



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

UNAUDITED CONDENSED FINANCIAL STATEMENTS
30 September 2013

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 SEPTEMBER 2013

	Note	Group		Bank	
		September 2013 RM'000	December 2012 RM'000	September 2013 RM'000	December 2012 RM'000
ASSETS					
Cash and short term funds	1	10,328,882	10,293,235	10,328,862	10,293,215
Deposits and placements with banks and other financial institutions	2	506,232	296,775	506,232	296,775
Securities purchased under resale agreements		890,699	743,921	890,699	743,921
Financial assets held-for-trading	3	2,841,151	3,045,057	2,841,151	3,045,057
Financial investments available for-sale	4	2,047,493	3,399,436	2,047,493	3,399,436
Loans, advances and financing	5	20,199,116	19,276,194	20,199,116	19,276,194
Other assets	7	1,021,063	832,926	1,021,063	832,926
Statutory deposits with Bank Negara Malaysia	8	486,360	438,840	486,360	438,840
Deferred tax assets		17,994	17,292	17,994	17,292
Investment in subsidiary companies		-	-	20	20
Plant and equipment		90,100	109,343	90,100	109,343
TOTAL ASSETS		38,429,090	38,453,019	38,429,090	38,453,019
LIABILITIES					
Deposits from customers	9	28,769,455	28,932,489	28,769,455	28,932,489
Deposits and placements of banks and other financial institutions	10	2,415,658	2,855,220	2,415,658	2,855,220
Bills and acceptances payable		400,028	133,076	400,028	133,076
Other liabilities	11	2,676,515	2,246,414	2,676,515	2,246,414
TOTAL LIABILITIES		34,261,656	34,167,199	34,261,656	34,167,199
EQUITY					
Share capital	12	121,697	121,697	121,697	121,697
Reserves	13	4,045,737	4,164,123	4,045,737	4,164,123
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		4,167,434	4,285,820	4,167,434	4,285,820
TOTAL LIABILITIES AND EQUITY		38,429,090	38,453,019	38,429,090	38,453,019
OFF-BALANCE SHEET EXPOSURES	20	84,589,391	79,345,922	84,589,391	79,345,922

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 2012 and the accompanying notes on page 5 to 44 attached to the unaudited condensed interim financial statements.

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**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Note	Group and Bank	
		September 2013 RM'000	September 2012 RM'000
Revenue		1,647,497	1,802,749
Interest income	14	1,156,953	1,265,183
Interest expense	15	(338,469)	(391,388)
Net interest income		<u>818,484</u>	<u>873,795</u>
Net income from Islamic banking operations		27,092	31,480
Other operating income	16	463,452	506,086
Total net income		<u>1,309,028</u>	<u>1,411,361</u>
Other operating expenses	17	(680,952)	(682,214)
Operating profit		<u>628,076</u>	<u>729,147</u>
Allowance/ Provision for loans, advances and financing	18	(115,951)	(95,640)
Profit before taxation		<u>512,125</u>	<u>633,507</u>
Tax expense		(128,563)	(172,288)
Profit for the period		<u><u>383,562</u></u>	<u><u>461,219</u></u>
Other comprehensive expense, net of income tax			
Net loss on revaluation of financial investments available-for-sale		(1,948)	(13,615)
Other comprehensive expense for the period, net of income tax		(1,948)	(13,615)
Total comprehensive income for the period		<u><u>381,614</u></u>	<u><u>447,604</u></u>
Profit for the period attributable to:			
Equity holder of the Bank		<u><u>383,562</u></u>	<u><u>461,219</u></u>
Total comprehensive income attributable to:			
Equity holder of the Bank		<u><u>381,614</u></u>	<u><u>447,604</u></u>
Earnings per share - basic (sen)		<u><u>420</u></u>	<u><u>505</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 2012 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 NINE MONTHS ENDED 30 SEPTEMBER 2013

Group and Bank	←----- Attributable to equity holder of the Bank -----→							Total RM'000
	←----- Non-Distributable -----→				Distributable		Total Reserves RM'000	
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair value Reserve RM'000	Retained Profits RM'000			
At 1 January 2012	121,697	380,303	121,697	7,387	3,384,339	3,893,726	4,015,423	
Profit for the period	-	-	-	-	461,219	461,219	461,219	
Other comprehensive expense for the period	-	-	-	(13,615)	-	(13,615)	(13,615)	
Dividend paid	-	-	-	-	(300,000)	(300,000)	(300,000)	
At 30 September 2012	<u>121,697</u>	<u>380,303</u>	<u>121,697</u>	<u>(6,228)</u>	<u>3,545,558</u>	<u>4,041,330</u>	<u>4,163,027</u>	
At 1 January 2013	121,697	380,303	121,697	(823)	3,662,946	4,164,123	4,285,820	
Profit for the period	-	-	-	-	383,562	383,562	383,562	
Other comprehensive expense for the period	-	-	-	(1,948)	-	(1,948)	(1,948)	
Dividend paid	-	-	-	-	(500,000)	(500,000)	(500,000)	
At 30 September 2013	<u>121,697</u>	<u>380,303</u>	<u>121,697</u>	<u>(2,771)</u>	<u>3,546,508</u>	<u>4,045,737</u>	<u>4,167,434</u>	

