

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

**UNAUDITED CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2007**

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

**CITIBANK BERHAD
AND ITS SUBSIDIARY COMPANIES**

(Company No. 297089 M)

(Incorporated in Malaysia)

UNAUDITED BALANCE SHEET AT 30 SEPTEMBER 2007

	Note	Group		Bank	
		Sep 2007 RM'000	Dec 2006 RM'000	Sep 2007 RM'000	Dec 2006 RM'000
ASSETS					
Cash and short term funds	1	15,397,839	5,528,068	15,397,839	5,528,068
Deposits and placements with banks and other financial institutions	2	1,724,384	2,272,748	1,724,384	2,272,748
Securities purchased under resale agreements		1,724,184	1,356,875	1,724,184	1,356,875
Securities held for trading	3	3,146,679	2,269,457	3,146,679	2,269,457
Securities available-for-sale	4	4,004,662	4,639,224	4,004,662	4,639,224
Securities held-to-maturity	5	7,499	7,499	7,499	7,499
Loans, advances and financing	6	22,798,471	20,357,791	22,798,471	20,357,791
Other assets	8	1,143,375	994,106	1,143,375	994,106
Statutory deposits with Bank Negara Malaysia		651,143	719,641	651,143	719,641
Deferred tax assets		54,971	43,517	54,971	43,517
Investment in subsidiary companies		-	-	20	20
Property, plant and equipment		76,876	76,971	76,876	76,971
TOTAL ASSETS		50,730,082	38,265,897	50,730,102	38,265,917
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	9	30,247,224	24,581,989	30,247,244	24,582,009
Deposits and placements of banks and other financial institutions	10	14,615,972	4,540,370	14,615,972	4,540,370
Obligations on securities sold under repurchase agreements		-	3,578,573	-	3,578,573
Bills and acceptances payable		194,526	354,854	194,526	354,854
Recourse obligations on loans sold to Cagamas		763,875	748,797	763,875	748,797
Other liabilities	11	2,210,955	2,122,928	2,210,955	2,122,928
Subordinated loan		400,000	400,000	400,000	400,000
TOTAL LIABILITIES		48,432,551	36,327,511	48,432,571	36,327,531
SHARE CAPITAL	12	121,697	121,697	121,697	121,697
RESERVES	13	2,175,833	1,816,689	2,175,833	1,816,689
SHAREHOLDERS' FUNDS		2,297,530	1,938,386	2,297,530	1,938,386
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		50,730,082	38,265,897	50,730,102	38,265,917
COMMITMENTS AND CONTINGENCIES	30	81,457,311	90,851,942	81,457,311	90,851,942

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2006 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

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UNAUDITED INCOME STATEMENTS OF THE GROUP AND BANK
FOR THE FINANCIAL PERIOD 9 MONTHS ENDED 30 SEPTEMBER 2007

		Group and Bank	
		Sep	Sep
	Note	2007	2006
		RM'000	RM'000
Revenue		1,938,407	1,826,412
Interest income	14	1,682,832	1,452,065
Interest expense	15	(805,074)	(666,016)
Net interest income		<u>877,758</u>	<u>786,049</u>
<i>Net Islamic banking operating income</i>		24,559	18,039
Other operating income	16	231,017	356,308
Operating income		<u>1,133,333</u>	<u>1,160,396</u>
Other operating expenses	17	(498,476)	(502,760)
Profit before provision		<u>634,857</u>	<u>657,636</u>
Allowance for losses on loan and financing	18	(132,815)	(81,584)
Profit before taxation		<u>502,042</u>	<u>576,052</u>
Taxation		(135,790)	(165,574)
Profit after taxation		<u><u>366,252</u></u>	<u><u>410,478</u></u>
Earnings per share - basic (sen)		<u><u>401</u></u>	<u><u>450</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2006 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007

