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to C	Unrated	
Sovereigns/ Central Banks		-	85,160	-	-	-	580,059	665,218

5. Credit Risk (continued)

5.6.4 Ratings of Banking Institutions by Approved ECAIs

December 2011
Group and Bank

Ratings of Banks, Development Financial Institutions and MDBs by Approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1+ to BB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC to C	Unrated	
Banks, Development Financial Institutions and MDBs		1,117,837	11,192,600	270,715	632	-	666,160	13,247,944

Islamic Banking Window

Ratings of Banks, Development Financial Institutions and MDBs by Approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1+ to BB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	
Banks, Development Financial Institutions and MDBs		-	16,721	12,000	-	-	-	28,721

Pillar 3 Disclosure

5. Credit Risk (continued)

5.6.4 Ratings of Banking Institutions by Approved ECAIs (continued)

December 2010
Group and Bank

Ratings of Banks, Development Financial Institutions and MDBs by Approved ECAIs (amounts in RM'000)

Exposure Class								
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB+ to BB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to C	Unrated	
Banks, Development Financial Institutions and MDBs		935,648	5,395,544	117,091	25,448	-	1,831,155	8,304,885

Islamic Banking Window

Ratings of Banks, Development Financial Institutions and MDBs by Approved ECAIs (amounts in RM'000)

Exposure Class								
	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB+ to BB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	
Banks, Development Financial Institutions and MDBs		-	12,592	-	4,000	-	-	16,592

5. Credit Risk (continued)

5.7 Credit Risk Mitigation

Citibank Berhad uses credit risk mitigation for the following exposure classes:

1) Corporates
2) Regulatory Retail

Citibank Berhad uses eligible guarantees and financial collaterals which are primarily cash and equity for credit risk mitigation. At present, the Bank does not make use of credit derivatives and on and off-balance sheet netting in its credit risk mitigation process.

For the purpose of calculating and assessing Net Credit RWA, the Bank takes into account eligible collaterals pledged by the customers with the Bank, that are primarily cash deposits and equities.

The Bank's Credit Department is guided by its Credit Policy and Procedures for collateral valuation and management. It marks to market the CRM eligible financial collateral value on a daily/weekly/monthly (whichever is applicable) basis. Collateral valuations and re-valuations must be completed daily for SFTs, OTC and Margin Lending by the various Operations Units and Collateral/Margin Departments. Collateral haircuts are applied in a number of circumstances such as where there is a material positive correlation between the credit quality of the counterparty and the value of the collateral, or where there are currency or maturity mismatches. The Bank has appropriately sound and well managed systems and procedures for requesting and promptly receiving additional collateral for transactions whose terms require maintenance of collateral values at specified thresholds as documented in the respective legal agreements.

The Bank has procedures to ensure that appropriate information is available to support the collateral process and to make timely and accurate margin calls feed correctly into the Margin applications from upstream systems. These also provide a daily credit exposure report. There are also reports identifying counterparties that have not met their requirement for additional collateral to satisfy specified initial margin amount and variation margin thresholds. In addition, there is risk reporting of counterparty exposures at an individual and an aggregated level.

As the end of December 2011, the Bank's gross credit exposure is RM 49,469 mil, of which RM 400 mil was offset by CRM. After applying required risk weights, the Bank's Credit RWA is RM 22,273 mil. Given the immateriality of CRM, which is 1% of total credit exposure, asset class breakdowns are not provided and for the same reason, there is no CRM risk concentration exposure to the Bank.

