



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

UNAUDITED CONDENSED FINANCIAL STATEMENTS
30 June 2014

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 2014

	Note	Group		Bank	
		June 2014 RM'000	December 2013 RM'000	June 2014 RM'000	December 2013 RM'000
ASSETS					
Cash and short term funds	1	9,576,651	10,847,348	9,576,631	10,847,328
Deposits and placements with banks and other financial institutions	2	144,411	843,609	144,411	843,609
Securities purchased under resale agreements		999,184	484,631	999,184	484,631
Financial assets held-for-trading	3	1,650,489	2,543,577	1,650,489	2,543,577
Financial investments available for-sale	4	773,975	1,792,120	773,975	1,792,120
Loans, advances and financing	5	21,141,148	20,498,282	21,141,148	20,498,282
Other assets	7	1,507,071	901,806	1,507,071	901,806
Statutory deposits with Bank Negara Malaysia	8	431,825	359,000	431,825	359,000
Deferred tax assets		14,346	19,105	14,346	19,105
Investment in subsidiary companies		-	-	20	20
Plant and equipment		69,184	82,733	69,184	82,733
TOTAL ASSETS		36,308,285	38,372,211	36,308,285	38,372,211
LIABILITIES					
Deposits from customers	9	25,200,432	25,783,529	25,200,432	25,783,529
Deposits and placements of banks and other financial institutions	10	4,493,276	5,856,257	4,493,276	5,856,257
Bills and acceptances payable		172,863	52,688	172,863	52,688
Other liabilities	11	2,322,072	2,352,153	2,322,072	2,352,153
TOTAL LIABILITIES		32,188,643	34,044,627	32,188,643	34,044,627
EQUITY					
Share capital	12	121,697	121,697	121,697	121,697
Reserves	13	3,997,945	4,205,887	3,997,945	4,205,887
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		4,119,642	4,327,584	4,119,642	4,327,584
TOTAL LIABILITIES AND EQUITY		36,308,285	38,372,211	36,308,285	38,372,211
OFF-BALANCE SHEET EXPOSURES	20	88,234,615	77,626,306	88,234,615	77,626,306

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 2013 and the accompanying notes on page 5 to 44 attached to the unaudited condensed interim financial statements.

CITIBANK BERHAD
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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2014

	Note	Group and Bank	
		June 2014 RM'000	June 2013 RM'000
Revenue		1,131,647	1,079,113
Interest income	14	784,262	765,168
Interest expense	15	(210,257)	(223,167)
Net interest income		<u>574,005</u>	<u>542,000</u>
Net income from Islamic banking operations		13,804	18,709
Other operating income	16	333,582	295,237
Total net income		<u>921,390</u>	<u>855,946</u>
Other operating expenses	17	(482,088)	(453,013)
Operating profit		<u>439,302</u>	<u>402,933</u>
Allowance/Provision for loans, advances and financing	18	(47,627)	(82,943)
Profit before taxation		<u>391,675</u>	<u>319,990</u>
Tax expense		(97,807)	(80,554)
Profit for the period		<u><u>293,869</u></u>	<u><u>239,436</u></u>
Other comprehensive (expense)/income, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
- Net loss on revaluation of financial investments available-for-sale		1,273	(1,764)
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
- Net gain on remeasurement of defined benefit plans		(3,084)	-
Other comprehensive (expense)/income for the period, net of income tax		<u>(1,811)</u>	<u>(1,764)</u>
Total comprehensive income for the period		<u><u>292,058</u></u>	<u><u>237,672</u></u>
Profit for the period attributable to:			
Equity holder of the Bank		<u>293,869</u>	<u>239,436</u>
Total comprehensive income attributable to:			
Equity holder of the Bank		<u><u>292,058</u></u>	<u><u>237,672</u></u>
Earnings per share - basic (sen)		<u>483</u>	<u>393</u>

The unaudited condensed 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 2013 and the accompanying notes on page 5 to 44 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 2014

	←----- Attributable to equity holder of the Bank -----→						
	<----- Non-Distributable ----->				Distributable		
Group and Bank	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total Reserves RM'000	Total RM'000
At 1 January 2013	121,697	380,303	121,697	(823)	3,662,946	4,164,123	4,285,820
Profit for the period	-	-	-	-	239,436	239,436	239,436
Other comprehensive income for the period	-	-	-	(1,764)	-	(1,764)	(1,764)
Dividend paid	-	-	-	-	(500,000)	(500,000)	(500,000)
At 30 June 2013	<u>121,697</u>	<u>380,303</u>	<u>121,697</u>	<u>(2,587)</u>	<u>3,402,382</u>	<u>3,901,795</u>	<u>4,023,492</u>
At 1 January 2014	121,697	380,303	121,697	8,054	3,695,833	4,205,887	4,327,584
Profit for the period	-	-	-	-	293,869	293,869	293,869
Other comprehensive expense for the period	-	-	-	(1,811)	-	(1,811)	(1,811)
Dividend paid	-	-	-	-	(500,000)	(500,000)	(500,000)
At 30 June 2014	<u>121,697</u>	<u>380,303</u>	<u>121,697</u>	<u>6,243</u>	<u>3,489,702</u>	<u>3,997,945</u>	<u>4,119,642</u>

The unaudited condensed 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 2013 and the accompanying notes on page 5 to 44 attached to the unaudited condensed interim financial statements.