Group and Bank	Non-Distributable			Distributable			Total Reserve RM'000	Proposed Dividend RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000	Total Reserve RM'000			
At 1 January 2006	121,697	380,303	121,697	(7,375)	700,558	1,195,183	-	1,316,880	
Net profit for the year	-	-	-	-	603,541	603,541	-	603,541	
Unrealised net gain/loss on revaluation of securities available for sale	-	-	-	17,965	-	17,965	-	17,965	
At 31 December 2006	121,697	380,303	121,697	10,590	1,304,099	1,816,689	-	1,938,386	
At 1 January 2007	121,697	380,303	121,697	10,590	1,304,099	1,816,689	-	1,938,386	
Net profit for the year	-	-	-	-	366,252	366,252	-	366,252	
Unrealised net gain/loss on revaluation of securities available for sale	-	-	-	(7,108)	-	(7,108)	-	(7,108)	
At 30 September 2007	121,697	380,303	121,697	3,482	1,670,351	2,175,833	-	2,297,530	

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2006 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

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UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 9 MONTHS ENDED 30 SEPTEMBER 2007

	Group and Bank	
	SEP	SEP
	2007	2006
	RM'000	RM'000
Profit before tax expenses and zakat	502,042	576,052
Adjustments for non cash items	100,868	98,121
Operating profit before changes in working capital	602,910	674,173
Changes in working capital :		
Net changes in operating assets	(3,354,487)	(2,710,379)
Net changes in operating liabilities	12,095,966	(1,204,913)
Taxes paid	(149,265)	(162,824)
Net cash generated from operating activities	9,195,124	(3,403,943)
Net cash generated from / used in investing activities	674,647	(582,637)
Net change in cash and cash equivalents	9,869,771	(3,986,580)
Cash and cash equivalents at beginning of the year	5,528,068	8,257,287
Cash and cash equivalents at end of the period	15,397,839	4,270,707

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2006 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

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A Explanatory Notes Pursuant to Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia

A1 Basis of preparation

The unaudited condensed financial statements for the financial period 9 months ended 30 September 2007 have been prepared in accordance with the revised GP8 Guidelines issued by Bank Negara Malaysia on 5 October 2004.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2006.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006.

A2 Auditor's Report on preceding Annual Financial Statement

The audit report on the audited financial statements for the financial year ended 31 December 2006 was not subject to any qualification.

A3 Seasonality or Cyclical factors

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

A4 Unusual items due to their nature, size or incidence

There were no unusual item affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period 9 months ended 30 September 2007.

A5 Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the bank for the financial period 9 months ended 30 September 2007.

A6 Issuance and repayment of Debt and Equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period 9 months ended 30 September 2007.

A7 Dividend

There were no dividends paid since the end of the previous financial year.

A8 Significant events subsequent to the Balance Sheet date

There were no material events subsequent to the Balance Sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

A9 Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period 9 months ended 30 September 2007.

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B Review of performance and current year prospects

B1 Performance Review

The Bank recorded pre-tax profit of RM 502 million for the financial period 9 months ended 30 September 2007. Pre-tax return on average equity of 24% and pre-tax return on average total assets of 1.1% over the previous corresponding period of 33% and 1.6% respectively.

Overall, lower pre-tax profit was mainly attributed to the reduction in non interest income as a result of provision made by the Bank for diminution in value of security in trading portfolio. Excluding the provision made, other operating income improved from previous preceeding period by approximately RM 95 million or 21%.

Net interest income has improved by RM 92 million or 12% over preceeding period, bringing total net interest income to RM 878 million. Overhead expense has been under tight screening and decreased by 1% compared to previous preceeding period.

The Bank total assets stood at RM50.7 billion as at 30 September 2007, an increase of 32% over the preceeding period. The assets growth was mainly driven by an increase in loan base of 12% and placements with financial institutions of 185%. The funds were channelled mainly from deposits and placements by customers and interbank counterparties.