Note 13

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 2012 and the accompanying notes on page 5 to 44 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 30 SEPTEMBER 2013**

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Profit before taxation	512,125	633,507
Adjustments for non cash items	184,565	(7,190)
Operating profit before working capital changes	696,690	626,317
Changes in working capital :		
Net changes in operating assets	(1,458,123)	1,722,337
Net changes in operating liabilities	99,826	(2,093,323)
Income taxes paid	(133,933)	(136,019)
Net cash (used in)/ generated from operating activities	(795,540)	119,312
Net cash generated from investing activities	1,331,187	951,071
Net cash used in financing activities	(500,000)	(300,000)
Net changes in cash and cash equivalents	35,647	770,383
Cash and cash equivalents at beginning of the year	10,293,215	11,968,420
Cash and cash equivalents at end of the period	10,328,862	12,738,803

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 2012 and the accompanying notes on page 5 to 44 attached to the unaudited condensed interim financial statements.

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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 nine months ended 30 September 2013 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 2012. 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 2012.

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 2012.

A2 Auditor's Report on preceeding Annual Financial Statements

The audit report on the audited financial statements for the financial year ended 31 December 2012 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 nine months ended 30 September 2013.

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 nine months ended 30 September 2013.

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 nine months ended 30 September 2013.

A7 Dividend

The final ordinary dividends proposed in respect of the year ended 31 December 2012 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 nine months ended 30 September 2013.

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B Review of performance and current year prospects

B1 Performance Review

Citibank Berhad registered a pre-tax profit of RM512 million and revenue of RM1,647 million for nine months ended 30 September 2013, a decrease of 19% or RM121 million in pre-tax profit as compared to previous corresponding period. The lower profit was mainly contributed by a decrease of 9% or RM108 million in interest income as compared to previous corresponding period. Interest expense recorded a decrease of 14% or RM53 million and net income from Islamic banking operation decreased by 14% or RM4 million as compared to previous corresponding period.

Total assets have a minimal decrease of RM24 million as compared to 31 December 2012. Deposits and placements with banks and other financial institutions recorded an increase of 71% or RM209 million, followed by an increase in loans, advances and financing of 5% or RM923 million as compared to 31 December 2012. Total liabilities have a minimal increase of RM94 million as compared to 31 December 2012. Deposits and placements of banks and other financial institutions recorded a decrease of 15% or RM440 million.

B2 Prospects for 2013

Bank Negara revised GDP growth to 4.5 - 5% citing the weak external sector and downside risks stemming from developments in several major economies. World Bank lowered Malaysia's GDP growth forecast to 4.3%, down 0.8% for 2013 with expectations that the government will rein in its fiscal deficit. Fitch's downgrade of Malaysia's outlook to "negative" from "stable" last July drew unfavourable attention to the widening fiscal deficit and the government's weakness in managing its public finances.

Inflation remained low at 1.7% in the first seven months of the year, but it may breach the 3% tolerance threshold by year-end following the 20 sen RON95 and diesel price increase plus the anticipated second round price effects. An interest rate hike is likely in 2014, although this is subject to several factors, including the timing and magnitude of the government's subsidy rationalisation programme and rate of inflation. Monetary policy will continue to be accommodating. It will continue to evaluate uncertainties surrounding domestic growth and inflation, and assess the impact of global and financial developments on the growth trajectory of the Malaysian economy.

In the banking sector, credit measures such as further reduction of loan-to-value ratios, removal of the developer interest-bearing scheme (DIBS) and the banning of creative financing schemes are anticipated. These measures could potentially slow down loan growth. The Islamic finance industry launched Malaysia as the "World's Islamic Finance Marketplace" with key components identified in Islamic banking, Islamic capital market, takaful and re-takaful, Islamic money market, and Islamic fund and wealth management.

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(1) Cash and short term funds

	Group	
	September 2013 RM'000	December 2012 RM'000
Cash and balances with banks and other financial institutions	77,212	88,995
Money at call and deposit placements maturing within one month	10,251,670	10,204,240
	10,328,882	10,293,235
	10,328,882	10,293,235

	Bank	
	September 2013 RM'000	December 2012 RM'000
Cash and balances with banks and other financial institutions	77,192	88,975
Money at call and deposit placements maturing within one month	10,251,670	10,204,240
	10,328,862	10,293,215
	10,328,862	10,293,215

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

	Group and Bank	
	September 2013 RM'000	December 2012 RM'000
Licensed banks	506,232	296,775
	506,232	296,775
	506,232	296,775

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(3) Financial assets held-for-trading

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
At fair value		
Malaysian Government Treasury Bills	134,344	103,053
Malaysian Government Securities	754,727	642,680
Malaysian Government Investment Issues	93,248	267,104
Bank Negara Malaysia Bills/Notes	1,858,832	2,032,220
	2,841,151	3,045,057
	2,841,151	3,045,057

(4) Financial investment available-for-sale

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Malaysian Government Treasury Bills/ Securities	1,529,624	1,698,966
Bank Negara Malaysia Bills	-	788,073
Malaysian Government Investment Issues	510,370	904,898
Unquoted securities	7,499	7,499
	2,047,493	3,399,436
	2,047,493	3,399,436