Pillar 3 Disclosure

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure amounts after credit risk mitigation, for the financial year ended 31 December 2011:

December 2011
Group and Bank

	Exposures after Netting and Credit RIsk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residental Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitization	Equity	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	9,050,336	-	-	-	-	-	-	-	231,446	-	-	-	9,281,782	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	9,834,138	4,262	26,790	-	-	-	1,340	-	-	-	9,866,530	1,973,306
35%	-	-	-	-	-	-	7,720,334	-	-	-	-	-	7,720,334	2,702,117
50%	-	-	3,335,705	12,369	189,956	-	811,519	-	-	-	-	-	4,349,548	2,174,774
75%	-	-	-	-	-	10,383,747	322,184	-	-	-	-	-	10,705,931	8,029,448
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	78,101	26,370	6,291,093	106,273	483,914	-	304,232	-	-	-	7,289,982	7,289,982
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	2,193	18,361	5,819	42,428	-	-	-	-	68,801	103,202
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	9,050,336	-	13,247,944	43,001	6,510,031	10,508,381	9,343,770	42,428	537,019	-	-	-	49,282,910	22,272,830
Risk-Weighted Assets by Exposures	-	-	3,712,781	33,407	6,394,718	7,921,625	3,842,157	63,641	304,500	-	-	-		22,272,830
Average Risk Weight	0%	0%	28%	78%	98%	75%	41%	150%	57%	0%	0%	0%	45%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-		

Pillar 3 Disclosure

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure amounts after credit risk mitigation, for the financial year ended 31 December 2011: (continued)

December 2011
Islamic Banking Window

	Exposures after Netting and Credit RIsk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residental Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitization	Equity	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	502,232	-	-	-	-	-	-	-	2,863	-	-	-	505,095	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	16,721	-	-	-	-	-	-	-	-	-	16,721	3,344
35%	-	-	-	-	-	-	377,760	-	-	-	-	-	377,760	132,216
50%	-	-	-	-	-	-	66,014	-	-	-	-	-	66,014	33,007
75%	-	-	-	-	-	-	4,437	-	-	-	-	-	4,437	3,328
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	12,000	-	874	-	5,844	-	8,350	-	-	-	27,068	27,068
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	58	-	-	-	-	58	88
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	502,232	-	28,721	-	874	-	454,056	58	11,213	-	-	-	997,153	199,050
Risk-Weighted Assets by Exposures	-	-	15,344	-	874	-	174,395	88	8,350	-	-	-		199,050
Average Risk Weight	0%	0%	53%	0%	100%	0%	38%	150%	74%	0%	0%	0%	20%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-		

Pillar 3 Disclosure

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure amounts after credit risk mitigation, for the financial year ended 31 December 2010:

December 2010
Group and Bank

	Exposures after Netting and Credit RIsk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residental Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitization	Equity	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	8,167,398	-	116,225	-	-	-	-	-	60,872	-	-	-	8,344,495	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	1,370	-	6,375,206	232	7,723	-	-	-	763	-	-	-	6,385,294	1,277,059
35%	-	-	-	-	-	-	7,838,805	-	-	-	-	-	7,838,805	2,743,582
50%	-	-	1,781,846	1,026	60,442	-	1,111,453	-	-	-	-	-	2,954,767	1,477,383
75%	-	-	-	-	-	10,214,521	385,996	-	-	-	-	-	10,600,517	7,950,388
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	31,607	60,112	5,008,647	108,457	525,925	-	608,490	-	-	-	6,343,237	6,343,237
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	4,100	22,244	13,917	68,220	-	-	-	-	108,481	162,722
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	8,168,768	-	8,304,885	61,369	5,080,912	10,345,222	9,876,096	68,220	670,125	-	-	-	42,575,596	19,954,371
Risk-Weighted Assets by Exposures	274	-	2,197,571	60,671	5,046,562	7,802,713	4,135,606	102,331	608,642	-	-	-		19,954,371
Average Risk Weight	0%	-	26%	99%	99%	75%	42%	150%	91%	-	-	-	47%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-		

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure amounts after credit risk mitigation, for the financial year ended 31 December 2010: (continued)