CITIBANK BERHAD
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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2014**

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Profit before taxation	391,675	319,990
Adjustments for non cash items	90,471	141,357
Operating profit before working capital changes	482,147	461,347
Changes in working capital :		
Net changes in operating assets	(322,349)	(2,537,215)
Net changes in operating liabilities	(1,852,290)	3,952,545
Income taxes paid	(101,500)	(114,800)
Net cash (used in)/ generated from operating activities	(1,793,992)	1,761,877
Net cash generated from investing activities	1,023,295	2,331,696
Net cash used in financing activities	(500,000)	(500,000)
Net changes in cash and cash equivalents	(1,270,697)	3,593,573
Cash and cash equivalents at beginning of the year	10,847,328	10,293,215
Cash and cash equivalents at end of the period	9,576,631	13,886,788

The unaudited condensed 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 2013 and the accompanying notes on page 5 to 44 attached to the unaudited condensed interim financial statements.

**CITIBANK BERHAD
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- A** Explanatory Notes Pursuant to Revised Guidelines on Financial Reporting for Banking Institutions (BNM/RH/GL 015-3) issued by Bank Negara Malaysia.

A1 Basis of preparation

The unaudited interim financial statements for the financial period six months ended 30 June 2014 have been prepared in accordance with the revised Guidelines on Financial Reporting issued by Bank Negara Malaysia ("BNM") on 28 June 2013.

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 2013. 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 year ended 31 December 2013.

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 year ended 31 December 2013.

A2 Auditor's Report on preceeding Annual Financial Statements

The audit report on the audited financial statements for the financial year ended 31 December 2013 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 items affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period six months ended 30 June 2014.

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 six months ended 30 June 2014.

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 2014.

A7 Dividend

The final ordinary dividends proposed in respect of the year ended 31 December 2013 of RM500 million was paid during the current financial period.

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 2014.

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B Review of performance and current year prospects

B1 Performance Review

Citibank Berhad registered a pre-tax profit of RM392 million and revenue of RM1,132 million for six months ended 30 June 2014, an increase of 22% or RM72 million in pre-tax profit as compared to previous corresponding period. The higher profit was mainly contributed by a decrease of 43% or RM35 million in allowance for loans, advances and financing and increase in other operating income of 13% or RM38 million as compared to previous corresponding period. Net interest income recorded an increase of 6% or RM32 million.

Total assets recorded a decrease of RM2,064 million as compared to 31 December 2013 mainly contributed by the decrease of cash and short term funds of 12% or RM1,271 million. Loans, advances and financing has a minimal increase of 3% or RM643 million as compared to 31 December 2013. On the other hand, total liabilities recorded a decrease of 5% or RM1,856 million as compared to 31 December 2013. This is mainly contributed by the decrease of deposits and placements of banks and other financial institutions amounting to RM1,363 million.

B2 Prospects for 2014

Economy

Malaysia's economic growth outlook remained positive buoyed by strong export recovery and increased investment activity anchored by private consumption. Exports rebounded by 18.8% in April 2014. Domestic demand, however, moderated but remained the key driver of growth. After surging 6.2% in Q1 2014, the country's GDP growth is likely come in at 5.4% for Q2 2014 and keep to a sustainable 5.5% for the rest of 2014.

Exports benefited from the recovery in the advanced economies and from regional demand. Despite higher costs of living, stable income growth and favorable market conditions reinforced private consumption growth.

Industrial activities in May 2014 showed an upward growth trend, clearly reflecting the strength of economic activities. The country's Industrial Production Index (IPI) increased by 6% in May 2014, from the same month in 2013. Whilst the increase resulted in a pick-up in manufacturing and electricity output, it was partially offset by a slowdown in production from the mining sector during the month.

Consumer spending is expected to hold up and private investment to remain relatively strong in the second half amid elevated price pressure.

After keeping interest rates low for the past three years to support economic growth, Bank Negara Malaysia, the country's central bank announced on July 10 2014, an increase of 25 basis points (bps) in its overnight policy rate (OPR) to 3.25%. The move was seen as a response to the country's firm growth prospects, continuing inflationary pressure and to curb rising household debt.

In its announcement on July 10, 2014, Bank Negara said that at the new level of the OPR, the stance of the monetary policy remained supportive of the economy. Higher interest rates would also ensure a positive real rate of return for deposit savings and deter households from turning to riskier investments. The low interest rate environment had resulted in rising household debt level, which reached a record of 86.8% of GDP at the end of 2013.

Inflation is expected to remain moderate to high, hovering above 3% and largely domestically-driven due to the increased OPR, continued subsidy rationalization, direct cash transfers, GST implementation in 2015 and rising demand for higher wages and benefits.

Business Performance

Citibank Berhad recorded pre-tax profit of RM392 million for the six months ended June 30, an increase of 22% or RM72 million as compared to the same period in 2013. Revenue totaled RM1,132 million. The higher profit was largely due to a decrease of 43% or RM35 million in allowance for loans, advances and financing and increase in other operating income of 13% or RM38 million compared to the corresponding period. Net interest income increased 6% or RM32 million.

The Bank showed steady growth across its core businesses with its Risk Weight Capital Adequacy Ratio at a strong 14.715%. Total assets stood at RM36,308 million.

