

**CITIBANK BERHAD  
AND ITS SUBSIDIARY COMPANIES**

 (Company No. 297089 M)  
(Incorporated in Malaysia)

**Unaudited Balance Sheet at 30 June 2004**

|   | Group             |                   | Bank              |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | JUNE 2004         | DEC 2003          | JUNE 2004         | DEC 2003          |
|   | RM'000            | RM'000            | RM'000            | RM'000            |
| <b>ASSETS</b>   |                   |                   |                   |                   |
| Cash and short term funds   | 8,001,091         | 4,232,347         | 8,001,091         | 4,232,347         |
| Deposits and placements with financial institutions               | 3,510,818         | 1,940,978         | 3,510,818         | 1,940,978         |
| Dealing securities  | 2,094,224         | 720,337           | 2,094,224         | 720,337           |
| Reverse Repo  | 169,580           | -                 | 169,580           | -                 |
| Investment securities   | 2,890,609         | 3,789,676         | 2,890,609         | 3,789,676         |
| Loans, advances and financing                                     | 19,108,300        | 18,985,335        | 19,108,300        | 18,985,335        |
| Other assets  | 455,761           | 625,526           | 455,761           | 625,506           |
| Statutory deposits with Bank Negara Malaysia                      | 490,786           | 459,109           | 490,786           | 459,109           |
| Investment in subsidiary companies                                | -                 | -                 | 20                | 20                |
| Fixed assets  | 108,576           | 109,644           | 108,576           | 109,644           |
| Deferred taxation   | 57,900            | 57,900            | 57,900            | 57,900            |
| <b>TOTAL ASSETS</b>   | <b>36,887,645</b> | <b>30,920,852</b> | <b>36,887,645</b> | <b>30,920,852</b> |
| <b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>                        |                   |                   |                   |                   |
| Deposits from customers   | 22,567,881        | 19,661,373        | 22,567,881        | 19,661,373        |
| Deposits and placements of banks and other financial institutions | 6,843,546         | 3,768,529         | 6,843,546         | 3,768,529         |
| Obligations on securities sold under repurchase agreements        | 1,517,293         | 1,538,088         | 1,517,293         | 1,538,088         |
| Bills and acceptances payable                                     | 187,772           | 165,827           | 187,772           | 165,827           |
| Recourse obligations on loans sold to Cagamas                     | 2,414,909         | 2,514,286         | 2,414,909         | 2,514,286         |
| Other liabilities   | 1,285,086         | 1,319,457         | 1,285,086         | 1,319,457         |
| <b>TOTAL LIABILITIES</b>  | <b>34,816,487</b> | <b>28,967,560</b> | <b>34,816,487</b> | <b>28,967,560</b> |
| <b>SHARE CAPITAL</b>  | <b>121,697</b>    | <b>121,697</b>    | <b>121,697</b>    | <b>121,697</b>    |
| <b>RESERVES</b>   | <b>1,949,461</b>  | <b>1,761,595</b>  | <b>1,949,461</b>  | <b>1,761,595</b>  |
| <b>PROPOSED DIVIDEND</b>  | <b>-</b>          | <b>70,000</b>     | <b>-</b>          | <b>70,000</b>     |
| <b>SHAREHOLDERS' FUNDS</b>  | <b>2,071,158</b>  | <b>1,953,292</b>  | <b>2,071,158</b>  | <b>1,953,292</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>                  | <b>36,887,645</b> | <b>30,920,852</b> | <b>36,887,645</b> | <b>30,920,852</b> |
| <b>COMMITMENTS AND CONTINGENCIES</b>                              | <b>75,873,824</b> | <b>74,084,673</b> | <b>75,873,824</b> | <b>74,084,673</b> |
| <b>CAPITAL ADEQUACY</b>   |                   |                   |                   |                   |
| Core capital ratio  | 8.57%             | 9.72%             | 8.57%             | 9.72%             |
| Risk-weighted capital ratio                                       | 10.01%            | 11.20%            | 10.01%            | 11.20%            |