December 2010
Islamic Banking Window

	Exposures after Netting and Credit RIsk Mitigation													
Risk Weights	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitization	Equity	Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	665,218	-	-	-	-	-	-	-	4,301	-	-	-	669,519	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35%	-	-	-	-	-	-	312,787	-	-	-	-	-	312,787	109,475
50%	-	-	12,592	-	-	-	95,515	-	-	-	-	-	108,107	54,054
75%	-	-	-	-	-	-	93,565	-	-	-	-	-	93,565	70,174
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	4,000	-	173,022	-	6,086	-	14,665	-	-	-	197,773	197,773
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	7	3,002	638	-	-	-	-	3,647	5,470
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	665,218	-	16,592	-	173,022	7	510,954	638	18,966	-	-	-	1,385,398	436,946
Risk-Weighted Assets by Exposures	-	-	10,296	-	173,022	11	237,995	957	14,665	-	-	-		436,946
Average Risk Weight	0%	-	62%	-	100%	150%	47%	150%	77%	-	-	-	32%	
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-		

Pillar 3 Disclosure

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure which is covered by eligible guarantees and financial collaterals as at 31 December 2011:

December 2011
Group and Bank

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	9,030,212	-	-	-
Banks, Development Financial Institutions and MDBs	11,391,310	-	-	-
Corporates, Insurance Co and Securities Firms	4,393,905	52,608	22,557	-
Regulatory Retail	6,988,379	-	199,007	-
Residential Mortgages	8,590,218	-	-	-
Higher Risk Assets	21,719	-	-	-
Other Assets	537,019	-	-	-
Defaulted Exposures	589,414	-	-	-
Total for On- Balance Sheet Exposures	41,542,176	52,608	221,565	-
Off-Balance Sheet Exposures				
OTC Derivatives	1,914,337	23,812	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,994,435	96,322	5,484	-
Defaulted Exposures	18,445	-	-	-
Total for Off- Balance Sheet Exposures	7,927,218	120,134	5,484	-
Total On and Off- Balance Sheet Exposures	49,469,393	172,742	227,049	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure which is covered by eligible guarantees and financial collaterals as at 31 December 2011: (continued)

December 2011
Islamic Banking Window

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	502,232	-	-	-
Corporates	842	-	-	-
Residential Mortgages	443,796	-	-	-
Higher Risk Assets	58	-	-	-
Other Assets	11,213	-	-	-
Defaulted Exposures	5,843	-	-	-
Total for On- Balance Sheet Exposures	963,984	-	-	-
Off-Balance Sheet Exposures				
OTC Derivatives	28,721	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	4,447	-	-	-
Defaulted Exposures	1	-	-	-
Total for Off- Balance Sheet Exposures	33,169	-	-	-
Total On and Off- Balance Sheet Exposures	997,153	-	-	-

Pillar 3 Disclosure

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure which is covered by eligible guarantees and financial collaterals as at 31 December 2010:

December 2010
Group and Bank

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	8,111,852	-	-	-
Banks, Development Financial Institutions and MDBs	6,463,580	-	-	-
Insurance Cos, Securities Firms and Fund Managers	254	-	-	-
Corporates	3,078,104	42,179	1,271	-
Regulatory Retail	6,770,010	-	206,325	-
Residential Mortgages	9,164,982	-	-	-
Higher Risk Assets	40,145	-	-	-
Other Assets	659,283	-	-	-
Defaulted Exposures	651,337	-	-	-
Total for On- Balance Sheet Exposures	34,939,546	42,179	207,596	-
Off-Balance Sheet Exposures				
OTC Derivatives	2,199,313	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	5,572,879	-	3,215	-
Defaulted Exposures	32,701	-	-	-
Total for Off- Balance Sheet Exposures	7,804,893	-	3,215	-
Total On and Off- Balance Sheet Exposures	42,744,439	42,179	210,810	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure which is covered by eligible guarantees and financial collaterals as at 31 December 2010: (continued)