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(1) Cash and short term funds

	Group	
	June 2014 RM'000	December 2013 RM'000
Cash and balances with banks and other financial institutions	73,560	84,618
Money at call and deposit placements maturing within one month	9,503,091	10,762,730
	9,576,651	10,847,348
	9,576,651	10,847,348

	Bank	
	June 2014 RM'000	December 2013 RM'000
Cash and balances with banks and other financial institutions	73,540	84,598
Money at call and deposit placements maturing within one month	9,503,091	10,762,730
	9,576,631	10,847,328
	9,576,631	10,847,328

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

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Bank Negara Malaysia	-	100,000
Licensed banks	144,411	743,609
	144,411	843,609
	144,411	843,609

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(3) Financial assets held-for-trading

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
At fair value		
Malaysian Government Treasury Bills	109,248	161,551
Malaysian Government Securities	745,001	100,312
Malaysian Government Investment Issues	270,603	113,221
Bank Negara Malaysia Bills/Notes	525,638	2,168,493
	1,650,489	2,543,577
	1,650,489	2,543,577

(4) Financial investment available-for-sale

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Malaysian Government Treasury Bills/ Securities	31,804	599,952
Bank Negara Malaysia Bills	-	545,552
Malaysian Government Investment Issues	638,508	639,117
Yankee Bonds/US bonds	96,514	-
Unquoted securities	7,149	7,499
	773,975	1,792,120
	773,975	1,792,120

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(5) Loans, advances and financing

(i) By type

	Group and Bank	
	June	December
	2014	2013
	RM'000	RM'000
Overdrafts	528,728	474,258
Term loans/financing		
-Housing loans/financing	10,010,012	9,218,551
-Hire purchase receivables	-	-
-Lease receivables	-	-
-Other term loans/financing	1,401,223	1,650,245
Bills receivable	879,182	1,023,755
Trust receipts	1,040	1,223
Claims on customers under acceptance credits	1,065,745	761,376
Staff loans	76,273	82,866
Share margin financing	235,524	209,105
Credit cards receivables	6,357,173	6,364,477
Revolving credit	1,146,047	1,128,461
Other loans	-	162,563
	<u>21,700,948</u>	<u>21,076,880</u>
Unearned interest and income	(18,599)	(20,686)
Gross loans, advances and financing	<u>21,682,348</u>	<u>21,056,194</u>
Less:		
Allowance for impaired loans, advances and financing		
- Collective assessment allowance	(356,170)	(368,381)
- Individual assessment allowance	(185,030)	(189,531)
Net loans, advances and financing	<u><u>21,141,148</u></u>	<u><u>20,498,282</u></u>

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(5) Loans, advances and financing (continued)

(ii) By interest/profit rate sensitivity

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Fixed rate		
Housing loans/financing	684,688	697,459
Hire purchase receivables	-	-
Other fixed rate loans/financing	10,028,336	9,873,938
Variable rate		
BLR plus	10,170,550	9,727,043
Cost plus	798,774	757,754
	21,682,348	21,056,194

(iii) By sector

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Primary agriculture	24,891	24,337
Mining & quarrying	49,872	41,557
Manufacturing (including agriculture based)	1,761,770	1,614,026
Electricity, gas, water	6,493	11,112
Construction	63,927	38,516
Wholesale, retail trade, restaurants and hotels	945,368	711,917
Transport, storage and communication	288,393	320,181
Finance, insurance, real estate and business services	500,580	968,580
Social & community services	18,201	20,453
Household		
- consumption credit	7,092,373	6,993,296
- residential	9,699,846	9,321,700
- purchase of securities	235,524	209,105
- others	225,658	229,353
Other sectors	769,452	552,061
	21,682,348	21,056,194

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(5) Loans, advances and financing (continued)
(iv) Residual contractual maturity

	Group and Bank	
	June	December
	2014	2013
	RM'000	RM'000
Maturing within one year	10,557,972	10,443,716
One to five years	648,065	658,579
Over five years	10,476,311	9,953,899
	21,682,348	21,056,194

(v) By geographical distribution

	Group and Bank	
	June	December
	2014	2013
	RM'000	RM'000
Within Malaysia	21,682,348	21,056,194

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(6) Impaired loans, advances and financing

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

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
At 1 January	452,355	481,854
Classified as impaired during the period/year	294,995	657,235
Reclassified as performing during the period/year	(152,145)	(369,473)
Amount recovered	(76,917)	(154,339)
Amount written off	(70,657)	(162,922)
At 30 June/ 31 December	447,631	452,355
Individual assessment allowance	(185,030)	(189,531)
Net impaired loans, advances and financing	262,601	262,824
Ratio of net impaired loans and financing to gross loans and financing less individual assessment allowance	1.22%	1.26%

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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 2014 RM'000	December 2013 RM'000
<u>Collective assessment allowance</u>		
At 1 January	368,381	357,064
Allowance (written back)/ made during the period/year, net	(12,211)	11,317
At 30 June/ 31 December	356,170	368,381
As % of gross loans, advances and financing less individual assessment allowance	1.66%	1.77%
<u>Individual assessment allowance</u>		
At 1 January	189,531	205,769
Allowance made during the period/year	9,797	12,976
Written back during the period/year	(8,023)	(12,658)
Written off during the period/year	(6,274)	(16,556)
At 30 June/ 31 December	185,030	189,531

