



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

UNAUDITED CONDENSED FINANCIAL STATEMENTS
30 June 2017

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

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

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 June 2017

	Note	Group		Bank	
		June 2017 RM'000	December 2016 RM'000	June 2017 RM'000	December 2016 RM'000
ASSETS					
Cash and short term funds	1	10,233,416	11,425,781	10,233,396	11,425,761
Deposits and placements with banks and other financial institutions	2	1,175,852	794,768	1,175,852	794,768
Securities purchased under resale agreements		154,343	775,397	154,343	775,397
Financial assets held-for-trading	3	2,048,276	1,232,032	2,048,276	1,232,032
Financial investments available for-sale	4	3,158,109	2,560,734	3,158,109	2,560,734
Loans, advances and financing	5	23,737,155	24,285,097	23,737,155	24,285,097
Other assets	7	1,385,716	1,855,709	1,385,716	1,855,709
Statutory deposits with Bank Negara Malaysia	8	387,086	502,723	387,086	502,723
Deferred tax assets		50,514	52,606	50,514	52,606
Investment in subsidiary companies		-	-	20	20
Plant and equipment		41,448	44,314	41,448	44,314
TOTAL ASSETS		42,371,915	43,529,161	42,371,915	43,529,161
LIABILITIES					
Deposits from customers	9	28,582,385	29,374,081	28,582,385	29,374,081
Deposits and placements of banks and other financial institutions	10	6,863,181	6,794,358	6,863,181	6,794,358
Bills and acceptances payable		129,551	64,314	129,551	64,314
Other liabilities	11	2,293,038	2,676,860	2,293,038	2,676,860
TOTAL LIABILITIES		37,868,154	38,909,613	37,868,155	38,909,613
EQUITY					
Share capital	12	121,697	121,697	121,697	121,697
Reserves	13	4,382,063	4,497,851	4,382,063	4,497,851
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		4,503,760	4,619,548	4,503,760	4,619,548
TOTAL LIABILITIES AND EQUITY		42,371,914	43,529,161	42,371,915	43,529,161
OFF-BALANCE SHEET EXPOSURES	20	97,684,935	96,139,821	97,684,935	96,139,821

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2016 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2017

	Note	Group and Bank	
		June 2017 RM'000	June 2016 RM'000
Revenue		1,272,402	1,196,321
Interest income	14	860,834	771,923
Interest expense	15	(232,484)	(202,930)
Net interest income		<u>628,350</u>	<u>568,993</u>
Net income from Islamic banking operations		32,973	18,488
Other operating income	16	378,595	405,910
Total net income		<u>1,039,918</u>	<u>993,390</u>
Other operating expenses	17	(520,687)	(478,016)
Operating profit		<u>519,231</u>	<u>515,374</u>
Allowance for loans, advances and financing	18	26,522	(46,141)
Profit before taxation		<u>545,753</u>	<u>469,233</u>
Tax expense		(131,358)	(112,945)
Profit for the period		<u><u>414,395</u></u>	<u><u>356,288</u></u>
Other comprehensive (expense)/income, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
- Net gain on revaluation of financial investments available-for-sale		19,817	825
Other comprehensive income for the period, net of income tax		<u>19,817</u>	<u>825</u>
Total comprehensive income for the period		<u><u>434,212</u></u>	<u><u>357,113</u></u>
Profit for the period attributable to:			
Equity holder of the Bank		<u><u>414,395</u></u>	<u><u>356,288</u></u>
Total comprehensive income attributable to:			
Equity holder of the Bank		<u><u>434,212</u></u>	<u><u>357,113</u></u>
Earnings per share - basic (sen)		<u><u>681</u></u>	<u><u>586</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2016 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

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UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2017

Group and Bank	Attributable to equity holder of the Bank						
	<----- Non-Distributable ----->				Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total Reserves RM'000	
At 1 January 2016	121,697	380,303	121,697	14,695	3,889,283	4,405,978	4,527,675
Profit for the period	-	-	-	-	356,288	356,288	356,288
Other comprehensive income for the period	-	-	-	825	-	825	825
At 30 June 2016	121,697	380,303	121,697	15,520	4,245,571	4,763,090	4,884,787
At 1 January 2017	121,697	380,303	121,697	(55,893)	4,051,744	4,497,851	4,619,548
Profit for the period	-	-	-	-	414,395	414,395	414,395
Transfer to retained profits	-	-	(121,697)	-	121,697	-	-
Other comprehensive expense for the period	-	-	-	19,817	-	19,817	19,817
Dividend paid	-	-	-	-	(550,000)	(550,000)	(550,000)
At 30 June 2017	121,697	380,303	-	(36,076)	4,037,836	4,382,063	4,503,760
	Note 12					Note 13	

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2016 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL PERIOD NINE MONTHS ENDED SIX MONTHS ENDED 30 JUNE 2017**