December 2010
Islamic Banking Window

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereigns/Central Banks	665,218	-	-	-
Corporates	19,908	-	-	-
Residential Mortgages	493,563	-	-	-
Higher Risk Assets	601	-	-	-
Other Assets	14,716	-	-	-
Defaulted Exposures	9,094	-	-	-
Total for On- Balance Sheet Exposures	1,203,101	-	-	-
Off-Balance Sheet Exposures				
OTC Derivatives	173,956	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	8,341	-	-	-
Defaulted Exposures	-	-	-	-
Total for Off- Balance Sheet Exposures	182,297	-	-	-
Total On and Off- Balance Sheet Exposures	1,385,398	-	-	-

Pillar 3 Disclosure

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)

The risk that a counterparty will not fulfill its financial obligations is fundamental in the bank's management of counterparty credit risk. The process for approving a counterparty's risk exposure limits is two-fold: guided by the core credit policies, procedures and standards, and the experience and judgment of credit risk professionals. All corporate exposures are subject to these credit policies.

Credit Risk Principles, Policies and Procedures mandate a comprehensive analysis of the proposed credit exposure or transaction, review of external agency ratings, financial and corporate due diligence including support, management profile and qualitative factors.

The total facility amount, including direct, contingent and pre-settlement exposure, is aggregated and the credit officer reviews the approved tables within policy that appoints the appropriate level of authority that needs to review and approve.

The utilization of collateral is of critical importance in the mitigation of risk. In house legal counsel in consultation with approved external legal counsel will determine whether collateral documentation is enforceable and gives the Bank the right to liquidate or take possession in a timely manner in the event of the default, insolvency, bankruptcy or other defined credit event of the obligor.

As mentioned in Section 5.7, majority of the collateral received is in the form of cash deposit and equities while the rest relate to guarantees, so the impact of a credit grading downgrade will have minimal impact on the collateral valuation.

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR) (continued)

The following table shows the Group and Bank's off-balance sheet exposures and risk weighted assets for the financial year 2011:

Item	Nature of Item	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
1	Direct credit substitutes	1,707,320		1,707,320	1,410,933
2	Transaction related contingent Items	399,731		199,865	158,071
3	Short term self liquidating trade related contingencies	148,283		29,657	22,854
4	Assets sold with recourse	-		-	-
5	Forward asset purchases	12,220		12,220	6,110
6	Obligations under an on-going underwriting agreement	-		-	-
7	Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.)	-		-	-
8	Foreign exchange related contracts				
	One year or less	24,279,480	297,746	568,900	387,454
	Over one year to five years	4,180,829	202,986	532,616	322,054
	Over five years	91,650	3,275	18,855	18,855
9	Interest / Profit rate related contracts				
	One year or less	4,803,210	10,712	18,265	7,496
	Over one year to five years	14,940,969	183,777	474,983	158,715
	Over five years	2,342,535	103,713	248,393	110,993
10	Equity related contracts				
	One year or less	54,639	1,299	4,577	1,648
	Over one year to five years	123,596	6,594	16,482	8,593
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	-	3,687	3,687	1,843
	Over one year to five years	210,358	2,336	27,579	23,095
	Over five years	-	-	-	-
13	Credit derivative contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
14	OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	598,618		299,309	227,000
16	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	990,462		198,092	198,092
17	Any commitments that are unconditionally cancelled at any time by the cancellation due to deterioration in a borrower's creditworthiness	5,376,095		-	-
18	Unutilised credit card lines	17,832,085		3,566,417	2,677,910
19	Off-balance sheet items for securitisation exposures	-		-	-
20	Off-balance sheet exposures due to early amortisation provisions	-		-	-
	Total	78,092,078	816,124	7,927,218	5,741,716

Pillar 3 Disclosure

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR) (continued)

The following table shows the Group and Bank's off-balance sheet exposures and risk weighted assets for the Bank's Islamic Window for the financial year 2011:

Item	Nature of Item	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
1	Direct credit substitutes	-		-	-
2	Transaction related contingent Items	-		-	-
3	Short term self Liquidating trade related contingencies	-		-	-
4	Assets sold with recourse	-		-	-
5	Forward asset purchases	-		-	-
6	Obligations under an on-going underwriting agreement	-		-	-
7	Commitment to buy back Islamic securities under sales and buy back agreement transactions	-		-	-
8	Foreign exchange related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
9	Benchmark rate related contracts				
	One year or less	-	-	-	-
	Over one year to five years	350,000	-	9,000	4,200
	Over five years	300,000	1,721	19,721	11,144
10	Equity related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
13	OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
14	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	8,834		4,417	3,275
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	158		32	32
16	Any commitments that are unconditionally cancelled at any time by the cancellation due to deterioration in a borrower's creditworthiness	-		-	-
17	Unutilised credit card lines	-		-	-
18	Off-balance sheet items for securitisation exposures	-		-	-
	Total	658,992	1,721	33,169	18,651

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR) (continued)

The following table shows the Group and Bank's off-balance sheet exposures and risk weighted assets for the financial year 2010:

Item	Nature of Item	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
1	Direct credit substitutes	1,489,992		1,489,992	1,288,190
2	Transaction related contingent Items	395,970		197,985	180,418
3	Short term self liquidating trade related contingencies	422,631		84,526	127,781
4	Assets sold with recourse	-		-	-
5	Forward asset purchases	617		617	-
6	Obligations under an on-going underwriting agreement	-		-	-
7	Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.)	-		-	-
8	Foreign exchange related contracts				
	One year or less	24,729,003	468,137	758,795	561,289
	Over one year to five years	3,637,939	222,693	539,734	321,023
	Over five years	-	-	-	-
9	Interest / Profit rate related contracts				
	One year or less	7,896,887	26,236	37,105	13,589
	Over one year to five years	16,604,797	187,133	586,871	255,311
	Over five years	1,800,014	69,729	191,416	64,169
10	Equity related contracts				
	One year or less	388,457	2,635	25,785	12,867
	Over one year to five years	153,686	12,292	24,797	12,399
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	175,461	16,983	34,810	32,977
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
13	Credit derivative contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
14	OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	421,905		210,952	158,455
16	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
17	Any commitments that are unconditionally cancelled at any time by the cancellation due to deterioration in a borrower's creditworthiness	5,014,737		-	-
18	Unutilised credit card lines	18,107,541		3,621,508	2,722,693
19	Off-balance sheet items for securitisation exposures	-		-	-
20	Off-balance sheet exposures due to early amortisation provisions	-		-	-
	Total	81,239,636	1,005,839	7,804,893	5,751,159

Pillar 3 Disclosure

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR) (continued)

The following table shows the Islamic Banking Window's off-balance sheet exposures and risk weighted assets for the financial year 2010:

Item	Nature of Item	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
1	Direct credit substitutes	-		-	-
2	Transaction related contingent Items	-		-	-
3	Short term self liquidating trade related contingencies	-		-	-
4	Assets sold with recourse	-		-	-
5	Forward asset purchases	-		-	-
6	Obligations under an on-going underwriting agreement	-		-	-
7	Commitment to buy back Islamic securities under sales and buy back agreement transactions	-		-	-
8	Foreign exchange related contracts				
	One year or less	828,235	139,723	152,975	152,975
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
9	Benchmark rate related contracts				
	One year or less	138,758	-	139	139
	Over one year to five years	550,000	2,342	20,842	14,546
	Over five years	-	-	-	-
10	Equity related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
13	OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
14	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	16,683		8,341	3,312
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-		-	-
16	Any commitments that are unconditionally cancelled at any time by the cancellation due to deterioration in a borrower's creditworthiness	1,054		-	-
17	Unutilised credit card lines	-		-	-
18	Off-balance sheet items for securitisation exposures	-		-	-
	Total	1,534,730	142,065	182,297	170,972

6. Securitization

At present, Citibank Berhad does not have any exposures to securitization transactions. Hence, this disclosure is not applicable.