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(5) Loans, advances and financing

(i) By type

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Overdrafts	604,326	408,205
Term loans/financing		
-Housing loans/financing	9,294,308	8,956,129
-Hire purchase receivables	808	808
-Lease receivables	570	570
-Other term loans/financing	1,349,639	1,350,200
Bills receivable	977,333	740,065
Trust receipts	8,004	13,100
Claims on customers under acceptance credits	1,063,162	922,132
Staff loans	81,449	91,719
Share margin financing	195,006	180,455
Credit cards receivables	6,128,374	6,093,593
Revolving credit	1,097,440	1,099,443
Other loans	-	6,578
	<u>20,800,419</u>	<u>19,862,997</u>
Unearned interest and income	(21,239)	(23,970)
Gross loans, advances and financing	<u>20,779,180</u>	<u>19,839,027</u>
Less:		
Allowance for impaired loans, advances and financing		
- Collective assessment allowance	(379,550)	(357,064)
- Individual assessment allowance	(200,514)	(205,769)
Net loans, advances and financing	<u><u>20,199,116</u></u>	<u><u>19,276,194</u></u>

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(5) Loans, advances and financing (continued)

(ii) By interest/profit rate sensitivity

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Fixed rate		
Housing loans/financing	696,765	741,937
Hire purchase receivables	808	808
Other fixed rate loans/financing	9,428,281	9,181,998
Variable rate		
BLR plus	9,386,199	9,034,808
Cost plus	1,267,127	879,476
	20,779,180	19,839,027

(iii) By sector

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Primary agriculture	68,683	93,268
Mining & quarrying	52,494	32,050
Manufacturing (including agriculture based)	1,785,014	1,705,728
Electricity, gas, water	7,281	84,074
Construction	41,130	43,163
Wholesale, retail trade, restaurants and hotels	1,050,871	758,725
Transport, storage and communication	340,199	307,544
Finance, insurance, real estate and business services	816,653	639,076
Education, health and others	28,779	9,862
Household		
- consumption credit	6,755,692	6,689,390
- residential	9,045,670	8,751,212
- purchase of securities	195,827	180,455
- others	231,667	248,290
Other sectors	359,220	296,190
	20,779,180	19,839,027

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(5) Loans, advances and financing (continued)

(iv) Residual contractual maturity

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Maturing within one year	10,377,192	9,691,474
One to five years	665,077	739,269
Over five years	9,736,911	9,408,284
	<u>20,779,180</u>	<u>19,839,027</u>

(v) By geographical distribution

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Within Malaysia	<u>20,779,180</u>	<u>19,839,027</u>

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(6) Impaired loans, advances and financing

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

	Group and Bank	
	September 2013 RM'000	December 2012 RM'000
At 1 January	481,854	518,800
Classified as impaired during the period/year	488,890	694,620
Reclassified as performing during the period/year	(283,478)	(361,861)
Amount recovered	(122,236)	(205,842)
Amount written off	(111,653)	(163,863)
At 30 September / 31 December	453,377	481,854
Individual assessment allowance	(200,514)	(205,769)
Net impaired loans, advances and financing	252,863	276,085
Ratio of net impaired loans and financing to gross loans and financing less individual assessment allowance	1.23%	1.41%

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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	
	September	December
	2013	2012
	RM'000	RM'000
<u>Collective assessment allowance</u>		
At 1 January	357,064	365,325
Allowance made/ (Written back) during the period/ year, net	22,486	(8,261)
At 30 September / 31 December	379,550	357,064
As % of gross loans, advances and financing less individual assessment allowance	1.84%	1.82%
<u>Individual assessment allowance</u>		
At 1 January	205,769	219,436
Allowance made during the period/ year	8,480	10,957
Written back during the period/ year	(9,280)	(19,777)
Written off during the period/ year	(4,455)	(4,847)
At 30 September / 31 December	200,514	205,769

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

(iii) Impaired loans, advances and financing by sector

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Primary agriculture	7,388	7,689
Mining & quarrying	764	373
Manufacturing (including agriculture based)	33,919	33,651
Construction	12,907	13,492
Wholesale, retail trade, restaurants and hotels	16,299	16,300
Transport, storage and communication	63	71
Finance, insurance, real estate and business services	7,760	7,556
Household		
- consumption credit	100,499	117,880
- residential	253,546	264,529
- purchase of securities	19,567	19,831
Other sectors	665	482
	<hr/>	<hr/>
	<u>453,377</u>	<u>481,854</u>

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

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Within Malaysia	<hr/>	<hr/>
	<u>453,377</u>	<u>481,854</u>

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(7) Other assets

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Interest/ Income receivables	30,508	42,295
Other debtors, deposits and prepayments	337,282	293,651
Derivative assets (Note 21)	623,343	472,092
Taxation	29,930	24,888
	<u>1,021,063</u>	<u>832,926</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 37(1)(c) of the Central Bank of Malaysia Act 1958 (revised - 1994) to satisfy the Statutory Reserve Requirement (“SRR”), the amount of which is determined as a set percentage of total eligible liabilities.