B2 Prospects for 2007

The Bank will continue to focus in building on the successes of 2006. Priority areas that the Bank targets includes retail banking and SME segments. The Bank will continue to capitalize on its established brand name and global network in bringing new products and services to meet the diverse investment and structure needs of the Bank's customers.

In line with the Bank's continuous growth strategies, Bank will continue to invest in technology and human capital to enhance the bank's productivity and efficiency as well as to position the Bank for future expansion.

The Bank expects to continue building on its momentum during the rest of 2007.

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(1) Cash and short term funds

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Cash and balances with banks and other financial institutions	47,571	79,883
Money at call and deposit placements maturing within one month	15,350,268	5,448,185
	<u>15,397,839</u>	<u>5,528,068</u>

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

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Bank Negara Malaysia	-	572,900
Licensed banks	1,724,384	1,699,848
	<u>1,724,384</u>	<u>2,272,748</u>

(3) Securities held for trading

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
At fair value		
Malaysian Government Treasury Bills	185,448	174,882
Malaysian Government Stock	1,050,864	676,657
Malaysian Government Investment Issues	145,482	134,818
BNM Bills/Notes	1,247,256	587,510
Cagamas Notes /Bonds	56,184	-
Khazanah Bonds	-	-
Commercial Paper	-	24,201
Private Debt Securities	461,446	671,389
	<u>3,146,679</u>	<u>2,269,457</u>

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(4) Securities available for sale

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
(i) At fair value		
Malaysian Government Treasury Bills/ Govt Stock	2,169,046	2,967,500
BNM bills	200,040	-
Malaysian Government Investment Issues	377,601	100,496
Cagamas Bonds	-	580,542
Khazanah Bonds	196,345	126,243
Private Debt Securities/FNMA	103,175	429,224
Yankee Bonds/US bonds	855,966	435,219
Other acceptances discounted	102,489	-
	<u>4,004,662</u>	<u>4,639,224</u>

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

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Maturity within one year	1,634,844	1,230,120
One year to three years	1,771,824	2,150,678
Three years to five years	330,344	1,248,264
More than five years	267,650	10,162
	<u>4,004,662</u>	<u>4,639,224</u>

(5) Securities held to maturity

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
At amortised cost		
Unquoted securities:-		
Shares	7,499	7,499
	<u>7,499</u>	<u>7,499</u>

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(6) Loans, Advances and Financing

(i) By type

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Overdrafts	1,422,000	1,542,118
Term loans and financing		
-Housing loans/financing	11,492,723	11,257,512
-Hire Purchase receivables	35,084	61,348
-Lease Receivables	22,317	53,366
-Other term loans / financing	3,402,171	1,352,217
Bills receivable	639,226	646,771
Trust receipts	44,945	196,807
Claims on customers under acceptance credits	989,229	1,019,597
Staff loans	106,852	113,918
Credit cards receivables	3,860,879	3,636,754
Revolving credit	1,505,056	1,126,961
Other loans	19,398	62,397
	<u>23,539,880</u>	<u>21,069,766</u>
Unearned interest and income	(71,866)	(82,239)
	<u>23,468,014</u>	<u>20,987,527</u>
Allowance for bad and doubtful debts and financing		
- general	(347,364)	(310,010)
- specific	(322,179)	(319,726)
	<u>22,798,471</u>	<u>20,357,791</u>

(ii) By type of customer

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Domestic non financial institutions		
-Stockbroking companies	-	-
-Others	271,308	249,086
Domestic business enterprises		
-Small and medium enterprises	680,061	584,304
-Others	5,103,192	3,374,300
Individuals	17,378,328	16,744,499
Foreign entities	35,125	35,338
	<u>23,468,014</u>	<u>20,987,527</u>

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(6) Loans, Advances and Financing (continued)