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

(iii) Impaired loans, advances and financing by sector

	Group and Bank	
	June	December
	2014	2013
	RM'000	RM'000
Primary agriculture	7,388	7,388
Mining & quarrying	344	748
Manufacturing (including agriculture based)	28,223	28,280
Construction	13,052	12,423
Wholesale, retail trade, restaurants and hotels	13,347	12,245
Transport, storage and communication	53	61
Finance, insurance, real estate and business services	3,843	7,762
Household		
- consumption credit	98,105	104,762
- residential	263,283	258,538
- purchase of securities	19,398	19,490
Other sectors	595	658
	<hr/>	<hr/>
	447,631	452,355
	<hr/> <hr/>	<hr/> <hr/>

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

	Group and Bank	
	June	December
	2014	2013
	RM'000	RM'000
Within Malaysia	<hr/>	<hr/>
	447,631	452,355
	<hr/> <hr/>	<hr/> <hr/>

**CITIBANK BERHAD
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(7) Other assets

	Group and Bank	
	June	December
	2014	2013
	RM'000	RM'000
Interest/Income receivables	34,713	28,315
Other debtors, deposits and prepayments	1,109,256	246,439
Retirement benefits plan	10,228	10,228
Derivative assets (Note 21)	331,318	600,510
Taxation	21,557	16,314
	<u>1,507,071</u>	<u>901,806</u>

(8) Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia (“BNM”) in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 to satisfy the Statutory Reserve Requirement (“SRR”), 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	December
	2014	2013
	RM'000	RM'000
Demand deposits	11,174,850	11,068,690
Saving deposits	1,155,619	1,117,806
Fixed deposits	8,662,201	9,231,986
Other deposits	4,145,853	4,352,378
Negotiable instruments of deposit	10,000	10,000
Others - cash collateral	51,910	2,669
	<u>25,200,432</u>	<u>25,783,529</u>

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(9) Deposits from customers (continued)

(ii) By type of customers

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Government and statutory bodies	4,639	7,343
Business enterprises	12,116,974	13,043,042
Individuals	12,086,872	11,886,623
Others	991,947	846,521
	25,200,432	25,783,529

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

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Due within six months	11,277,536	12,326,286
Six months to one year	1,532,162	1,260,122
One year to three years	8,356	7,956
	12,818,054	13,594,364

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

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Bank Negara Malaysia	173,829	131,422
Licensed banks	1,977,802	3,163,145
Licensed finance companies	2,341,645	2,561,690
	4,493,276	5,856,257

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(11) Other liabilities

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Interest/Profit payables	46,445	48,902
Other creditors and accruals	1,873,272	1,778,633
Derivatives liabilities (Note 21)	402,355	524,618
	<u>2,322,072</u>	<u>2,352,153</u>

(12) Share capital

	Group and Bank			
	Amount June 2014 RM'000	Number of shares June 2014 '000	Amount December 2013 RM'000	Number of shares December 2013 '000
Ordinary shares of RM1 each				
Authorised	<u>500,000</u>	<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>	<u>121,697</u>

(13) Reserves

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Share premium	380,303	380,303
Statutory reserve	121,697	121,697
Other reserve	6,243	8,054
- Fair value reserve	(3,010)	(4,283)
- Defined benefit reserve	9,253	12,337
Retained profits	3,489,702	3,695,833
	<u>3,997,945</u>	<u>4,205,887</u>

**CITIBANK BERHAD
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(14) Interest income

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Loans and advances		
- Interest income other than recoveries from impaired loans	597,950	567,300
- Recoveries from impaired loans	25,401	23,706
Money at call and deposit placements with financial institutions	87,569	68,641
Financial assets held-for-trading	12,237	23,789
Financial investments available-for-sale	15,098	30,811
Securities purchased under resale agreements	14,623	10,502
	<hr/> 752,879	<hr/> 737,463
Accretion of discounts	31,383	27,705
	<hr/> 784,262	<hr/> 765,168

(15) Interest expense

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Deposits and placements of banks and other financial institutions	18,443	9,670
Deposits from customers	189,683	211,285
Others	2,131	2,212
	<hr/> 210,257	<hr/> 223,167

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(16) Other operating income

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Fee income:		
Commission	77,632	76,132
Service charges and fees	3,128	6,548
Guarantee fees	3,326	2,950
Bankcard fees	117,809	95,860
Insurance premium and referral	15,787	16,782
Other fee income	33,099	30,614
	<u>250,780</u>	<u>228,886</u>
Trading income:		
Unrealised gain/(loss) from revaluation of financial assets held-for-trading	3,616	(3,985)
Net gain from sales of securities		
- Financial assets held-for-trading	1,100	9,513
- Financial investments available-for-sale	5,000	7,388
	<u>9,715</u>	<u>12,916</u>
Other income:		
Foreign exchange profit		
- unrealised gain	98,530	53,792
- realised (loss)/gain	(17,878)	20,232
Loss from derivatives	(7,487)	(20,597)
	<u>73,086</u>	<u>53,434</u>
Total other operating income	<u>333,582</u>	<u>295,237</u>

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(17) Other operating expenses