Based on the revised SRR guideline issued by BNM, the SRR rate was revised to 4% effective on 16 July 2011 (16 May 2011: 3%).

(9) Deposits from customers

(i) By type of deposit

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Demand deposits	12,151,777	11,908,032
Saving deposits	969,970	762,393
Fixed deposits	9,847,182	9,791,266
Other deposits	5,569,432	6,289,233
Negotiable instruments of deposit	135,580	144,403
Others - cash collateral	95,514	37,162
	<u>28,769,455</u>	<u>28,932,489</u>

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(9) Deposits from customers (continued)

(ii) By type of customers

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Government and statutory bodies	441,650	281,570
Business enterprises	15,926,592	15,755,296
Individuals	9,373,295	9,810,329
Others	3,027,918	3,085,294
	28,769,455	28,932,489

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

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Due within six months	12,076,924	12,652,604
Six months to one year	3,113,794	3,084,133
One year to three years	271,749	371,650
Three years to five years	89,727	116,515
	15,552,194	16,224,902

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

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Licensed banks	2,414,836	2,746,513
Licensed finance companies	822	108,707
	2,415,658	2,855,220

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(11) Other liabilities

	Group and Bank	
	September 2013 RM'000	December 2012 RM'000
Interest/Profit payables	48,050	52,883
Other creditors and accruals	2,113,466	1,664,584
Provision for retirement benefits	-	270
Derivatives liabilities (Note 21)	514,999	528,677
	<u>2,676,515</u>	<u>2,246,414</u>

(12) Share capital

	Group and Bank			
	Amount	Number of shares		Amount
	September 2013 RM'000	September 2013 '000	December 2012 RM'000	December 2012 '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	
	September 2013 RM'000	December 2012 RM'000
Share premium	380,303	380,303
Statutory reserve	121,697	121,697
Fair value reserve	(2,771)	(823)
Retained profits	3,546,508	3,662,946
	<u>4,045,737</u>	<u>4,164,123</u>

**CITIBANK BERHAD
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(14) Interest income

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Loans and advances		
- Interest income other than recoveries from impaired loans	856,313	874,896
- Recoveries from impaired loans	35,734	40,447
Money at call and deposit placements with financial institutions	107,947	160,403
Financial assets held-for-trading	29,997	34,683
Financial investments available-for-sale	65,313	71,723
Financial investments held-to maturity	-	1,133
Securities purchased under resale agreements	18,314	23,988
	<u>1,113,618</u>	<u>1,207,273</u>
Accretion of discounts	43,335	57,910
	<u><u>1,156,953</u></u>	<u><u>1,265,183</u></u>

(15) Interest expense

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Deposits and placements of banks and other financial institutions	14,893	27,092
Deposits from customers	320,370	361,457
Others	3,206	2,839
	<u>338,469</u>	<u>391,388</u>

**CITIBANK BERHAD
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(16) Other operating income

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Fee income:		
Commission	115,299	108,609
Service charges and fees	10,641	11,460
Guarantee fees	4,476	4,841
Bankcard fees	154,464	173,202
Insurance premium and referral	24,072	20,455
Other fee income	49,282	34,916
	<u>358,234</u>	<u>353,483</u>
Trading income:		
Unrealised loss from revaluation of financial assets held-for-trading	(4,684)	(2,947)
Net gain from sales of securities		
- Financial assets held-for-trading	2,422	5,510
- Financial investments available-for-sale	7,669	17,688
Gross dividends from unquoted securities	245	28
	<u>5,652</u>	<u>20,279</u>
Other income:		
Foreign exchange profit		
- unrealised gain	133,630	78,797
- realised gain	23,433	26,747
(Loss)/ Gain from derivatives	(57,487)	27,020
Loss on disposal of of plant and equipment	(10)	(240)
	<u>99,566</u>	<u>132,324</u>
Total other operating income	<u>463,452</u>	<u>506,086</u>

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(17) Other operating expenses

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Personnel costs		
-Salaries, allowances and bonuses	246,617	248,588
-Contribution to Employees Provident Fund	32,289	31,238
-Staff benefits and other compensations	30,067	34,226
-Others	6,715	8,196
	<u>315,688</u>	<u>322,248</u>
Establishment costs		
-Depreciation	27,018	20,571
-Rental of premises	17,518	18,000
-Hire of equipments	1,612	3,113
-Utilities	3,991	4,724
-Others	13,350	19,824
	<u>63,489</u>	<u>66,232</u>
Marketing expenses		
-Advertisement and promotional expenses	33,892	37,717
-Others	518	1,071
	<u>34,410</u>	<u>38,788</u>
Administration and general expenses		
-Processing cost	189,829	174,532
-Auditors' remuneration	573	306
-Stationeries and supplies	3,268	3,538
-Communication expenses	7,162	5,164
-Maintenance of office equipment	802	3,139
-Others	65,731	68,267
	<u>267,365</u>	<u>254,946</u>
Total other operating expenses	<u><u>680,952</u></u>	<u><u>682,214</u></u>