(iii) By interest/profit rate sensitivity

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Fixed rate		
Housing loans/financing	561,759	300,343
Hire Purchase receivables	35,084	57,538
Other fixed rate loan/financing	9,600,162	7,546,461
Variable rate		
BLR plus	12,736,684	12,681,288
Cost plus	534,325	401,897
	<u>23,468,014</u>	<u>20,987,527</u>

(iv) By sector

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Primary agriculture	390,148	347,983
Mining & quarrying	1,127	14,897
Manufacturing(incl agro-based)	1,642,840	1,629,139
Electricity, gas, water	91,051	118,891
Construction	69,548	19,878
Wholesale, retail trade, restaurants, hotels	839,833	918,991
Transport, storage & communication	2,201,817	370,362
Fin, insurance, real estate & bussiness services	539,121	383,080
Education, health & others	37,396	103,755
Household	17,378,328	16,768,952
Sectors nec	276,805	311,599
	<u>23,468,014</u>	<u>20,987,527</u>

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(6) Loans, Advances and Financing (continued)

(iv) By purpose

	Group and Bank	
	Sep 2007	Dec 2006
	RM'000	RM'000
Purchase of securities	2,122,560	243,867
Purchase of transport vehicles	-	-
Purchase of landed property	12,694,622	12,388,813
Purchase fixed assets ex. land & building	69,268	107,028
Personal used	518,631	487,809
Credit cards	3,860,882	3,635,041
Construction	15,046	19,422
Working capital	3,981,813	3,792,386
Other purpose	205,192	313,161
	<u>23,468,014</u>	<u>20,987,527</u>

(7) Non-performing loans / financing (NPL/NPF)

(i) Movements in the non-performing loans, advances and financing (NPL) are as follows:-

	Group and Bank	
	Sep 2007	Dec 2006
	RM'000	RM'000
At 1 January	622,496	718,043
Classified as non-performing during the year	377,917	274,733
Reclassified as performing during the year	(73,770)	(74,502)
Amount recovered	(107,129)	(162,785)
Amount recovered from debt conversion	-	-
Amount written off	(117,755)	(132,993)
	<u>701,759</u>	<u>622,496</u>
At 30 September / 31 December	701,759	622,496
Specific allowance	(322,179)	(319,726)
	<u>379,580</u>	<u>302,770</u>
Net non performing loans, advances and financing	<u>379,580</u>	<u>302,770</u>
Ratio of net non-performing loans and financing to net loans and financing	1.64%	1.46%

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(7) Non-performing loans / financing (NPL/NPF) (continued)

(ii) Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows :

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
<u>General allowance</u>		
At 1 January	310,010	288,861
Allowance made during the year	37,354	21,149
At 30 September / 31 December	347,364	310,010
As % of gross loans, advances and financing less specific allowance	1.5%	1.5%
<u>Specific allowance</u>		
At 1 January	319,726	413,459
Allowance made during the year	139,646	86,017
Amount recovered	(44,186)	(52,815)
Amount written off	(93,007)	(126,935)
At 30 September / 31 December	322,179	319,726

(iii) NPL/ NPF by sector are as follows :-

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Primary Agriculture	10	11
Manufacturing	58,746	89,223
Construction	13,687	14,349
Wholesale, Retail Trade, Restaurants, Hotels	12,944	4,340
Transport, Storage and Communication	2,968	679
Finance, Ins, Real Estate, Business Services	3,538	4,131
Household		
- Consumption Credit	251,202	223,241
- Residential	292,406	214,790
- Non Residential	41,796	44,015
- Purchase of Securities	24,462	27,717
	701,759	622,496

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(8) Other assets

	Group and Bank	
	Sep 2007 RM'000	Dec 2007 RM'000
Interest/Income receivable	142,412	119,984
Other debtors, deposits and prepayments	299,789	260,560
Mark-to-market derivatives	701,174	613,562
	1,143,375	994,106
	1,143,375	994,106