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Personnel costs		
-Salaries, allowances and bonuses	160,564	161,566
-Contribution to Employees Provident Fund	20,968	21,747
-Staff benefits and other compensations	17,835	19,057
-Others	2,183	5,059
	<u>201,549</u>	<u>207,428</u>
Establishment costs		
-Depreciation	16,613	18,383
-Rental of premises	10,831	11,496
-Hire of equipments	434	1,356
-Utilities	2,794	2,785
-Others	7,998	8,472
	<u>38,670</u>	<u>42,491</u>
Marketing expenses		
-Advertisement and promotional expenses	17,804	21,441
-Others	356	364
	<u>18,160</u>	<u>21,805</u>
Administration and general expenses		
-Processing cost	168,419	127,256
-Auditors' remuneration	338	315
-Stationeries and supplies	1,998	2,448
-Communication expenses	8,181	3,973
-Maintenance of office equipment	229	798
-Others	44,543	46,497
	<u>223,709</u>	<u>181,288</u>
Total other operating expenses	<u><u>482,088</u></u>	<u><u>453,013</u></u>

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(18) Allowance/provision for loans, advances and financing

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Allowance/provision for loans, advances and financing :		
<u>Individual assessment</u>		
- made in the financial period	9,797	5,189
- written back	(8,023)	(6,172)
<u>Collective assessment</u>		
- (Written back)/made in the financial period	(12,211)	17,950
<u>Impaired loans, advances and financing</u>		
- written back	(43,608)	(44,879)
- written off	101,671	110,855
	47,627	82,943

(19) Credit transactions and exposures with connected parties

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Outstanding credit exposures with connected parties of which:	796,961	1,252,786
Total credit exposure which is non-performing or in default	-	-
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	1.27%	2.04%
- which is non-performing or in default	0.00%	0.00%

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(19) Capital adequacy

(a) The capital adequacy ratios are as follows:

	Group and Bank	
	June 2014	December 2013
	RM'000	RM'000
Computation of Total Risk Weighted Assets ("RWA")		
Total credit RWA	21,264,667	22,178,804
Total market RWA	3,062,271	2,004,327
Total operational RWA	3,444,654	3,427,065
Total Risk Weighted Assets	27,771,592	27,610,196
Computation of Capital Ratios		
Common Equity Tier I ("CET I") Capital	3,801,199	4,298,251
Tier 1 Capital	3,801,199	4,298,251
Total Capital *	4,086,576	4,542,195
Before deducting proposed dividends:		
Common Equity Tier I ("CET I") capital ratio	NA	15.568%
Tier 1 capital ratio	NA	15.568%
Total capital ratio	NA	16.451%
After deducting proposed dividends:		
Common Equity Tier I ("CET I") capital ratio	13.687%	13.757%
Tier 1 capital ratio	13.687%	13.757%
Total capital ratio	14.715%	14.640%

* In arriving at the capital base used in the ratio calculations of the Bank, payment of dividends were deducted for June 2014 (proposed dividends were not deducted for December 2013)

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) dated 28 November 2012 and 27 June 2013 respectively. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for common equity Tier I capital ratio and Tier I capital ratio are 4.0% and 5.5% respectively for year 2014. The minimum regulatory capital adequacy requirement remains at 8.0% (2013 - 8.0%) for total capital ratio.

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

	Group and Bank	
	June 2014	December 2013
	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	3,195,833	3,695,833
Other reserves	127,940	129,751
Less: Deferred tax assets, net	(14,346)	(19,105)
Less: Defined benefit pension fund assets	(10,228)	(10,228)
Total CET 1 Capital/Tier 1 Capital	3,801,199	4,298,251
Tier 2 Capital		
Collective impairment provisions and regulatory reserves*	285,377	243,944
Total Tier 2 Capital	285,377	243,944
Total Capital	4,086,576	4,542,195

* Excludes collective assessment allowance on impairment loans restricted from Tier II Capital by BNM of RM70.8 million (2013: RM124.4 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 2014 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	1,766,781	1,766,781	1,574,873
Transaction related contingent items	477,532	238,766	205,789
Short term self liquidating trade related contingencies	280,562	56,112	36,701
Forward asset purchases	200,000	200,000	100,000
Foreign exchange related contracts:			
One year or less	33,969,105	523,842	336,503
Over one year to five years	2,702,883	297,626	170,970
Over five years	-	-	-
Interest/Profit rate related contracts:			
One year or less	4,558,819	19,153	6,643
Over one year to five years	10,511,114	362,246	113,082
Over five years	1,171,109	109,243	67,010
Equity related contracts:			
One year or less	74,538	10,771	4,296
Over one year to five years	162,782	15,894	8,810
Over five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	44,093	5,847	2,409
Over one year to five years	163,812	19,988	19,657
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	337,853	67,571	67,571
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,361,600	680,800	492,164
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	7,917,601	-	-
Unutilised credit card lines	22,534,433	4,506,887	3,382,530
Total	88,234,615	8,881,527	6,589,008