7. Market Risk

Market risk encompasses price risk and liquidity risk, both arising in the normal course of business operations in a global financial intermediary. At Citibank Berhad, market risk is managed through corporate-wide standards, business policies and procedures with the help of responsible personnel and committees delegated by the Board of Directors (for example, the Asset and Liability Committee and Market Risk Management).

The business is required to establish risk measures, limits and controls, clearly defining approved risk profiles within the parameters of the Bank's overall risk appetite.

The result of every risk assessment and review exercise is then presented to the Board of Directors for feedback and recommended action (if necessary).

7.1 Price Risk

Price risk is the risk associated to earnings arising from changes in interest rates, foreign exchange rates, equity and commodity prices (wherever relevant) and in their implied volatilities. Price risk arises in both non-trading portfolios and trading portfolios.

Interest rate risk in non-trading portfolios is inherent in many client-related activities, primarily lending and deposit taking from both individuals and corporations.

The risk arises due to factors including the timing of rate resetting and maturity period between assets and liabilities, change in the profile of assets and liabilities whereby the maturity period differs in response to alterations in market interest rates, changes in the form of the yield curve and modifications in the spread between various market rate indices.

Interest Rate Exposure (IRE) is used as a tool to monitor such interest rate risk and is calculated as the pre-tax earning impact of an instantaneous parallel increase or decrease in the yield curve.

IRE is supplemented with additional measurements including stress testing the impact on earnings and equity for non-linear interest rate movements and analysis of portfolio duration, basis risk, spread risk, volatility risk and cost-to-close.

Price risk in trading portfolios is measured through a complementary set of tools such as factor sensitivities, value-at-risk and stress testing.

It is the responsibility of the independent market risk management to ensure that factor sensitivities are calculated, monitored and in most cases limited, for all relevant risks taken in a trading portfolio. In addition, stress testing is performed on trading portfolios on a regular basis to estimate the impact of extreme market movements.

7.2 Liquidity Risk

Liquidity risk can best be defined as risks that the Bank may not be able to meet in terms of a financial commitment to customers, creditors or investors, when due.

Under the Bank's internal Liquidity Risk Management policy, there are set standards for the measurement of liquidity risk in order to ensure consistency, stability in methodologies and transparency of risk.

This is in addition to the requirements of BNM's New Liquidity Framework, which requires that a certain surplus liquidity position be maintained to meet pre-defined withdrawal amounts.

Management of liquidity is performed on a daily basis and is monitored by the Country Treasurer. Along with the Country Treasurer and the Corporate Treasurer, the Asset and Liability Committee (ALCO) undertakes the joint responsibility of overall liquidity risk management which covers establishing and endorsing the annual funding and liquidity plan, liquidity limits, liquidity ratios, market triggers and assumptions for periodic stress tests.

The Bank's liquidity management process includes:

- Establishing liquidity limit based on the size of the balance sheet, depth of the market, experience level of management, stability of the liabilities and liquidity of the assets under both business as usual scenario and stress scenarios;

Pillar 3 Disclosure

7. Market Risk (continued)

7.2 Liquidity Risk (continued)

- Daily maturity profiling of the Bank's assets and liabilities including behavioral analysis of major third party sources and uses of funds versus liquidity limits;

- Perform simulated liquidity stress testing periodically relative to significant changes in key funding sources, credit ratings, contingent uses of funding and market disruptions;

- Preparing annual funding and liquidity plan which includes analysis of the annual balance sheet as well as the economic and business conditions impacting the liquidity of the Bank;

- Use liquidity ratios to monitor the structural elements of the Bank's liquidity position;

- Review potential concentrations of funding; and

- Monitor market triggers which are internal and/or external market or economic factors that may cause a change to market liquidity.

8. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems as well as from external events.

It includes reputation and franchise risks associated with the Bank's business practices or market conduct. It also includes the risk of failing to comply with applicable laws, regulations, and Citi policies.