(9) Deposits from customers

(i) By type of deposit

	Group		Bank	
	Sep 2007 RM'000	Dec 2006 RM'000	Sep 2007 RM'000	Dec 2006 RM'000
Demand deposits	8,870,422	6,772,219	8,870,442	6,772,239
Saving deposits	1,328,819	1,078,792	1,328,819	1,078,792
Fixed deposits	16,208,195	12,360,023	16,208,195	12,360,023
Other deposits	1,841,689	1,649,519	1,841,689	1,649,519
Negotiable Instruments of Deposit	1,998,100	2,721,436	1,998,100	2,721,436
	30,247,224	24,581,989	30,247,244	24,582,009
	30,247,224	24,581,989	30,247,244	24,582,009

(ii) By type of customers

	Group		Bank	
	Sep 2007 RM'000	Dec 2006 RM'000	Sep 2007 RM'000	Dec 2006 RM'000
Federal and state governments	-	16	-	16
Government and statutory bodies	102,215	4,638	102,215	4,638
Business enterprise	15,213,881	10,345,747	15,213,881	10,345,747
Individuals	13,870,044	12,539,634	13,870,044	12,539,634
Others	1,061,084	1,691,954	1,061,104	1,691,974
	30,247,224	24,581,989	30,247,244	24,582,009
	30,247,224	24,581,989	30,247,244	24,582,009

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

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Licensed banks	14,503,109	4,387,893
Licensed finance companies	75,143	150,000
Bank Negara Malaysia	37,720	2,477
	<u>14,615,972</u>	<u>4,540,370</u>

(11) Other liabilities

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Interest/Profit payable	175,252	158,145
Other creditors and accruals	1,262,358	1,169,402
Provision for retirement benefits	411	1,817
Profit Equalisation Reserve	11,901	16,302
Taxation	88,182	114,621
Derivatives	672,851	662,641
	<u>2,210,955</u>	<u>2,122,928</u>

(12) Share capital

	Group and Bank	
	Sep 2007	Dec 2006
Authorised:-		
Ordinary shares of RM1.00 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid	<u>121,696,972</u>	<u>121,696,972</u>

(13) Reserves

	Group and Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Share premium	380,303	380,303
Statutory reserve	121,697	121,697
Other Reserve	3,482	10,590
Retained profits	1,670,352	1,304,099
	<u>2,175,833</u>	<u>1,816,689</u>

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(14) Interest income

	Group and Bank	
	Sep 2007	Sep 2006
	RM'000	RM'000
Loans and advances		
- Interest income other than recoveries from NPLs	1,119,587	1,021,487
- Recoveries from NPLs	16,173	14,843
Money at call and deposit placements with financial institutions	322,505	244,845
Securities held-for-trading	59,288	35,212
Securities available for sale	106,470	115,027
Securities held-to maturity	38	2,923
Securities purchased under resale agreements	56,113	34,421
	<u>1,680,175</u>	<u>1,468,758</u>
Less amortisation of premium/accretion of discounts	<u>2,657</u>	<u>(16,693)</u>
	<u><u>1,682,832</u></u>	<u><u>1,452,065</u></u>

(15) Interest expense

	Group and Bank	
	Sep 2007	Sep 2006
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	183,146	132,918
Deposits from customers	501,818	406,919
Loans sold to Cagamas	22,461	23,734
Others	97,649	102,445
	<u>805,074</u>	<u>666,016</u>

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(16) Other operating income

	Group and Bank	
	Sep 2007	Sep 2006
	RM'000	RM'000
Fee income:		
Commission	120,510	93,993
Service charges and fees	165	-
Guarantee fees	5,967	4,889
Bankcard fees	101,495	97,071
Insurance premium and referral	16,559	17,938
Other fee income	13,117	8,581
	<u>257,813</u>	<u>222,472</u>
Income from securities:		
Unrealised (loss) from securities held for trading	(11,832)	(20,112)
Impairment loss on security held for trading	(219,763)	-
Net Gain from sales of securities		
- securities held for trading	13,082	12,916
- securities available for sale	30,000	15,213
Gross dividends from securities held to maturity	25	25
	<u>(188,488)</u>	<u>8,042</u>
Other income:		
Foreign exchange profit	147,237	185,281
Gain from derivatives	14,286	(59,487)
Gain on disposal of of fixed assets	169	-
	<u>161,692</u>	<u>125,794</u>
	<u><u>231,017</u></u>	<u><u>356,308</u></u>