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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 2013 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	2,516,407	2,516,407	2,348,766
Transaction related contingent items	527,562	263,781	229,143
Short term self liquidating trade related contingencies	151,656	30,331	28,147
Forward asset purchases	43,428	43,428	2,140
Foreign exchange related contracts:			
One year or less	21,335,774	580,044	432,001
Over one year to five years	3,348,423	358,975	207,951
Over five years	-	-	-
Interest/Profit rate related contracts:			
One year or less	6,193,843	27,530	9,979
Over one year to five years	11,327,859	433,160	136,363
Over five years	1,379,978	114,475	61,343
Equity related contracts:			
One year or less	25,587	2,303	1,102
Over one year to five years	167,012	16,698	9,216
Over five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	248,611	30,325	12,745
Over one year to five years	2,295	705	629
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	364,271	72,854	72,854
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,855,219	927,610	696,522
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	6,216,423	-	-
Unutilised credit card lines	21,921,958	4,384,392	3,291,028
Total	77,626,306	9,803,018	7,539,929

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(21) Derivative financial instruments

	<----- 30 June 2014----->			<----- 31 December 2013 ----->		
	Contract	Positive	Negative	Contract	Positive	Negative
	Amount	fair	fair	amount	fair	fair
	RM'000	value	value	RM'000	value	value
		RM'000	RM'000		RM'000	RM'000
Foreign exchange related contracts:						
- Forwards	61,243,888	81,560	152,543	38,338,105	252,550	147,650
- Cross currency interest rate swaps	3,253,389	58,047	71,643	4,346,640	112,908	154,316
- Options	5,071,801	15,312	10,036	2,264,685	25,948	19,241
Interest rate contracts:						
- Futures	17,694,439	-	-	13,132,100	-	-
- Swaps	17,696,731	165,325	144,976	20,170,970	199,432	181,449
- Options	424,378	30	398	446,307	121	843
Equity related contracts	266,215	9,083	9,083	222,224	4,104	4,104
Others	512,937	1,961	13,678	461,870	5,447	17,015
	106,163,777	331,318	402,355	79,382,901	600,510	524,618
		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 2014

		Group and Bank	
		June 2014 RM'000	December 2013 RM'000
Assets			
Cash and short term funds	(a)	960,247	725,216
Financial assets held-for-trading	(b)	39,255	9,751
Financial investments available-for-sale	(c)	50,040	249,018
Financing, advances and other loans	(d)	321,936	345,725
Deferred tax assets		-	1,732
Other assets	(f)	65,287	28,663
		<hr/>	<hr/>
Total assets		1,436,765	1,360,105
		<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Deposits from customers	(g)	1,081,020	994,630
Deferred tax liabilities		1,157	-
Other liabilities	(h)	55,670	73,110
		<hr/>	<hr/>
Total liabilities		1,137,847	1,067,740
		<hr/> <hr/>	<hr/> <hr/>
Islamic banking funds	(i)	298,918	292,365
		<hr/>	<hr/>
Total liabilities and Islamic banking funds		1,436,765	1,360,105
		<hr/> <hr/>	<hr/> <hr/>
Off-balance sheet exposures	(q)	665,086	581,621
		<hr/> <hr/>	<hr/> <hr/>

The unaudited condensed 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 2013 and the accompanying notes on page 29 to 44 attached to the unaudited condensed interim financial statements.

CITIBANK BERHAD
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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2014

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Income derived from investments of depositors' funds and others	(j) 12,818	16,244
Provision for financing, advances and other loans	(k) 213	(7)
Total attributable income	<u>13,030</u>	<u>16,237</u>
Income attributable to depositors	(l) <u>(3,729)</u>	<u>(2,890)</u>
Total attributable to the Bank	9,301	13,348
Income derived from investment of Islamic Banking Capital funds	(m) <u>4,715</u>	<u>5,354</u>
Total net income	14,016	18,702
Other operating expenses	(o) (1,291)	(1,600)
Profit before taxation	<u>12,725</u>	<u>17,102</u>
Tax expense	(6,096)	(4,139)
Profit for the period	<u><u>6,629</u></u>	<u><u>12,964</u></u>
Other comprehensive expense, net of income tax		
Net loss on revaluation of financial investments available-for-sale	<u>(75)</u>	<u>(78)</u>
Other comprehensive expense for the period, net of income tax	(75)	(78)
Total comprehensive income for the period	<u><u>6,554</u></u>	<u><u>12,886</u></u>
Profit for the period attributable to:		
Equity holder of the Bank	<u><u>6,629</u></u>	<u><u>12,964</u></u>
Total comprehensive income attributable to:		
Equity holder of the Bank	<u><u>6,554</u></u>	<u><u>12,886</u></u>

The unaudited condensed 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 2013 and the accompanying notes on page 29 to 44 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 2014**

	Group and Bank			
	Capital funds RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013	20,000	169	235,098	255,267
Profit for the period	-	-	12,964	12,964
Other comprehensive expense for the period	-	(78)	-	(78)
At 30 June 2013	20,000	91	248,062	268,153
At 1 January 2014	20,000	100	272,265	292,365
Profit for the period	-	-	6,629	6,629
Other comprehensive expense for the period	-	(75)	-	(75)
At 30 June 2014	20,000	25	278,894	298,919

Note (i)

The unaudited condensed 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 2013 and the accompanying notes on page 29 to 44 attached to the unaudited condensed interim financial statements.