	Group		Bank	
	June 2017 RM'000	June 2016 RM'000	June 2017 RM'000	June 2016 RM'000
Profit before taxation	545,753	469,235	545,753	469,235
Adjustments for non cash items	262,036	35,396	262,036	35,396
Operating profit before working capital changes	807,789	504,630	807,789	504,630
Changes in working capital :				
Net changes in operating assets	292,161	(931,187)	292,161	(931,187)
Net changes in operating liabilities	(1,041,459)	(525,402)	(1,041,459)	(525,402)
Income taxes paid	(115,542)	(91,500)	(115,542)	(91,500)
Net cash (used in)/generated from operating activities	(57,051)	(1,043,459)	(57,051)	(1,043,459)
Net cash (used in)/generated from investing activities	(585,314)	(2,113,875)	(585,314)	(2,113,875)
Net cash used in financing activities	(550,000)	-	(550,000)	-
Net changes in cash and cash equivalents	(1,192,365)	(3,157,334)	(1,192,365)	(3,157,334)
Cash and cash equivalents at beginning of the period	11,425,781	9,883,187	11,425,761	9,883,167
Cash and cash equivalents at end of the period	10,233,416	6,725,853	10,233,396	6,725,833

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2016 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 Financial Reporting policy document (BNM/RH/STD 032-5) issued by Bank Negara Malaysia.

A1 Basis of preparation

The unaudited interim financial statements for the financial period six months ended 30 June 2017 have been prepared in accordance with the Financial Reporting policy document issued by Bank Negara Malaysia ("BNM") on 28 January 2015.

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2016. The explanatory notes attached in the unaudited interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 December 2016.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2016.

A2 Auditor's Report on preceeding Annual Financial Statements

The audit report on the audited financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

A3 Seasonality or Cyclical factors

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

A4 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and the Bank for the financial period six months ended 30 June 2017.

A5 Changes in estimates

There were no changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Group and the Bank for the financial period six months ended 30 June 2017.

A6 Issuance and repayment of Debt and Equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period six months ended 30 June 2017.

A7 Dividend

The final ordinary dividends proposed in respect of the year ended 31 December 2016 of RM550 million were paid in June 2017.

A8 Subsequent events

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

A9 Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period six months ended 30 June 2017.

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B Review of performance and current year prospects

B1 Performance Review

Citibank Berhad registered a net profit of RM414 million and revenue of RM1,272 million for the financial period six months ended 30 June 2017, an increase of 16% or RM58 million in net profit as compared to previous corresponding period. The net profit increased was mainly contributed by the decrease of 157% or RM73 million in allowance for loans.

Total assets recorded a decrease of RM1,157 million as compared to 31 December 2016 mainly contributed by decrease of loans by RM548 million and securities purchased under resale agreements by RM621 million. On the other hand, total liabilities recorded a decrease of 3% or RM1,042 million as compared to 31 December 2016. Deposits have recorded a decrease of 3% or RM792 million as compared to 31 December 2016.

B2 Prospects for 2017

Malaysia remained on a path of steady economic growth with GDP rising steadily since the start of 2017 largely contributed by growth in private consumption, strong domestic demand, government spending and exports. Industrial production accelerated due to faster growth in the manufacturing sector. Exports remained robust and was boosted by a competitive ringgit. Exports grew a robust 23.2% annually in May, which followed April's 6.6% increase. Import growth rose from 10.4% in April to 21.4% in May. Consumer prices fell by 0.2% in June compared to the previous month. Inflation stood at 3.6% in June, which was below May's 3.9% and a five-month low.

Bank Negara Malaysia (BNM) decided to keep the Overnight Policy Rate unchanged at 3.00% at its 13 July monetary policy meeting, as widely expected by market analysts. The Bank has held the rate unchanged since July 2016. The MYR strengthened more than 4% against the USD this year following the central bank's forex regulation measures to reduce volatility in the MYR and domestic forex market.

The stronger economic environment saw Citibank Berhad recording profit before tax of RM546 million.

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(1) Cash and short term funds

	Group	
	June 2017 RM'000	December 2016 RM'000
Cash and balances with banks and other financial institutions	48,518	66,454
Money at call and deposit placements maturing within one month	<u>10,184,898</u>	<u>11,359,327</u>
	<u><u>10,233,416</u></u>	<u><u>11,425,781</u></u>

	Bank	
	June 2017 RM'000	December 2016 RM'000
Cash and balances with banks and other financial institutions	48,498	66,434
Money at call and deposit placements maturing within one month	<u>10,184,898</u>	<u>11,359,327</u>
	<u><u>10,233,396</u></u>	<u><u>11,425,761</u></u>

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

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Licensed banks	<u><u>1,175,852</u></u>	<u><u>794,768</u></u>

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(3) Financial assets held-for-trading

	Group and Bank	
	June	December
	2017	2016
	RM'000	RM'000
At fair value		
Malaysian Government Treasury Bills	126,647	84,323
Malaysian Government Securities	969,816	661,152
Malaysian Government Investment Issues	517,576	471,257
Bank Negara Malaysia Bills/Notes	5,385	15,300
U.S. Treasury Notes	428,852	-
	<u>2,048,276</u>	<u>1,232,032</u>