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(17) Other operating expenses

	Group and Bank	
	Sep 2007 RM'000	Sep 2006 RM'000
Personnel costs		
-Salaries, allowances and bonuses	122,907	109,238
-Employees provident fund	19,466	19,516
-Staff benefit and other compensation	96,268	101,905
-Others	6,838	3,555
Establishment costs		
-Depreciation	18,555	21,975
-Rental of premises	17,066	15,804
-Hire of equipment	2,838	2,725
-Utility	4,272	4,109
-Others	3,803	4,406
Marketing expenses		
-Advertisement and promotional expenses	39,444	52,451
-Others	2,593	3,460
Administration and general expenses		
-Processing cost	84,576	87,527
-Auditors' remuneration	257	185
-Write off of property, plant and equipment	23	316
-Stationery and supplies	5,390	6,299
-Communication expenses	4,165	4,538
-Maintenance of office equipment etc	11,098	14,401
-Others	58,918	50,350
	<u>498,476</u>	<u>502,760</u>

(18) Allowance for losses on loans and financing

	Group and Bank	
	Sep 2007 RM'000	Sep 2006 RM'000
Allowance for bad and doubtful debts on loans and financing :-		
Specific allowance		
- made in the financial year	139,646	107,183
- written back	(44,186)	(38,444)
General allowance		
- made during the year	37,355	12,845
	<u>132,815</u>	<u>81,584</u>

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(19) Commitment 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:-

	Sep 2007			Dec 2006		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk weighted amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk weighted amount RM'000
Direct credit substitute	1,519,798	1,519,798	1,467,580	1,227,786	1,227,786	1,227,786
Transaction -related contingent items	682,180	341,090	341,090	559,900	279,750	279,750
Short-term self liquidating trade-related contingencies	312,323	62,465	42,077	504,743	100,949	70,915
Other assets sold with recourse and commitment with certain drawdown	984,097	984,097	536,165	-	-	-
Irrevocable commitments to extend credit						
- maturity not exceeding one year	17,705,484	-	-	23,187,250	-	-
- maturity exceeding one year	1,363,844	681,922	638,695	1,755,204	877,602	855,892
Foreign exchange related contracts:						
-Less than one year	30,425,696	437,177	142,369	29,138,729	590,231	190,896
-One year to less than 5 years	4,498,214	444,069	162,864	2,998,267	264,260	75,322
-5 years and above	745,821	124,723	57,711	1,040,922	156,138	34,480
Interest rate related contracts:						
- Less than one year	7,028,626	8,552	1,729	4,602,174	9,696	2,386
- One year to less than 5 years	12,468,856	303,863	61,336	19,830,267	401,277	107,078
- 5 years and above	2,930,358	192,427	34,137	5,236,801	398,107	113,165
Others	792,014	21,283	6,101	769,899	-	-
Total	81,457,311	5,121,466	3,491,854	90,851,942	4,305,796	2,957,670