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

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Allowance/ provision for loans, advances and financing :		
<u>Individual assessment</u>		
- made in the financial period	8,480	7,055
- written back	(9,280)	(16,548)
<u>Collective assessment</u>		
- made/ (written back) in the financial period	22,486	(2,347)
<u>Impaired loans, advances and financing</u>		
- written back	(66,381)	(67,824)
- written off	160,646	175,304
	115,951	95,640

CITIBANK BERHAD
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(19) Capital adequacy

(a) The capital adequacy ratios are as follows:

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Computation of Total Risk Weighted Assets ("RWA")		
Total credit RWA	22,549,226	20,634,205
Total market RWA	2,087,387	2,223,864
Total operational RWA	3,458,105	3,546,462
Total Risk Weighted Assets	28,094,718	26,404,531
Computation of Capital Ratios		
Common Equity Tier I ("CET I") Capital	3,765,878	N/A
Tier I Capital	3,765,878	4,269,626
Total Capital *	4,023,807	4,484,017
Before deducting proposed dividends:		
Common Equity Tier I ("CET I") capital ratio	NA	N/A
Tier I capital ratio	NA	16.17%
Total capital ratio	NA	16.98%
After deducting dividend payment / proposed dividends:		
Common Equity Tier I ("CET I") capital ratio	13.40%	N/A
Tier I capital ratio	13.40%	14.28%
Total capital ratio	14.32%	15.09%

* In arriving at the capital base used in the ratio calculations of the Bank, payment of dividends were deducted for September 2013 (proposed dividends were not deducted for December 2012).

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 3.5% and 4.5% respectively for year 2013. The minimum regulatory capital adequacy requirement remains at 8.0% (2012 - 8.0%) for total capital ratio.

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
(b) The components of CET I, Tier I and Tier II Capital are as follows:		
CET I Capital		
Paid up ordinary share capital	121,697	121,697
Share premium	380,303	380,303
Retained profits	3,162,946	3,662,946
Other reserves	118,926	121,697
Less: Deferred tax assets, net	(17,994)	(17,017)
Total CET I Capital	3,765,878	4,269,626
Innovative Tier I capital securities	-	-
Non-innovative Tier I stapled securities	-	-
Qualifying CET I and additional Tier I capital instruments held by third parties	-	-
Total Tier I Capital	3,765,878	4,269,626
Tier II Capital		
Collective impairment provisions and regulatory reserves*	257,929	214,411
Total Tier II Capital	257,929	214,411
Total Eligible Tier II	257,929	214,411
Less: Investment in subsidiary companies	-	(20)
Total Capital	4,023,807	4,484,017

* Excludes collective assessment allowance on impairment loans restricted from Tier II Capital by BNM of RM121.6 million (2012: RM142.7 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:

September 2013 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	2,727,339	2,727,339	2,546,489
Transaction related contingent items	528,680	264,340	201,590
Short term self liquidating trade related contingencies	286,988	57,398	54,844
Forward asset purchases	-	-	-
Foreign exchange related contracts:			
One year or less	28,357,176	706,109	514,193
Over one year to five years	3,054,866	337,244	195,109
Over five years	-	-	-
Interest/Profit rate related contracts:			
One year or less	8,244,636	37,269	13,306
Over one year to five years	11,163,415	408,246	132,763
Over five years	1,021,000	76,673	31,142
Equity related contracts:			
One year or less	1,682	167	84
Over one year to five years	166,251	16,944	9,289
Over five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	466,128	35,399	14,527
Over one year to five years	2,182	582	377
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	449,013	89,803	89,803
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,601,586	800,793	572,099
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	5,182,546	-	-
Unutilised credit card lines	21,335,903	4,267,181	3,202,798
Total	84,589,391	9,825,487	7,578,413

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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 2012			
Group and Bank	Principal	Credit	Risk
Nature of item	amount	equivalent	weighted
	RM'000	amount	assets
	RM'000	RM'000	RM'000
Direct credit substitutes	1,775,552	1,775,552	1,614,183
Transaction related contingent items	459,766	229,883	193,184
Short term self liquidating trade related contingencies	223,238	44,648	34,165
Forward asset purchases	233,379	233,379	168,747
Foreign exchange related contracts:			
One year or less	24,502,920	450,794	279,071
Over one year to five years	4,118,926	417,698	231,938
Over five years	91,650	19,022	19,022
Interest/Profit rate related contracts:			
One year or less	8,194,786	133,790	30,061
Over one year to five years	13,016,035	438,593	143,666
Over five years	1,276,778	123,369	51,781
Equity related contracts:			
One year or less	82,608	7,192	1,438
Over one year to five years	130,311	13,794	7,484
Over five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	56,113	7,466	5,479
Over one year to five years	60,497	9,299	4,712
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	568,688	113,738	113,738
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,074,639	537,320	399,334
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	4,861,934	-	-
Unutilised credit card lines	18,618,102	3,723,620	2,795,626
Total	79,345,922	8,279,157	6,093,629

CITIBANK BERHAD
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(21) Derivative financial instruments