**Unaudited Profit And Loss Account Of The Group And Bank for the financial period ending 30 June 2004**

|   | Group and Bank |           |
|---|----------------|-----------|
|   | JUNE 2004      | JUNE 2003 |
|   | RM'000         | RM'000    |
| Interest income                           | 779,909        | 738,256   |
| Interest expense                          | (356,577)      | (322,557) |
| Net interest income                       | 423,332        | 415,699   |
| Net Islamic Banking operating income      | 3,714          | 4,358     |
| Non-interest income                       | 231,808        | 174,414   |
| Operating income                          | 658,854        | 594,471   |
| Staff cost and overheads                  | (317,825)      | (241,346) |
| Profit before provision                   | 341,029        | 353,125   |
| Loan and financing loss and provision     | (50,616)       | (69,256)  |
| Profit before taxation                    | 290,413        | 283,869   |
| Taxation                                  | (102,547)      | (96,140)  |
| Profit after taxation                     | 187,866        | 187,729   |
| Retained profit brought forward           | 1,259,595      | 938,404   |
| Profit attributable to shareholders' fund | 1,447,461      | 1,126,133 |
| Earnings per share - basic (sen)          | 309            | 309       |

**EXPLANATORY NOTES:**

- ACCOUNTING POLICIES**  
The accounting policies and methods of computation applied for the financial statements are consistent with those applied for the annual financial statements.  
There have been no significant changes to these policies.
- EXCEPTIONAL ITEMS**  
There were no exceptional items for the financial period.
- EXTRAORDINARY ITEMS**  
There were no extraordinary items for the financial period.
- TAXATION**  
There were no material adjustments or transfers in respect of deferred taxation and no material over or under provisions for taxation in respect of prior years.
- PRE-ACQUISITION PROFITS**  
No pre-acquisition profits were reported for the financial period.
- PROFIT ON SALE OF INVESTMENTS AND PROPERTIES**  
Profit on sale of investment securities for the period is RM15,753,000. There were no properties sold during the financial period.
- PURCHASE AND SALE OF QUOTED SECURITIES**  
This note is not applicable to financial institutions per BNM guidelines.
- EFFECT OF CHANGES IN COMPOSITION OF THE BANK**  
There were no changes in the composition of the Bank during the financial period.
- STATUS OF CORPORATE PROPOSALS**  
There were no corporate proposals announced which were not completed at the reporting date.
- SEASONALLY OR CYCLICALLY OF OPERATIONS**  
The operation of the Bank was not subjected to any material cyclical or seasonality effects during the financial period.
- ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY SECURITIES**  
There were no issuance and repayment of debts and equity securities during the financial period.
- DEPOSITS AND PLACEMENTS OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES**

|   | JUNE 2004         |                   | DEC 2003 |        |
|---|-------------------|-------------------|----------|--------|
|   | RM'000            | RM'000            | RM'000   | RM'000 |
| Deposits from customers   |                   |                   |          |        |
| Fixed deposits and negotiable instruments                         |                   |                   |          |        |
| - One year or less (short-term)                                   | 12,797,978        | 12,387,475        |          |        |
| - More than one year (medium/long term)                           | 2,416,748         | 854,807           |          |        |
|   | <b>15,214,726</b> | <b>13,242,282</b> |          |        |
| Deposits and placements of banks and other financial institutions |                   |                   |          |        |
| - One year or less (short-term)                                   | 6,538,855         | 3,424,590         |          |        |
| - More than one year (medium/long term)                           | 304,691           | 343,939           |          |        |
|   | <b>6,843,546</b>  | <b>3,768,529</b>  |          |        |

**13. COMMITMENTS AND CONTINGENCIES**

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

Risk Weighted Exposure of the Group and Bank as at:

|   | JUNE 2004               |                          | DEC 2003                |                          |
|---|-------------------------|--------------------------|-------------------------|--------------------------|
|   | Principal Amount RM'000 | Credit Equivalent RM'000 | Principal Amount RM'000 | Credit Equivalent RM'000 |
| Direct credit substitutes                               | 1,216,145               | 1,216,145                | 1,445,784               | 1,445,784                |
| Certain transaction-related contingent items            | 342,960                 | 171,480                  | 404,130                 | 202,065                  |
| Short-term self liquidating trade-related contingencies | 404,776                 | 80,955                   | 361,646                 | 72,329                   |
| Forward asset purchase                                  | -                       | -                        | 5,000                   | 5,000                    |
| Irrevocable commitments to extend credit                |                         |                          |                         |                          |
| - maturity exceeding one year                           | 1,868,037               | 934,019                  | 1,913,450               | 956,725                  |
| - maturity not exceeding one year                       | 18,789,459              | -                        | 15,226,725              | -                        |
| Foreign exchange related contracts                      | 21,578,197              | 312,174                  | 15,445,693              | 311,853                  |
| Interest rate related contracts                         | 30,709,856              | 693,285                  | 38,800,466              | 995,000                  |
| Other obligations                                       | 964,394                 | -                        | 481,779                 | -                        |
|   | <b>75,873,824</b>       | <b>3,408,058</b>         | <b>74,084,673</b>       | <b>3,988,756</b>         |

**14. VALUE OF CONTRACTS CLASSIFIED BY REMAINING PERIOD TO MATURITY/NEXT REPRICING DATE (WHICHEVER IS EARLIER)**

| Group and Bank (RM million)        |                  |               |              |              |              |               |              |
|------------------------------------|------------------|---------------|--------------|--------------|--------------|---------------|--------------|
| Items                              | Principal Amount | 1 mth or less | >1-3 mths    | >3-6 mths    | >6-12 mths   | >1-5 years    | >5 years     |
| Foreign exchange related contracts |                  |               |              |              |              |               |              |
| - forward                          | 10,315           | 3,032         | 4,290        | 2,270        | 723          | -             | -            |
| - swap                             | 7,482            | 2,889         | 2,455        | 1,500        | 592          | 46            | -            |
| - option                           | 3,781            | 439           | 930          | 1,203        | 1,209        | -             | -            |
| Interest rate related contracts    |                  |               |              |              |              |               |              |
| - forward                          | 9,555            | -             | -            | 529          | 1,105        | 7,921         | -            |
| - swap                             | 21,064           | 653           | 546          | 776          | 5,385        | 10,879        | 2,825        |
| - option                           | 91               | -             | -            | -            | 60           | 31            | -            |
| <b>Total</b>                       | <b>52,288</b>    | <b>7,013</b>  | <b>8,221</b> | <b>6,278</b> | <b>9,074</b> | <b>18,877</b> | <b>2,825</b> |

Foreign exchange, interest rate and equity and commodity related contracts are subjected to market and credit risk.

**Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at the end of the financial period, the amount of contracts which were not hedged and hence exposed to market risk was RM34,201 million (Dec 2003 - RM40,329 million).

**Credit risk**

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. As at the end of the financial period, the amounts of credit risk, measured in term of the cost to replace the profitable contracts, was RM241 million (Dec 2003 - RM398 million). The amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**Related Accounting Policies**

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

 (ii) Interest Rate Swaps, Futures and Option Contracts  
The Bank acts as an intermediary with counter-parties who wish to swap their interest rate obligations. The Bank also uses interest rate swaps, futures and option contracts in its trading account activities as well as a mean for hedging its own exposure.

Gains and losses on interest rate swaps, futures and option contracts whether they are for trading or hedging purpose are recognized in the current year using the mark-to-market method.

**15. MATERIAL LITIGATION**

There is no material litigation at the date of the report.

**16. SEGMENTAL REPORTING ON REVENUE, PROFIT AND ASSETS**

|                        | JUNE 2004  | JUNE 2003  |
|------------------------|------------|------------|
|                        | RM'000     | RM'000     |
| Commercial Bank        |            |            |
| Turnover               | 1,015,431  | 917,028    |
| Profit Before Taxation | 290,413    | 283,869    |
| Total Assets           | 36,887,645 | 28,130,088 |