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(20) Capital adequacy

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

	Bank	
	Sep 2007 RM'000	Dec 2006 RM'000
Tier I capital		
Paid-up share capital	121,697	121,697
Share premium	380,303	380,303
Retained earnings	1,304,099	1,304,099
Other reserves	132,287	132,287
	<u>1,938,386</u>	<u>1,938,386</u>
Less : Deferred tax assets	(43,517)	(43,517)
Total Tier-I capital	<u>1,894,869</u>	<u>1,894,869</u>
Tier II capital		
Subordinated loans	400,000	400,000
General allowance for bad and doubtful debts and financing	310,010	310,010
	<u>710,010</u>	<u>710,010</u>
Total Tier II capital	<u>710,010</u>	<u>710,010</u>
Total Capital	2,604,879	2,604,879
Less: Investments in subsidiaries	(20)	(20)
	<u>2,604,859</u>	<u>2,604,859</u>
Capital base	<u>2,604,859</u>	<u>2,604,859</u>
Core capital ratio	7.39%	8.42%
Risk weighted capital ratio	10.17%	11.58%

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

	Bank			
	Sep 2007 Principal RM'000	Sep 2007 Risk weighted RM'000	Dec 2006 Principal RM'000	Dec 2006 Risk weighted RM'000
0%	6,809,735	-	9,338,708	-
10%	4,508	451	235,617	23,562
20%	19,837,097	3,967,419	7,459,419	1,491,884
50%	12,621,642	6,310,821	11,846,108	5,923,054
100%	13,712,710	13,712,710	13,834,686	13,834,686
Total credit risk weighted assets	<u>52,985,692</u>	<u>23,991,401</u>	<u>42,714,538</u>	<u>21,273,186</u>
Market risk adjusted assets		1,632,578		1,222,143
Total Risk Weighted Assets		<u>25,623,979</u>		<u>22,495,329</u>

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Interest/profit rate risk

The group and the Bank are exposed to various risks associated with the effects of the fluctuations in the prevailing market interest rates on its financial positions and cash flows. The following table indicated the effective interest rate at the Balance Sheet date and the periods in which the financial instruments reprice or mature whichever is earlier.

Group	Up to	> 1 - 3	> 3 - 12	> 1 - 5	over 5	Non-interest	Trading	Total	Effective interest
2007	1 mth	months	months	years	years	sensitive	RM'000	RM'000	%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
ASSETS									
Cash and short term funds	15,204,957	-	-	-	-	192,882	-	15,397,839	4.74%
Deposits and placements with banks and other financial institutions	-	780,675	227,408	682,800	33,501	-	-	1,724,384	5.22%
Securities purchased under resale agreements	1,407,327	316,857	-	-	-	-	-	1,724,184	3.44%
Securities held for trading	-	-	-	-	-	-	3,146,679	3,146,679	4.49%
Securities available-for-sale	-	222,370	729,354	2,785,288	267,650	-	-	4,004,662	3.78%
Securities held-to-maturity	-	-	-	-	-	7,499	-	7,499	0.00%
Loans, advances and financing									
- performing	16,605,857	1,171,049	1,200,938	2,855,822	982,545	34,654	-	22,850,865	7.48%
- non-performing *	-	-	-	-	-	(52,394)	-	(52,394)	
Other asset	-	-	-	-	-	1,143,375	-	1,143,375	
Statutory deposits with BNM	-	-	-	-	-	651,143	-	651,143	
Deferred tax	-	-	-	-	-	54,971	-	54,971	
Property, plant and equipment	-	-	-	-	-	76,876	-	76,876	
TOTAL ASSETS	33,218,141	2,490,951	2,157,700	6,323,910	1,283,696	2,109,006	3,146,679	50,730,083	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	15,025,187	4,593,618	5,697,368	1,028,043	88,759	3,814,249	-	30,247,224	3.15%
Deposits and placements of banks and other financial institutions	12,514,683	1,180,972	10,855	33,501	-	875,961	-	14,615,972	4.40%
Obligation on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	
Bills and acceptance payable	-	-	-	-	-	194,526	-	194,526	
Recourse obligation on loans sold to Cagamas	-	87,919	248,937	427,019	-	-	-	763,875	3.72%
Other liabilities	-	-	-	-	-	2,210,955	-	2,210,955	
Subordinated loan	-	-	-	-	400,000	-	-	400,000	4.63%
Total Liabilities	27,539,870	5,862,509	5,957,160	1,488,563	488,759	7,095,691	-	48,432,552	
Shareholders' equity	-	-	-	-	-	2,297,530	-	2,297,530	
Total Liabilities and Shareholders' equity	27,539,870	5,862,509	5,957,160	1,488,563	488,759	9,393,221	-	50,730,082	
On Balance Sheet interest sensitivity gap	5,678,271	(3,371,558)	(3,799,460)	4,835,347	794,937	(7,284,215)	3,146,679		
Off Balance Sheet interest sensitivity gap	(2,418,508)	(5,665,747)	6,728,892	3,180,391	(1,547,744)	-	-		
	3,259,763	(9,037,305)	2,929,432	8,015,738	(752,807)	(7,284,215)	3,146,679		