(4) Financial investment available-for-sale

	Group and Bank	
	June	December
	2017	2016
	RM'000	RM'000
At fair value		
Malaysian Government Treasury Bills/ Securities	2,221,273	1,784,721
Malaysian Government Investment Issues	760,735	594,205
U.S. Treasury Notes	169,086	174,793
Unquoted securities	7,015	7,015
	<u>3,158,109</u>	<u>2,560,734</u>

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(5) Loans, advances and financing

(i) By type

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Overdrafts	752,474	862,668
Term loans/financing		
-Housing loans/financing	10,804,555	10,888,720
-Other term loans/financing	2,673,842	2,568,853
Bills receivable	1,624,044	1,290,927
Trust receipts	309,807	-
Claims on customers under acceptance credits	613,693	607,247
Staff loans	49,365	53,864
Share margin financing	146,733	156,149
Credit cards receivables	5,882,177	6,033,830
Revolving credit	1,344,225	2,376,248
	<u>24,200,915</u>	<u>24,838,506</u>
Unearned interest and income	(10,868)	(12,186)
	<u>24,190,047</u>	<u>24,826,320</u>
Gross loans, advances and financing		
Less:		
Allowance for impaired loans, advances and financing		
- Collective assessment allowance	(330,239)	(416,271)
- Individual assessment allowance	(122,653)	(124,952)
	<u>23,737,155</u>	<u>24,285,097</u>
Net loans, advances and financing		

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(5) Loans, advances and financing (continued)

(ii) By interest/profit rate sensitivity

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Fixed rate		
Housing loans/financing	588,791	616,573
Other fixed rate loans/financing	10,926,868	10,493,776
Variable rate		
BLR plus	10,809,250	10,902,257
Cost plus	1,865,138	2,813,714
	<u>24,190,047</u>	<u>24,826,320</u>

(iii) By sector

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Primary agriculture	3,622	3,064
Mining & quarrying	38,680	27,633
Manufacturing (including agriculture based)	1,939,907	2,156,982
Electricity, gas, water	1,947	963
Construction	40,818	37,989
Wholesale, retail trade, restaurants and hotels	1,669,003	1,089,658
Transport, storage and communication	311,570	917,998
Finance, insurance, real estate and business services	1,063,317	1,345,966
Social & community services	187,437	124,930
Household		
- consumption credit	7,009,120	7,198,929
- residential	10,192,374	10,307,086
- purchase of securities	165,824	175,241
- others	159,856	170,239
Other sectors	1,406,572	1,269,642
	<u>24,190,047</u>	<u>24,826,320</u>

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(5) Loans, advances and financing (continued)

(iv) Residual contractual maturity

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Maturing within one year	12,143,858	11,971,977
One to five years	1,251,710	1,977,086
Over five years	10,794,479	10,877,257
	<u>24,190,047</u>	<u>24,826,320</u>

(v) By geographical distribution

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Within Malaysia	<u>24,190,047</u>	<u>24,826,320</u>

(6) Impaired loans, advances and financing

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

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
At 1 January	526,696	527,186
Classified as impaired during the period/year	360,801	703,944
Reclassified as performing during the period/year	(174,194)	(333,013)
Amount recovered	(60,776)	(113,294)
Amount written off	(101,344)	(258,127)
At 30 June / 31 December	<u>551,183</u>	<u>526,696</u>
Individual assessment allowance	<u>(122,653)</u>	<u>(124,952)</u>
Net impaired loans, advances and financing	<u>428,530</u>	<u>401,744</u>
Ratio of net impaired loans and financing to gross loans and financing less individual assessment allowance	1.78%	1.63%

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

(ii) Movements in the allowance for impaired loans, advances and financing are as follows:

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
<u>Collective assessment allowance</u>		
At 1 January	416,271	338,459
Allowance (written back)/made during the period/year, net	<u>(86,032)</u>	<u>77,812</u>
At 30 June / 31 December	<u>330,239</u>	<u>416,271</u>
As % of gross loans, advances and financing less individual assessment allowance	1.37%	1.69%
<u>Individual assessment allowance</u>		
At 1 January	124,952	172,355
Allowance made during the period/year	10,465	18,194
Written back during the period/year	(4,456)	(9,256)
Written off during the period/year	<u>(8,308)</u>	<u>(56,341)</u>
At 30 June / 31 December	<u>122,653</u>	<u>124,952</u>

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

(iii) Impaired loans, advances and financing by sector

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Primary agriculture	598	598
Mining & quarrying	930	1,124
Manufacturing (including agriculture based)	7,386	8,100
Construction	1,040	1,040
Wholesale, retail trade, restaurants and hotels	6,455	6,719
Transport, storage and communication	480	1,092
Finance, insurance, real estate and business services	9,477	4,038
Household		
- consumption credit	204,357	187,668
- residential	283,062	291,060
- purchase of securities	19,091	19,091
Other sectors	18,307	6,166
	<u>551,183</u>	<u>526,696</u>