	<----- 30 September 2013----->			<----- 31 December 2012 ----->		
	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	49,653,789	311,145	149,015	43,496,302	68,211	98,562
- Cross currency interest rate swaps	4,215,048	92,444	142,326	5,946,434	176,445	175,376
- Options	4,921,269	41,372	28,069	2,093,720	5,099	5,021
Interest rate contracts:						
- Forwards	-	-	-	-	-	-
- Futures	2,535,400	-	-	1,445,000	-	-
- Swaps	19,873,022	169,801	173,327	22,806,028	212,748	231,305
- Options	445,906	129	1,027	454,262	45	1,308
Equity related contracts	197,414	3,710	3,710	212,919	5,604	5,604
Others	597,772	4,742	17,525	274,330	3,940	11,501
	82,439,620	623,343	514,999	76,728,995	472,092	528,677
		Note 7	Note 11		Note 7	Note 11

CITIBANK BERHAD
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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

		Group and Bank	
		September	December
		2013	2012
		RM'000	RM'000
Assets			
Cash and short term funds	(a)	922,343	91,705
Financial assets held-for-trading	(b)	6,960	671,823
Financial investments available-for-sale	(c)	50,150	58,071
Financing, advances and other loans	(d)	358,993	397,083
Deferred tax assets		1,717	1,411
Other assets	(f)	17,243	9,249
		<hr/>	<hr/>
Total assets		1,357,406	1,229,342
		<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Deposits from customers	(g)	995,394	907,552
Deposits and placements of banks and other financial institutions	(h)	1,429	-
Other liabilities	(i)	86,906	66,523
		<hr/>	<hr/>
Total liabilities		1,083,729	974,075
		<hr/> <hr/>	<hr/> <hr/>
Islamic banking funds	(j)	273,677	255,267
		<hr/>	<hr/>
Total liabilities and Islamic banking funds		1,357,406	1,229,342
		<hr/> <hr/>	<hr/> <hr/>
Off-balance sheet exposures	(r)	680,402	607,205
		<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 2012 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 NINE MONTHS ENDED 30 SEPTEMBER 2013

		Group and Bank	
		September	September
		2013	2012
		RM'000	RM'000
Income derived from investments of depositors' funds and others	(k)	24,483	23,184
Provision for financing, advances and other loans	(l)	(75)	(761)
Total attributable income		<u>24,408</u>	<u>22,423</u>
Income attributable to depositors	(m)	<u>(4,683)</u>	<u>(5,008)</u>
Total attributable to the Bank		19,725	17,415
Income derived from investment of Islamic Banking Capital funds	(n)	<u>7,292</u>	<u>13,304</u>
Total net income		27,017	30,719
Other operating expenses	(p)	(2,084)	(2,161)
Profit before taxation		<u>24,933</u>	<u>28,558</u>
Tax expense		(6,468)	(7,066)
Profit for the period		<u><u>18,465</u></u>	<u><u>21,492</u></u>
Other comprehensive expense, net of income tax			
Net loss on revaluation of financial investments available-for-sale		<u>(55)</u>	<u>(233)</u>
Other comprehensive expense for the period, net of income tax		(55)	(233)
Total comprehensive income for the period		<u><u>18,410</u></u>	<u><u>21,259</u></u>
Profit for the period attributable to:			
Equity holder of the Bank		<u><u>18,465</u></u>	<u><u>21,492</u></u>
Total comprehensive income attributable to:			
Equity holder of the Bank		<u><u>18,410</u></u>	<u><u>21,259</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 2012 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 NINE MONTHS ENDED 30 SEPTEMBER 2013

	Group and Bank			Total
	Capital funds	Fair value reserve	Retained profits	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	20,000	542	203,039	223,581
Profit for the period	-	-	21,492	21,492
Other comprehensive expense for the period	-	(233)	-	(233)
At 30 September 2012	<u>20,000</u>	<u>309</u>	<u>224,531</u>	<u>244,840</u>
At 1 January 2013	20,000	169	235,098	255,267
Profit for the period	-	-	18,465	18,465
Other comprehensive expense for the period	-	(55)	-	(55)
At 30 September 2013	<u>20,000</u>	<u>114</u>	<u>253,563</u>	<u>273,677</u>

Note (j)

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 2012 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	
	September	December
	2013	2012
	RM'000	RM'000
Cash and balances with banks and other financial institutions	4,343	3,705
Money at call and deposit placements maturing within one month	918,000	88,000
	<u>922,343</u>	<u>91,705</u>

(b) Financial assets held-for-trading

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
At fair value		
Bank Negara Malaysia Islamic Bills	6,960	662,090
Malaysian Government Treasury Bills	-	9,733
	<u>6,960</u>	<u>671,823</u>

(c) Financial investments available-for-sale

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
At fair value		
Malaysian Government Investment Issues	50,150	58,071
	<u>50,150</u>	<u>58,071</u>

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ISLAMIC BANKING OPERATIONS**

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(d) Financing, advances and other loans

(i) By type

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Term financing		
- Housing loans/ financing	377,390	418,414
- Hire purchase receivables	808	808
- Lease receivables	570	570
	<u>378,768</u>	<u>419,792</u>
Unearned income	(17,015)	(20,022)
	<u>361,753</u>	<u>399,770</u>
Gross financing, advances and other loans		
Less:		
Allowance for impaired loans, advances and financing		
- Collective assessment allowance	(621)	(543)
- Individual assessment allowance	(2,139)	(2,144)
	<u>358,993</u>	<u>397,083</u>
Total net financing, advances and other loans		