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(a) Cash and short term funds

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Cash and balances with banks and other financial institutions	3,037	4,216
Money at call and deposit placements maturing within one month	957,210	721,000
	960,247	725,216

(b) Financial assets held-for-trading

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
At fair value		
Bank Negara Malaysia Islamic Bills	29,359	-
Malaysian Government Treasury Bills	9,896	9,751
	39,255	9,751

(c) Financial investments available-for-sale

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
At fair value		
Malaysian Government Investment Issues	50,040	249,018
	50,040	249,018

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(d) Financing, advances and other loans

(i) By type

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Term financing		
- Housing loans/financing	337,257	363,374
	<u>337,257</u>	<u>363,374</u>
Unearned income	(14,115)	(16,226)
	<u>323,142</u>	<u>347,148</u>
Gross financing, advances and other loans		
Less:		
Allowance for impaired loans, advances and financing		
- Collective assessment allowance	(379)	(615)
- Individual assessment allowance	(827)	(808)
	<u>321,936</u>	<u>345,725</u>
Total net financing, advances and other loans		

(ii) By contract

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Bai' Bithamin Ajil	21,786	24,534
Diminishing Musharakah	301,356	322,614
	<u>323,142</u>	<u>347,148</u>

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

(iii) By profit rate sensitivity

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Fixed rate		
- House loans/financing	323,142	347,148

(iv) By sector

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Household-residential	322,557	343,740
Other sectors	585	3,408
	323,142	347,148

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(e) Impaired financing, advances and other loans

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

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
At 1 January	10,840	9,758
Classified as impaired during the period/year	210	6,101
Amount recovered	(1,981)	(3,642)
Amount written off	-	(1,377)
At 30 June/ 31 December	9,069	10,840
Individual assessment allowance	(827)	(808)
Net impaired financing, advances and other loans	8,242	10,032
Ratio of net impaired financing, advances and other loans to total gross financing, advances and other loans	2.56%	2.90%

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(e) Impaired financing, advances and other loans (continued)

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

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
<u>Collective assessment allowance</u>		
At 1 January	615	543
(Written back)/ allowance made during the period/year	(236)	72
At 30 June/ 31 December	379	615
As % of gross financing, advances and other loans less individual assessment allowance	0.12%	0.18%
<u>Individual assessment allowance</u>		
At 1 January	808	2,144
Allowance made during the period/year	41	176
Allowance written back during the period/year	(17)	(122)
Amount written off	(5)	(1,390)
At 30 June/ 31 December	827	808

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

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Household - Residential	9,069	10,840
	9,069	10,840

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(f) Other assets

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Profit receivables	1,253	891
Other debtors, deposits and prepayments	43,045	5,136
Revaluation gain on profit rate undertaking contracts (Note r)	20,989	22,636
	65,287	28,663
	65,287	28,663

(g) Deposits from customers

(i) By type of deposit

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Non-Mudharabah Fund		
Demand deposits	930,538	834,654
Saving deposits	57,258	63,511
Other deposits	5,772	4,371
Negotiable Instrument of Deposit	85,580	85,580
Mudharabah fund		
General investment deposits	1,872	6,514
	1,081,020	994,630
	1,081,020	994,630

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(g) Deposits from customers (continued)

(ii) By type of customers

	Group and Bank	
	June	December
	2014	2013
	RM'000	RM'000
Government and statutory bodies	531,333	141,657
Business enterprises	310,671	760,135
Individuals	65,421	72,562
Others	173,595	20,276
	<hr/>	<hr/>
	<u>1,081,020</u>	<u>994,630</u>

CITIBANK BERHAD
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(h) Other liabilities

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Profit payable	31	36
Other creditors and accruals	34,626	50,437
Revaluation loss on profit rate undertaking contracts (Note r)	20,989	22,636
Taxation	24	1
	<hr/>	<hr/>
	<u>55,670</u>	<u>73,110</u>

(i) Islamic Banking Fund

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Fund allocated	20,000	20,000
Fair value reserve	25	100
Retained earnings	278,894	272,265
	<hr/>	<hr/>
	<u>298,918</u>	<u>292,365</u>

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

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

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Income derived from investment of:		
(i) General investment deposits	11,477	14,221
(ii) Other deposits	1,341	2,023
	<hr/>	<hr/>
	12,818	16,244
	<hr/> <hr/>	<hr/> <hr/>

(i) Income derived from investment of general investment deposits

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Finance income and hibah		
Financing, advances and other loans	5,689	6,649
Money at call and placements with financial institutions	4,437	3,394
Income from financial investments available-for-sale	622	708
Income from financial assets held-for-trading	-	101
	<hr/>	<hr/>
	10,748	10,852
Accretion of discount less amortisation of premium	728	3,359
Total finance income and hibah	<hr/>	<hr/>
	11,476	14,211
	<hr/> <hr/>	<hr/> <hr/>
Other operating income		
Fee income	1	10
	<hr/>	<hr/>
Income from general investment deposits	11,477	14,221
	<hr/> <hr/>	<hr/> <hr/>

**CITIBANK BERHAD
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ISLAMIC BANKING OPERATIONS**

(Company No. 297089 M)

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

(ii) Income derived from investment of other deposits

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Finance income and hibah		
Financing, advances and other loans	665	946
Money at call and placements with financial institutions	518	483
Income from financial investments available-for-sale	73	101
Income from securities held-for-trading	-	14
	1,256	1,544
Accretion of discount less amortisation of premium	85	478
Total finance income and hibah	1,341	2,022
Other operating income		
Fee income	-	1
	1,341	2,023