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

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Within Malaysia	<u>551,183</u>	<u>526,696</u>

(7) Other assets

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Interest/Income receivables	94,423	81,783
Other debtors, deposits and prepayments	533,365	260,711
Retirement benefits plan	1,264	1,264
Derivative assets (Note 22)	735,735	1,473,481
Tax recoverable	20,929	38,470
	<u>1,385,716</u>	<u>1,855,709</u>

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(8) Statutory deposits with Bank Negara Malaysia

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

(9) Deposits from customers

(i) By type of deposit

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Demand deposits	14,565,330	15,372,515
Saving deposits	1,518,417	1,486,839
Fixed deposits	8,148,809	8,341,741
Other deposits	4,349,303	4,172,319
Others - cash collateral	526	667
	<u>28,582,385</u>	<u>29,374,081</u>

(ii) By type of customers

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Government and statutory bodies	789,114	-
Business enterprises	15,426,818	16,661,837
Individuals	11,839,796	11,586,482
Others	526,658	1,125,762
	<u>28,582,386</u>	<u>29,374,081</u>

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

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Due within six months	10,994,204	11,406,346
Six months to one year	1,492,267	1,098,756
One year to three years	11,641	8,958
	<u>12,498,112</u>	<u>12,514,060</u>

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

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Bank Negara Malaysia	23,745	25,090
Licensed banks	4,240,338	3,171,910
Licensed finance companies	2,599,098	3,597,358
	<u>6,863,181</u>	<u>6,794,358</u>

(11) Other liabilities

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Interest/Profit payables	46,488	52,096
Other creditors and accruals	1,409,882	1,444,474
Derivatives liabilities (Note 22)	836,668	1,180,290
	<u>2,293,038</u>	<u>2,676,860</u>

(12) Share capital

	Group and Bank		Number of shares December 2016 '000
	Amount June 2017 RM'000	Number of shares June 2017 '000	
Ordinary shares of RM1 each			
Authorised	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid	<u>121,697</u>	<u>121,697</u>	<u>121,697</u>

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(13) Reserves

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Share premium	380,303	380,303
Statutory reserve	-	121,697
Other reserve	(36,076)	(55,893)
- Fair value reserve	(40,190)	(60,007)
- Defined benefit reserve	4,114	4,114
Retained profits	4,037,836	4,051,744
	<u>4,382,063</u>	<u>4,497,851</u>

(14) Interest income

	Group and Bank	
	June 2017 RM'000	June 2016 RM'000
Loans and advances		
- Interest income other than recoveries from impaired loans	607,789	627,648
- Recoveries from impaired loans	26,516	27,481
Money at call and deposit placements with financial institutions	143,195	51,620
Financial assets held-for-trading	27,882	23,128
Financial investments available-for-sale	60,734	46,924
Securities purchased under resale agreements	3,551	1,230
	<u>869,667</u>	<u>778,031</u>
Accretion of discounts	(8,833)	(6,108)
	<u>860,834</u>	<u>771,923</u>

(15) Interest expense

	Group and Bank	
	June 2017 RM'000	June 2016 RM'000
Deposits and placements of banks and other financial institutions	44,211	23,176
Deposits from customers	186,150	177,569
Others	2,122	2,185
	<u>232,484</u>	<u>202,930</u>

**CITIBANK BERHAD
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(16) Other operating income

	Group and Bank	
	June 2017 RM'000	June 2016 RM'000
Fee income:		
Commission	33,595	31,905
Service charges and fees	10,873	9,613
Guarantee fees	3,631	4,138
Bankcard fees	155,078	166,050
Insurance premium and referral	27,062	22,374
Other fee income	43,956	22,043
	<u>274,194</u>	<u>256,124</u>
Trading income:		
Unrealised (loss)/gain from revaluation of financial assets held-for-trading	(3,926)	381
Net gain from sales of securities		
- Financial assets held-for-trading	12,201	21,624
- Financial investments available-for-sale	1,065	13,625
	<u>9,340</u>	<u>35,630</u>
Other income:		
Foreign exchange gain, net	358,653	255,369
Unrealised loss from derivatives	(276,875)	(185,933)
Gain from derivatives	13,287	44,918
Loss on disposal of plant and equipment	(4)	(199)
	<u>95,061</u>	<u>114,156</u>
Total other operating income	<u><u>378,595</u></u>	<u><u>405,910</u></u>

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(17) Other operating expenses