**SEGMENTAL REPORTING ON LOANS, ADVANCES AND FINANCING ANALYZED BY THEIR ECONOMIC PURPOSES**

|  | Group and Bank    |                   |
|--|-------------------|-------------------|
|  | JUNE 2004         | DEC 2003          |
|  | RM'000            | RM'000            |
| Agriculture                              | 64,434            | 65,465            |
| Mining and quarrying                     | 108,164           | 3,753             |
| Manufacturing                            | 2,482,701         | 2,492,636         |
| Electricity, gas and water               | 151,668           | 369,240           |
| Construction                             | 88,652            | 129,693           |
| Real estate                              | 31,648            | 56,297            |
| Purchase of landed property              | 11,067,747        | 10,628,534        |
| - Residential                            | 10,439,455        | 9,955,114         |
| - Non-residential                        | 628,292           | 673,420           |
| General commerce                         | 882,303           | 863,588           |
| Transport, storage and communication     | 300,609           | 530,338           |
| Finance, insurance and business services | 638,671           | 598,541           |
| Purchase of securities                   | 339,399           | 241,571           |
| Consumption credit                       | 3,682,947         | 3,662,190         |
| Others                                   | 31,771            | 36,909            |
|  | <b>19,870,714</b> | <b>19,678,755</b> |

**NON-PERFORMING LOANS**

|  | Group and Bank |                |
|--|----------------|----------------|
|  | JUNE 2004      | DEC 2003       |
|  | RM'000         | RM'000         |
| Balance at 1 January   | 723,031        | 629,440        |
| Non-performing during the period   | 210,592        | 442,749        |
| Less: Recoveries   | (137,074)      | (144,241)      |
| Amount written off   | (7,959)        | (204,917)      |
| Balance at 30 June/31 Dec  | <b>788,590</b> | <b>723,031</b> |
| Percentage of net non-performing loans to total loans (net of specific provision and interest-in-suspense) | 1.6%           | 1.6%           |

**LOAN LOSS PROVISION**

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

|  | Group and Bank |                |
|--|----------------|----------------|
|  | JUNE 2004      | DEC 2003       |
|  | RM'000         | RM'000         |
| <b>General provision</b>                       |                |                |
| Balance at 1 January                           | 288,298        | 261,933        |
| Provisions made during the period/year         | 3,161          | 26,365         |
| Balance at 30 June/31 Dec                      | <b>291,459</b> | <b>288,298</b> |
| <b>Specific provision</b>                      |                |                |
| Balance at 1 January                           | 297,544        | 214,528        |
| Provisions made during the period/year         | 70,762         | 158,674        |
| Amount written back in respect of recoveries   | (23,307)       | (39,787)       |
| Amount written off/adjustment                  | 2,033          | (35,871)       |
| Balance at 30 June/31 Dec                      | <b>347,032</b> | <b>297,544</b> |
| <b>Interest-in-suspense/income-in-suspense</b> |                |                |
| Balance at 1 January                           | 107,578        | 85,759         |
| Provisions made during the period/year         | 25,067         | 55,523         |
| Amount written back in respect of recoveries   | (3,166)        | (28,079)       |
| Amount written off                             | (5,556)        | (5,625)        |
| Balance at 30 June/31 Dec                      | <b>123,923</b> | <b>107,578</b> |

**17. COMPARISON WITH THE CORRESPONDING PRECEDING HALF YEAR RESULTS**

The marginal increase of profit before tax in the 1st half of 2004 of RM290 million as compared to the preceding half year ended 31 Dec 2003 of RM220 million was mainly attributable to the increased in loan base.

**18. REVIEW OF PERFORMANCE**

The income and expenditure arising from the activities of the subsidiaries have been recognised in the Bank's profit before tax of RM290 million. The material factors affecting the earnings or profit of the Bank are the interest rate levels, the quality of portfolio and the overall economic conditions.

**19. CURRENT YEAR'S PROSPECTS**

With the stable economic outlook for the rest of the year and the focus on consumer financing, commercial lending to small &amp; medium sized enterprises as well as capital market services, the Bank is confident that it will be able to maintain a healthy loan growth for 2004. In addition, the use of online banking to lower cost base and improve productivity is progressing per plan. For 2004, the Bank is optimistic that the financial results will be maintained as per previous year.

**20. EXPLANATORY OF VARIANCES BETWEEN ACTUAL AND FORECAST**

This is not applicable to the Bank.

**21. DIVIDEND**

No interim dividend is declared for the period ending 30 June 2004.

**22. The above financials may be obtained from [www.citibank.com.my](http://www.citibank.com.my) website.**