(ii) By contract

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Bai' Bithamin Ajil	25,338	30,669
Ijarah Muntahia Bittamilik	1,378	1,378
Diminishing Musharakah	335,037	367,723
	<u>361,753</u>	<u>399,770</u>

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

(iii) By profit rate sensitivity

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Fixed rate		
- House loans/financing	360,375	398,392
- Hire purchase receivables	808	808
- Other fixed rate/financing	570	570
	<hr/>	<hr/>
	<u>361,753</u>	<u>399,770</u>

(iv) By sector

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Manufacturing (including agriculture based)	1,377	1,377
Household-residential	357,846	395,188
Other sectors	2,530	3,205
	<hr/>	<hr/>
	<u>361,753</u>	<u>399,770</u>

CITIBANK BERHAD
AND ITS SUBSIDIARY COMPANIES
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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	
	September	December
	2013	2012
	RM'000	RM'000
At 1 January	9,758	9,629
Classified as impaired during the period/year	5,266	2,354
Amount recovered	(2,350)	(2,225)
At 30 September / 31 December	12,674	9,758
Individual assessment allowance	(2,139)	(2,144)
Net impaired financing, advances and other loans	10,535	7,614
Ratio of net impaired financing, advances and other loans to total gross financing, advances and other loans	2.93%	1.91%

**CITIBANK BERHAD
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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	
	September 2013 RM'000	December 2012 RM'000
<u>Collective assessment allowance</u>		
At 1 January	543	6,764
Allowance made/ (Written back) during the period/ year	78	(6,221)
At 30 September / 31 December	621	543
As % of gross financing, advances and other loans less individual assessment allowance	0.17%	0.14%
<u>Individual assessment allowance</u>		
At 1 January	2,144	2,119
Allowance made during the period/year	51	133
Allowance written back during the period/year	(53)	(91)
Amount written off	(3)	(17)
At 30 September / 31 December	2,139	2,144

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

	Group and Bank	
	September 2013 RM'000	December 2012 RM'000
Manufacturing (including agriculture based)	1,377	1,377
Household - Residential	11,297	8,381
	12,674	9,758

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(f) Other assets

	Group and Bank	
	September 2013 RM'000	December 2012 RM'000
Profit receivables	541	876
Other debtors, deposits and prepayments	5,427	6,352
Revaluation gain on profit rate undertaking contracts (Note s)	11,275	2,021
	<hr/>	<hr/>
	<u>17,243</u>	<u>9,249</u>

(g) Deposits from customers

(i) By type of deposit

	Group and Bank	
	September 2013 RM'000	December 2012 RM'000
Non-Mudharabah Fund		
Demand deposits	798,334	685,700
Saving deposits	58,223	53,787
Other deposits	4,147	60,294
Negotiable Instrument of Deposit	85,580	85,581
Mudharabah fund		
General investment deposits	49,110	22,190
	<hr/>	<hr/>
	<u>995,394</u>	<u>907,552</u>

CITIBANK BERHAD
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(g) Deposits from customers (continued)

(ii) By type of customers

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Government and statutory bodies	169,539	145,853
Business enterprises	490,468	191,370
Individuals	269,647	498,605
Others	65,740	71,724
	<hr/>	<hr/>
	<u>995,394</u>	<u>907,552</u>

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

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Licensed banks	1,429	-
	<hr/>	<hr/>

CITIBANK BERHAD
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(i) Other liabilities

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Profit payable	40	65
Other creditors and accruals	74,053	62,880
Revaluation loss on profit rate undertaking contracts (Note s)	11,275	2,021
Taxation	1,538	1,557
	<hr/>	<hr/>
	<u>86,906</u>	<u>66,523</u>

(j) Islamic Banking Fund

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Fund allocated	20,000	20,000
Fair value reserve	114	169
Retained earnings	253,563	235,098
	<hr/>	<hr/>
	<u>273,677</u>	<u>255,267</u>

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

(Company No. 297089 M)

(Incorporated in Malaysia)

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

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Income derived from investment of:		
(i) General investment deposits	21,791	20,154
(ii) Other deposits	2,692	3,030
	24,483	23,184

(i) Income derived from investment of general investment deposits

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Finance income and hibah		
Financing, advances and other loans	9,973	10,678
Money at call and placements with financial institutions	5,337	4,005
Income from financial investments available-for-sale	1,080	2,866
Income from financial assets held-for-trading	102	389
	16,492	17,938
Accretion of discount less amortisation of premium	5,282	2,178
Total finance income and hibah	21,774	20,116
Other operating income		
Fee income	17	38
	21,791	20,154

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

(ii) Income derived from investment of other deposits

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Finance income and hibah		
Financing, advances and other loans	1,232	1,605
Money at call and placements with financial institutions	659	602
Income from financial investments available-for-sale	133	431
Income from securities held-for-trading	13	58
	<u>2,037</u>	<u>2,696</u>
Accretion of discount less amortisation of premium	653	328
Total finance income and hibah	<u>2,690</u>	<u>3,024</u>
Other operating income		
Fee income	2	6
	<u>2,692</u>	<u>3,030</u>