	Group and Bank	
	June 2017 RM'000	June 2016 RM'000
Personnel costs		
-Salaries, allowances and bonuses	147,576	162,061
-Contribution to Employees Provident Fund	22,454	8,163
-Staff benefits and other compensations	16,274	34,593
-Others	2,061	1,267
	<u>188,365</u>	<u>206,084</u>
Establishment costs		
-Depreciation	7,865	8,491
-Rental of premises	11,231	12,001
-Hire of equipments	175	125
-Utilities	1,960	2,581
-Others	8,490	8,324
	<u>29,721</u>	<u>31,522</u>
Marketing expenses		
-Advertisement and promotional expenses	17,891	12,408
-Others	191	193
	<u>18,082</u>	<u>12,602</u>
Administration and general expenses		
-Processing cost	199,097	173,393
-Auditors' remuneration	346	334
-Stationeries and supplies	1,674	2,854
-Communication expenses	5,576	11,542
-Maintenance of office equipment	1,057	322
-Others	76,769	39,361
	<u>284,519</u>	<u>227,807</u>
Total other operating expenses	<u><u>520,687</u></u>	<u><u>478,016</u></u>

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(18) Allowance for loans, advances and financing

	Group and Bank	
	June 2017 RM'000	June 2016 RM'000
Allowance for loans, advances and financing :		
<u>Individual assessment</u>		
- made in the financial period	10,465	8,956
- written back	(4,456)	(3,857)
<u>Collective assessment</u>		
- written back in the financial period	(84,883)	(18,007)
<u>Impaired loans, advances and financing</u>		
- written back	(43,354)	(42,458)
- written off	95,706	101,507
	(26,522)	46,141

(19) Credit transactions and exposures with connected parties

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Outstanding credit exposures with connected parties	748,156	921,437
Total credit exposure which is non-performing or in default	-	-
Total credit exposures	61,166,515	62,692,238
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	1.22%	1.46%
- as a proportion of capital base	17.16%	21.25%
- which is non-performing or in default	0.00%	0.00%

**CITIBANK BERHAD
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(19) Capital adequacy

(a) The capital adequacy ratios are as follows:

	Group and Bank	
	June 2017	December 2016
	RM'000	RM'000
Computation of Total Risk Weighted Assets ("RWA")		
Total credit RWA	22,482,626	24,182,073
Total market RWA	1,977,483	991,767
Total operational RWA	3,641,113	3,567,208
Total Risk Weighted Assets	28,101,222	28,741,048
Computation of Capital Ratios		
Common Equity Tier I ("CET I") Capital	4,037,586	4,565,678
Tier 1 Capital	4,037,586	4,565,678
Total Capital *	4,302,217	4,909,581
Before deducting proposed dividends:		
Common Equity Tier I ("CET I") capital ratio	NA	15.886%
Tier 1 capital ratio	NA	15.886%
Total capital ratio	NA	17.082%
After deducting proposed dividends:		
Common Equity Tier I ("CET I") capital ratio	14.368%	13.972%
Tier 1 capital ratio	14.368%	13.972%
Total capital ratio	15.310%	15.169%

* In arriving at the capital base used in the ratio calculations of the Bank, payments of dividends were deducted for June 2017 (proposed dividend were not deducted for December 2016)

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) reissued on 2 March 2017. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

(b) The components of CET I, Tier I and Tier II Capital are as follows:

	Group and Bank	
	June 2017	December 2016
	RM'000	RM'000
CET 1 Capital/Tier 1 Capital		
Paid up ordinary share capital	121,697	121,697
Share premium	380,303	380,303
Retained profits	3,623,440	4,051,744
Other reserves	(36,076)	65,804
Less: Deferred tax assets, net	(50,514)	(52,606)
Less: Defined benefit pension fund assets	(1,264)	(1,264)
Total CET 1 Capital/Tier 1 Capital	4,037,586	4,565,678
Tier 2 Capital		
Collective impairment provisions and regulatory reserves*	264,631	343,903
Total Tier 2 Capital	264,631	343,903
Total Capital	4,302,217	4,909,581

* Excludes collective assessment allowance on impairment loans restricted from Tier II Capital by BNM of RM65.6 million (2016: RM72.4 million)

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

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

June 2017 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	1,586,083	1,586,083	1,485,786
Transaction related contingent items	581,610	290,805	256,947
Short term self liquidating trade related contingencies	188,042	37,608	31,382
Forward asset purchases	54,507	54,507	32,284
Foreign exchange related contracts:			
One year or less	36,042,292	845,051	583,439
Over one year to five years	2,737,185	396,516	178,302
Over five years	22,605	4,069	4,069
Interest/Profit rate related contracts:			
One year or less	7,252,629	25,582	9,671
Over one year to five years	22,311,606	703,351	252,331
Over five years	1,473,132	134,035	88,829
Equity related contracts:			
One year or less	38,652	2,216	1,057
Over one year to five years	-	-	-
Over five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	309,337	65,386	53,614
Over one year to five years	32,766	7,663	5,641
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	591,189	295,595	213,399
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	228,478	45,696	45,696
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	5,669,192	-	-
Unutilised credit card lines	18,565,630	3,713,126	2,795,707
Total	97,684,935	8,207,289	6,038,154

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(20) Off-balance sheet exposures (continued)