The Citi Self Assessment and Operational Risk Framework includes the Citi Risk & Control Self-Assessment/Operational Risk Policy and Standards ("The Policy"), which clearly defines the Bank's approach to operational risk management.

The Operational Risk policy codifies the core governing principles for operational risk management and provides a consistent, value added framework for assessing, communicating operational risk and the overall effectiveness of the internal control environment across Citi.

The policy covers the following:

- The Policy focuses on Important Risks and Key Controls and not all risks and controls;

- The senior management is responsible for the oversight of the operational risk management framework, including fostering an organizational culture that places high priority on effective operational risk management and adherence to sound internal controls, including all applicable policies;

- The identification of key operational risks & controls to be done on a collaborative effort, with the input from business and functional areas;

- Key operational risks identified will be assessed on a regular basis through key risk indicators to monitor potential significant risk inherent in the business; and

- Operational losses are collected and reported to senior management.

The Bank's management places a very high value on maintaining an effective control environment to mitigate operational risk. Therefore, a number of tools have been put in place to mitigate this risk. These tools range from conducting Risk & Control Self-Assessments ("RCSA"), operational loss reporting and several escalations mechanisms related to operational risk. It is the Business Risk, Compliance & Control Committee ("BRCC") that governs operational risk within the Bank. The Committee meets on a quarterly basis and discusses operational risk related items according to a standard agenda. The Audit Committee is the independent governing body monitoring operational risk within the Bank.

The Bank uses Basic Indicator approach for calculating Operational Risk Capital.

9. Equities

This disclosure is not applicable as Citibank Berhad does not have any exposures to equities.

10. Interest Rate Risk/Rate of Return Risk in the Banking Book (IRR/RORBB)

Interest rate risk in banking book arises from both interest bearing and non-interest bearing asset and liabilities. Interest rate risk is monitored on a daily basis within the approved limits framework set by the Regional Market Risk Management and considers changes of economic value per 1% interest rate increase for each currency as an index for internal control.

10. Interest Rate Risk/Rate of Return Risk in the Banking Book (IRR/RORBB) (continued)

Asset and liabilities, which are contractual in nature, are monitored up to the re-pricing tenors. Consumer loans having long term re-pricing exposures are subjected to prepayment assumptions based on historical studies on customer early payout behavior. Non-interest bearing and perpetual products, e.g. current/saving accounts, credit cards, ready credit, are monitored for interest rate risk on core balances. The core balances are computed based on statistical regression analysis.

Potential interest rate risk in banking book is monitored through interest rate exposure at 100 bps parallel move in interest rates. Interest rate exposure at each major currency level for the banking book as below:

	Impact on Positions as at 31 Dec 2011 +100bps Up Move (RM'000)	
	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value
Currency		
MYR	(766,801)	(766,801)
SGD	(11)	(11)
USD	+6,210	+6,210
GBP	(13)	(13)
JPY	(33)	(33)
CAD	-	-
AUD	+56	+56
NZD	-	-
EUR	(16)	(16)

	Impact on Positions as at 31 Dec 2010 +100bps Up Move (RM'000)	
	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value
Currency		
MYR	(16,666)	(16,666)
SGD	(10)	(10)
USD	(15,233)	(15,233)
GBP	-	-
JPY	(39)	(39)
CAD	-	-
AUD	-	-
NZD	-	-
EUR	+5	+5

11. Profit Sharing Investment Accounts and Shariah Governance

11.1 Profit Sharing Investment Accounts

This disclosure is not applicable as Citibank Berhad's Islamic Banking Window does not have any Profit Sharing Investment Accounts.

11.2 Shariah Governance

This is disclosed in Citibank Berhad's Annual Report, under the section "Shariah Committee".

Citibank Berhad (297089M)
45th Floor, Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur
Tel : 03-2383 8585
Fax : 03-2383 6000
www.citibank.com.my