(l) Provision for financing, advances and other loans

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Provision for financing, advances and other loans:		
<u>Individual assessment allowance</u>		
- made in the financial period	51	124
- written back	(53)	(91)
<u>Collective assessment allowance</u>		
- made during the period	77	728
<u>Impaired financing, advances and other loans</u>		
- written back	-	-
	<u>75</u>	<u>761</u>

**CITIBANK BERHAD
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(Company No. 297089 M)

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(m) Income attributable to depositors

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Deposits from customers		
- Mudharabah funds	2,535	2,762
- Non-Mudharabah funds	2,096	2,206
Deposits and placements of banks and other financial institutions		
- Non-Mudharabah funds	-	-
Others	52	40
	<hr/> <hr/>	<hr/> <hr/>
	4,683	5,008

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

(Company No. 297089 M)

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(n) Income derived from investment of Islamic Banking Capital Funds

	Group and Bank	
	September 2013 RM'000	September 2012 RM'000
Financing, advances and other loans	2,250	3,243
Money at call and placements with financial institutions	1,204	1,216
Income from financial investments available-for-sale	244	870
Income from securities held-for-trading	23	118
	<u>3,721</u>	<u>5,447</u>
Accretion of discount less amortisation of premium	1,183	540
Total finance income and hibah	<u>4,904</u>	<u>5,987</u>
Other operating income/(expense)		
Gain/ (Loss) from financial assets held-for-trading	105	(674)
Gain from financial investments available-for-sale	-	1,044
Fee income	875	1,110
Gain from trading activities	1,284	5,634
Insurance premium and referral	124	203
	<u>2,388</u>	<u>7,317</u>
Income from Islamic Banking Capital Funds	<u><u>7,292</u></u>	<u><u>13,304</u></u>

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

(Company No. 297089 M)

(Incorporated in Malaysia)

(o) Income from Islamic banking operations

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

		Group and Bank	
		September 2013 RM'000	September 2012 RM'000
Income derived from investment of depositors' funds and others	(k)	24,483	23,184
Income attributable to depositors	(m)	(4,683)	(5,008)
Income derived from investment of Islamic Banking Funds	(n)	7,292	13,304
		<hr/>	<hr/>
		<u>27,092</u>	<u>31,480</u>

(p) Other operating expenses

		Group and Bank	
		September 2013 RM'000	September 2012 RM'000
Personnel costs		97	121
Administrative and general expenses		1,987	2,040
		<hr/>	<hr/>
		<u>2,084</u>	<u>2,161</u>

CITIBANK BERHAD
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(q) Capital adequacy

(i) The capital adequacy ratios are as follows:

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
Computation of Total Risk Weighted Assets ("RWA")		
Total credit RWA	146,808	189,349
Total market RWA	96,057	192,293
Total operational RWA	69,270	73,421
Total Risk Weighted Assets	312,135	455,063
Computation of Capital Ratios		
Common Equity Tier I ("CET I") Capital	253,433	N/A
Tier 1 Capital	253,433	253,585
Total Capital	253,625	253,805
Common Equity Tier I ("CET I") capital ratio	81.19%	N/A
Tier 1 capital ratio	81.19%	55.73%
Total capital ratio	81.25%	55.77%

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 3.5% and 4.5% respectively for year 2013. The minimum regulatory capital adequacy requirement remains at 8.0% (2012 - 8.0%) for total capital ratio.

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

	Group and Bank	
	September	December
	2013	2012
	RM'000	RM'000
CET I Capital		
Fund allocated	20,000	20,000
Retained earnings	235,098	235,098
Other reserves	114	-
Less: Deferred tax assets, net	(1,717)	(1,513)
Less: 55% of cumulative gains of AFS financial instruments (other than financing and receivables)	(62)	-
Total CET I Capital	253,433	253,585
Innovative Tier 1 capital securities	-	-
Non-innovative Tier 1 stapled securities	-	-
Qualifying CET I and additional Tier I capital instruments held by third parties	-	-
Total Tier I Capital	253,433	253,585
Tier II Capital		
Collective impairment provisions and regulatory reserves*	192	220
Total Capital	253,625	253,805

* Excludes collective assessment allowance on impairment loans restricted from Tier II Capital by BNM of RM428,000 (2012: RM323,000)

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(r) Off-balance sheet exposures

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

September 2013 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Interest/Profit rate related contracts:			
One year or less			
Over one year to five years	600,000	27,100	5,420
Over five years	75,000	7,675	1,535
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,402	2,701	2,008
Total	680,402	37,476	8,963

December 2012 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Interest/Profit rate related contracts:			
One year or less	100,000	-	-
Over one year to five years	500,000	19,953	12,991
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	7,205	3,603	2,613
Total	607,205	23,556	15,604

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(s) Derivative financial instruments

	<----- 30 September 2013 ----->			<----- 31 December 2012 ----->		
	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	1,300,000	11,275	11,275	1,200,000	2,021	2,021
	1,300,000	11,275	11,275	1,200,000	2,021	2,021
		Note (f)	Note (i)		Note (f)	Note (i)