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

December 2016 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	1,693,459	1,693,459	1,590,727
Transaction related contingent items	642,387	321,193	295,591
Short term self liquidating trade related contingencies	353,670	70,734	53,391
Forward asset purchases	114,755	114,755	5,645
Foreign exchange related contracts:			
One year or less	33,705,237	1,636,785	1,246,241
Over one year to five years	3,302,964	509,417	246,043
Over five years	24,155	4,348	4,348
Interest/Profit rate related contracts:			
One year or less	6,520,980	25,349	9,331
Over one year to five years	17,150,733	484,752	160,340
Over five years	1,474,873	138,604	88,172
Equity related contracts:			
One year or less	51,735	4,278	3,066
Over one year to five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	333,596	66,509	39,427
Over one year to five years	-	1,487	745
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	461,873	92,375	92,375
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	625,062	312,531	218,403
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	7,720,832	-	-
Unutilised credit card lines	21,963,510	4,392,702	3,317,242
Total	96,139,821	9,869,278	7,371,087

**CITIBANK BERHAD
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(21) Derivative financial instruments

	<----- June 2017 ----->			<----- December 2016 ----->		
	Contract Amount RM'000	Positive fair value RM'000	Negative fair value RM'000	Contract amount RM'000	Positive fair value RM'000	Negative fair value RM'000
Foreign exchange related contracts:						
- Forwards	68,572,736	341,581	375,571	64,018,074	799,220	590,889
- Cross currency interest rate swaps	7,747,941	223,098	303,550	9,184,991	496,851	430,349
- Options	1,723,160	3,655	7,842	935,499	11,200	1,246
Interest rate contracts:						
- Futures	1,717,800	-	-	897,200	-	-
- Swaps	61,594,735	127,791	98,163	49,709,479	128,838	105,904
- Options	240,000	1,335	-	343,693	1,558	-
Equity related contracts	77,303	92	103	102,340	1,174	1,061
Others	487,360	38,183	51,440	430,855	34,640	50,841
	142,161,035	735,735	836,668	125,622,131	1,473,481	1,180,290
		Note 7	Note 11		Note 7	Note 11

CITIBANK BERHAD
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ISLAMIC BANKING OPERATIONS
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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 June 2017

		Group and Bank	
		June	December
		2017	2016
		RM'000	RM'000
Assets			
Cash and short term funds	(a)	2,438,208	1,708,549
Financial assets held-for-trading	(b)	-	1,291
Financing, advances and other loans	(c)	433,365	562,532
Other assets	(e)	2,637	6,381
		<hr/>	<hr/>
Total assets		<u>2,874,210</u>	<u>2,278,753</u>
Liabilities			
Deposits from customers	(f)	2,470,949	1,966,171
Deferred tax liabilities		561	623
Other liabilities	(g)	15,146	7,892
		<hr/>	<hr/>
Total liabilities		<u>2,486,656</u>	<u>1,974,686</u>
Islamic banking funds	(h)	387,554	304,067
		<hr/>	<hr/>
Total liabilities and Islamic banking funds		<u>2,874,210</u>	<u>2,278,753</u>
Off-balance sheet exposures	(p)	<u>14</u>	<u>-</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2016 and the accompanying notes on page 27 to 36 attached to the unaudited condensed interim financial statements.

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**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2017**

	Group and Bank	
	June 2017 RM'000	June 2016 RM'000
Income derived from investments of depositors' funds and others	(i) 29,992	35,894
Provision for financing, advances and other loans	(j) 77,584	5,609
Total attributable income	<u>107,576</u>	<u>41,503</u>
Income attributable to depositors	(k) <u>(5,103)</u>	<u>(6,712)</u>
Total attributable to the Bank	102,474	34,791
(Loss)/ Income derived from investment of Islamic Banking Capital funds	(l) <u>8,084</u>	<u>(10,695)</u>
Total net income	110,558	24,096
Other operating expenses	(n) <u>(715)</u>	<u>(651)</u>
Profit before taxation	109,843	23,445
Tax expense	<u>(26,355)</u>	<u>(5,941)</u>
Profit for the period	<u>83,488</u>	<u>17,504</u>
Other comprehensive expense, net of income tax		
Net loss on revaluation of financial investments available-for-sale	<u>-</u>	<u>-</u>
Other comprehensive expense for the period, net of income tax	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>83,488</u>	<u>17,504</u>
Profit for the period attributable to:		
Equity holder of the Bank	<u>83,488</u>	<u>17,504</u>
Total comprehensive income attributable to:		
Equity holder of the Bank	<u>83,488</u>	<u>17,504</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2016 and the accompanying notes on page 27 to 36 attached to the unaudited condensed interim financial statements.

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UNAUDITED STATEMENTS OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2017

	Group and Bank			
	Capital funds RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2016	20,000	-	304,092	324,092
Profit for the period	-	-	17,504	17,504
Other comprehensive expense for the period	-	-	-	-
At 30 June 2016	<u>20,000</u>	<u>-</u>	<u>321,596</u>	<u>341,596</u>
At 1 January 2017	20,000	-	284,067	304,067
Profit for the period	-	-	83,488	83,488
At 30 June 2017	<u>20,000</u>	<u>-</u>	<u>367,555</u>	<u>387,555</u>

Note (i)

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group (comprised of the Bank and its subsidiary companies) and the Bank (Citibank Berhad) for the financial year ended 31 December 2016 and the accompanying notes on page 27 to 36 attached to the unaudited condensed interim financial statements.