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Interest/profit rate risk

Group	Up to	> 1 - 3	> 3 - 12	> 1 - 5	over 5	Non-interest	Trading book	Total	Effective interest
2006	1 mth	months	months	years	years	sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS									
Cash and short term funds	5,448,185	-	-	-	-	79,903	-	5,528,088	4.65%
Deposits and placements with banks and other financial institutions	-	1,537,317	348,505	386,926	-	-	-	2,272,748	4.44%
Securities purchased under resale agreements	410,927	888,330	57,618	-	-	-	-	1,356,875	3.57%
Securities held for trading	-	-	-	-	-	-	2,269,457	2,269,457	4.47%
Securities available-for-sale	119,075	192,090	918,954	3,398,942	10,163	-	-	4,639,224	3.12%
Securities held-to-maturity	-	-	-	-	-	7,499	-	7,499	0.00%
Loans, advances and financing									
- performing	17,938,822	1,108,255	736,777	324,901	265,472	(319,206)	-	20,055,021	8.29%
- non-performing *	-	-	-	-	-	302,770	-	302,770	
Other asset	-	-	-	-	-	994,106	-	994,106	
Statutory deposits with BNM	-	-	-	-	-	719,641	-	719,641	
Deferred tax	-	-	-	-	-	43,517	-	43,517	
Property, plant and equipment	-	-	-	-	-	76,971	-	76,971	
TOTAL ASSETS	23,917,009	3,725,992	2,061,854	4,110,769	275,635	1,905,201	2,269,457	38,265,917	
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	7,052,487	2,722,689	6,559,825	1,387,171	60,500	6,799,337	-	24,582,009	3.27%
Deposits and placements of banks and other financial institutions	3,461,928	406,932	259,627	34,576	-	377,307	-	4,540,370	4.12%
Obligation on securities sold under repurchase agreements	3,494,973	3,600	80,000	-	-	-	-	3,578,573	2.73%
Bills and acceptance payable	-	-	-	-	-	354,854	-	354,854	
Recourse obligation on loans sold to Cagamas	-	-	511,198	237,599	-	-	-	748,797	3.68%
Other liabilities	-	-	-	-	-	2,122,928	-	2,122,928	
Subordinated loan	-	-	-	-	400,000	-	-	400,000	3.71%
Total Liabilities	14,009,388	3,133,221	7,410,650	1,659,346	460,500	9,654,426	0	36,327,531	
Shareholders' equity	-	-	-	-	-	1,938,386	-	1,938,386	
Total Liabilities and Shareholders' equity	14,009,388	3,133,221	7,410,650	1,659,346	460,500	11,592,812	0	38,265,917	
On Balance Sheet interest sensitivity gap	9,907,621	592,771	(5,348,796)	2,451,423	(184,865)	(9,687,611)	2,269,457		
Off Balance Sheet interest sensitivity gap	1,298,000	1,956,000	(438,000)	(1,150,000)	(135,000)	-	-		
	11,205,621	2,548,771	(5,786,796)	1,301,423	(319,865)	(9,687,611)	2,269,457		