(k) Provision for financing, advances and other loans

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Provision for financing, advances and other loans:		
<u>Individual assessment allowance</u>		
- made in the financial period	41	44
- written back	(18)	(39)
<u>Collective assessment allowance</u>		
- (Written back)/ made during the period	(236)	2
<u>Impaired financing, advances and other loans</u>		
- written back	-	-
	(213)	7

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(l) Income attributable to depositors

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Deposits from customers		
- Mudharabah funds	2,180	1,441
- Non-Mudharabah funds	1,532	1,412
Deposits and placements of banks and other financial institutions		
- Non-Mudharabah funds	-	-
Others	17	37
	<u>3,729</u>	<u>2,890</u>

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(m) Income/(expense) derived from investment of Islamic Banking Capital Funds

	Group and Bank	
	June 2014 RM'000	June 2013 RM'000
Financing, advances and other loans	1,581	1,547
Money at call and placements with financial institutions	1,233	790
Income from financial investments available-for-sale	173	165
Income from securities held-for-trading	-	23
	<u>2,987</u>	<u>2,525</u>
Accretion of discount less amortisation of premium	1,339	777
Total finance income and hibah	<u>4,325</u>	<u>3,302</u>
Other operating income/(expense)		
(Loss)/gain from financial assets held-for-trading	26	85
Gain from financial investments available-for-sale	-	-
Fee income	332	553
Loss from trading activities	2	1,291
Insurance premium and referral	31	124
	<u>390</u>	<u>2,053</u>
Income from Islamic Banking Capital Funds	<u><u>4,715</u></u>	<u><u>5,354</u></u>

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(n) Income from Islamic banking operations

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

		Group and Bank	
		June 2014 RM'000	June 2013 RM'000
Income derived from investment of depositors' funds and others	(j)	12,818	16,244
Income attributable to depositors	(l)	(3,729)	(2,890)
Income derived from investment of Islamic Banking Funds	(m)	4,715	5,354
		<hr/>	<hr/>
		<u>13,804</u>	<u>18,709</u>

(o) Other operating expenses

		Group and Bank	
		June 2014 RM'000	June 2013 RM'000
Personnel costs		182	125
Administrative and general expenses		1,109	1,475
		<hr/>	<hr/>
		<u>1,291</u>	<u>1,600</u>

**CITIBANK BERHAD
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(p) Capital adequacy

(i) The capital adequacy ratios are as follows:

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
Computation of Total Risk Weighted Assets ("RWA")		
Total credit RWA	141,104	143,700
Total market RWA	172,085	99,584
Total operational RWA	61,039	68,023
Total Risk Weighted Assets	374,228	311,307
Computation of Capital Ratios		
Common Equity Tier I ("CET I") Capital	292,276	290,579
Tier 1 Capital	292,276	290,579
Total Capital	292,410	290,749
Common Equity Tier I ("CET I") capital ratio	78.101%	93.342%
Tier 1 capital ratio	78.101%	93.342%
Total capital ratio	78.137%	93.396%

With effect from 1 January 2013, the total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) dated 28 November 2012 and 27 June 2013 respectively. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the Bank Negara Malaysia's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for common equity Tier I capital ratio and Tier I capital ratio are 4.0% and 5.5% respectively for year 2014. The minimum regulatory capital adequacy requirement remains at 8.0% (2013 - 8.0%) for total capital ratio.

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

	Group and Bank	
	June 2014 RM'000	December 2013 RM'000
CET 1 Capital/Tier 1 Capital		
Fund allocated	20,000	20,000
Retained earnings	272,265	272,265
Other reserves	25	100
Less: Deferred tax assets, net	-	(1,731)
Less: 55% of cumulative gains of AFS financial instruments (other than financing and receivables)	(14)	(55)
Total CET 1 Capital/Tier 1 Capital	292,276	290,579
Tier 2 Capital		
Collective impairment provisions and regulatory reserves*	134	170
Total Tier 2 Capital	134	170
Total Capital	292,410	290,749

* Excludes collective assessment allowance on impairment loans restricted from Tier II Capital by BNM of RM245,000 (2013: RM445,000)

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(q) 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 2014 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Profit rate related contracts:			
One year or less	-	-	-
Over one year to five years	585,000	33,974	6,795
Over five years	75,000	8,915	1,783
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,086	2,543	1,891
Total	665,086	45,432	10,469

December 2013 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Profit rate related contracts:			
One year or less	-	-	-
Over one year to five years	500,000	32,793	6,559
Over five years	75,000	10,343	2,069
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,621	3,310	2,466
Total	581,621	46,446	11,094

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(r) Derivative financial instruments

	<----- 30 June 2014----->			<----- 31 December 2013 ----->		
	Contract	Positive	Negative	Contract	Positive	Negative
	Amount	fair	fair	amount	fair	fair
	RM'000	value	value	RM'000	value	value
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Others						
- Islamic profit rate undertaking	1,420,000	20,989	20,989	1,250,000	22,636	22,636
	1,420,000	20,989	20,989	1,250,000	22,636	22,636
		Note (f)	Note (h)		Note (f)	Note (h)