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(a) Cash and short term funds

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Cash and balances with banks and other financial institutions	1,640	6,549
Money at call and deposit placements maturing within one month	<u>2,436,568</u>	<u>1,702,000</u>
	<u><u>2,438,208</u></u>	<u><u>1,708,549</u></u>

(b) Financial assets held-for-trading

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
At fair value		
Malaysian Government Treasury Bills	<u>-</u>	<u>1,291</u>
	<u><u>-</u></u>	<u><u>1,291</u></u>

(c) Financing, advances and other loans

(i) By type

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Term financing		
- Housing loans/financing	202,093	226,778
- Other term loans/financing	<u>257,427</u>	<u>448,553</u>
	459,520	675,331
Unearned income	-	(8,280)
Gross financing, advances and other loans	<u>459,520</u>	<u>667,051</u>
Less:		
Allowance for impaired loans, advances and financing		
- Collective assessment allowance	(25,653)	(104,004)
- Individual assessment allowance	<u>(502)</u>	<u>(515)</u>
Total net financing, advances and other loans	<u><u>433,365</u></u>	<u><u>562,532</u></u>

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

(ii) By contract

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Bai'Bi Thaman Ajil	13,490	14,952
Diminishing Musharakah	188,602	448,553
Murabahah	257,428	203,546
	<u>459,520</u>	<u>667,051</u>

(iii) By profit rate sensitivity

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Fixed rate		
- House loans/financing	202,092	218,498
Variable rate		
- Cost plus	257,428	448,553
	<u>459,520</u>	<u>667,051</u>

(iv) By sector

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Finance, insurance, real estate and business services	257,428	448,553
Household-residential	201,605	217,995
Other sectors	487	503
	<u>459,520</u>	<u>667,051</u>

CITIBANK BERHAD
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(d) Impaired financing, advances and other loans

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

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
At 1 January	7,302	9,076
Classified as impaired during the period/year	5,384	5,746
Reclassified as performing during the period/year	(2,916)	(5,821)
Amount recovered	(661)	(1,699)
	9,109	7,302
At 30 June / 31 December		
Individual assessment allowance	(502)	(515)
	8,607	6,787
Net impaired financing, advances and other loans		
Ratio of net impaired financing, advances and other loans to total gross financing, advances and other loans	1.88%	1.02%

(ii) Movements in the allowance for impaired financing, advances and other loans are as follows:

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
<u>Collective assessment allowance</u>		
At 1 January	104,004	19,736
Allowance (written back)/made during the period/year	(78,351)	84,268
	25,653	104,004
At 30 June / 31 December		
As % of gross financing, advances and other loans less individual assessment allowance	5.59%	15.60%
<u>Individual assessment allowance</u>		
At 1 January	515	584
Allowance made during the period/year	6	27
Allowance written back during the period/year	(15)	(73)
Amount written off	(4)	(23)
	502	515
At 30 June / 31 December		

CITIBANK BERHAD
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(d) Impaired financing, advances and other loans (continued)

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

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Household - Residential	9,109	7,302

(e) Other assets

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Profit receivables	260	456
Other debtors, deposits and prepayments	2,377	5,925
	2,637	6,381

(f) Deposits and funds from customers

(i) By type of deposit and funds

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Non-Mudarabah Fund		
Demand deposits	2,419,966	1,908,617
Saving deposits	50,983	57,554
	2,470,949	1,966,171

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(f) Deposits and funds from customers (continued)
(ii) By type of customers

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Government and statutory bodies	654,660	-
Business enterprises	1,328,364	1,231,627
Individuals	62,748	64,233
Others	425,177	670,311
	<u>2,470,949</u>	<u>1,966,171</u>

(g) Other liabilities

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Provision for taxation	1,349	1,349
Other creditors and accruals	13,797	6,543
	<u>15,146</u>	<u>7,892</u>

(h) Islamic Banking funds

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Fund allocated	20,000	20,000
Retained earnings	367,554	284,067
	<u>387,554</u>	<u>304,067</u>

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

	Group and Bank	
	June 2017	June 2016
	RM'000	RM'000
Income derived from investment of:		
(i) General investment deposits	29,992	34,439
(ii) Other deposits	-	1,455
	<u>29,992</u>	<u>35,894</u>

(i) Income derived from investment of general investment deposits

	Group and Bank	
	June 2017	June 2016
	RM'000	RM'000
Finance income and hibah		
Financing, advances and other loans	7,653	8,350
Money at call and placements with financial institutions	22,311	24,453
Income from financial investments available-for-sale	-	-
Income from financial assets held-for-trading	-	540
	<u>29,964</u>	<u>33,343</u>
Accretion of discount less amortisation of premium	3	(2)
	<u>29,967</u>	<u>33,341</u>
Other operating income		
Fee income	25	1,098
	<u>29,992</u>	<u>34,439</u>

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

(ii) Income derived from investment of other deposits

	Group and Bank	
	June 2017	June 2016
	RM'000	RM'000
Finance income and hibah		
Financing, advances and other loans	-	353
Money at call and placements with financial institutions	-	1,033
Income from financial investments available-for-sale	-	-
Income from securities held-for-trading	-	23
	-	1,409
Accretion of discount less amortisation of premium	-	-
Total finance income and hibah	-	1,409
Other operating income		
Fee income	-	46
Income from investments of other deposits	-	1,455

(j) Provision for financing, advances and other loans

	Group and Bank	
	June 2017	June 2016
	RM'000	RM'000
Provision for financing, advances and other loans:		
<u>Individual assessment allowance</u>		
- made in the financial period	6	15
- written back	(15)	(22)
<u>Collective assessment allowance</u>		
- Written back during the period	(77,575)	(5,603)
	(77,584)	(5,609)

(k) Income attributable to depositors

	Group and Bank	
	June 2017	June 2016
	RM'000	RM'000
Deposits from customers		
- Mudarabah funds	3,979	5,504
- Non-Mudarabah funds	1,084	1,168
Others	40	40
	5,103	6,712

**CITIBANK BERHAD
AND ITS SUBSIDIARY COMPANIES
ISLAMIC BANKING OPERATIONS**

(Company No. 297089 M)

(Incorporated in Malaysia)

(l) Income/(Loss) derived from investment of Islamic Banking Capital Funds

	Group and Bank	
	June 2017 RM'000	June 2016 RM'000
Financing, advances and other loans	1,188	1,238
Money at call and placements with financial institutions	3,465	3,626
Income from securities held-for-trading	-	80
	<u>4,653</u>	<u>4,945</u>
Accretion of discount less amortisation of premium	1	-
	<u>4,654</u>	<u>4,945</u>
Other operating income		
Gain from financial assets held-for-trading	0	481
Gain from financial investments available-for-sale	-	-
Fee income	109	355
Gain from trading activities	3,321	(16,475)
	<u>3,430</u>	<u>(15,640)</u>
(Loss)/ Income from Islamic Banking Capital Funds	<u>8,084</u>	<u>(10,695)</u>

(m) Income from Islamic banking operations

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

		Group and Bank	
		June 2017 RM'000	June 2016 RM'000
Income derived from investment of depositors' funds and others	(i)	29,992	35,894
Income attributable to depositors	(k)	(5,103)	(6,712)
Income/(Loss) derived from investment of Islamic Banking Funds	(l)	8,084	(10,695)
		<u>32,973</u>	<u>18,488</u>

(n) Other operating expenses

	Group and Bank	
	June 2017 RM'000	June 2016 RM'000
Personnel costs	29	27
Establishment costs	32	-
Administrative and general expenses	654	624
	<u>715</u>	<u>651</u>

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(o) **Capital adequacy**

(i) The capital adequacy ratios are as follows:

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
Computation of Total Risk Weighted Assets ("RWA")		
Total credit RWA	79,028	87,844
Total market RWA	-	22
Total operational RWA	91,394	79,413
Total Risk Weighted Assets	170,422	167,279
Computation of Capital Ratios		
Common Equity Tier I ("CET I") Capital	304,067	304,067
Tier 1 Capital	304,067	304,067
Total Capital	329,501	407,866
Common Equity Tier I ("CET I") capital ratio	178.420%	181.772%
Tier 1 capital ratio	178.420%	181.772%
Total capital ratio	193.344%	243.824%

The capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) reissued on 2 March 2017. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

(ii) The components of CET I, Tier I and Tier II Capital are as follows:

	Group and Bank	
	June 2017 RM'000	December 2016 RM'000
CET 1 Capital/Tier 1 Capital		
Fund allocated	20,000	20,000
Retained earnings	284,067	284,067
Total CET 1 Capital/Tier 1 Capital	304,067	304,067
Tier 2 Capital		
Collective impairment provisions and regulatory reserves*	25,434	103,799
Total Tier 2 Capital	25,434	103,799
Total Capital	329,501	407,866

* Excludes collective assessment allowance on impairment loans restricted from Tier II Capital by BNM of RM219,000 (2016: RM205,000)

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(p) Off-balance sheet exposures

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

June 2017			
Group and Bank	Principal amount	Credit equivalent amount	Risk weighted assets
Nature of item	RM'000	RM'000	RM'000
Profit rate related contracts:			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	14	7	2
Total	14	7	2
December 2016			
Group and Bank	Principal amount	Credit equivalent amount	Risk weighted assets
Nature of item	RM'000	RM'000	RM'000
Profit rate related contracts:			
One year or less	-	-	-
Over one year to five years	-	-	-
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	-	-	-
Total	-	-	-