



20
14

CITIBANK BERHAD [PILLAR 3 DISCLOSURE]

C O N T E N T S

Introduction	02
Capital Adequacy	02
Capital Structure	09
Risk Management	10
Credit Risk	11
Securitization	38
Market Risk	38
Operational Risk	39
Equities	39
Interest Rate Risk/ Rate of Return Risk in the Banking Book (IRR/RORBB)	39
Profit Investment Sharing Accounts and Shariah Governance	40

**Attestation by CEO regarding
Basel II - Pillar 3 Disclosure as at
31 December 2014**

To the best of my knowledge I confirm that the Basel II - Pillar 3 disclosure for the financial year ended 31 December 2014 has been prepared and submitted to Bank Negara Malaysia in accordance with the Guideline on Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3).

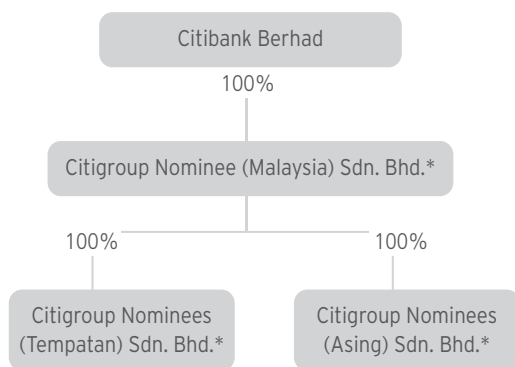
Lee Lung Nien
Chief Executive Officer
Citibank Berhad
Date: 31 March 2015

Pillar 3 Disclosure

1. Introduction

Citibank Berhad was incorporated in Malaysia on 22 April 1994 and has its registered office at 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia. The Bank is licensed under the Financial Services Act 2013 ("FSA"). The Bank also operates an Islamic window under the Islamic Banking Scheme licensed under the Islamic Financial Services Act 2013 ("IFSA").

The group organization structure of Citibank Berhad is detailed below:-



**Principal activity is as a nominee company*

The subsidiaries of Citibank Berhad are consolidated using the purchase method of accounting. The basis of consolidation for financial accounting purposes is the same as that used for regulatory purposes.

The Capital Requirements Directive (CRD), often referred to as Basel II, introduced the need for banks operating under this new legislative framework to publish certain information relating to their risk management and capital adequacy. The disclosure of this information is known as Pillar 3 and is designed to complement the other two pillars of the Basel II, namely the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The disclosure has been prepared in accordance with the Guidelines for Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) (BNM/RH/GL 001-32) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3) (BNM/RH/GL 007-18) issued by Bank Negara Malaysia ("BNM").

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 1 capital ratio and Tier 1 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.

There are no significant restrictions or major impediments on transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of subsidiaries of the Group as at the financial year end.

This Pillar 3 disclosure should be read in conjunction with Citibank Berhad's Financial Statements for the corresponding financial year.

2. Capital Adequacy

The Bank's capital management is designed to ensure that it maintains sufficient capital consistent with the Bank's risk profile and all applicable regulatory standards and guidelines. The Bank adopts a balanced approach in risk taking, balancing senior management and Board of Directors oversight with well-defined independent risk management functions. The Board engages senior management regularly in key activities that may impact capital assessment and adequacy.

As part of the internal capital management process, the Bank has put in place the following:

- (i) 3-year capital plan, whereby the Bank's capital requirements are determined by taking into account its business and strategic plans and financial budget.

- (ii) Internal Capital Targets (“ICT”) that factors the following:
- Minimum capital as required under Basel III to meet the Bank’s business plans;
 - Material and quantifiable Pillar 2 risks where capital has not been set aside under Pillar 1; and
 - The difference between capital ratios under stressed circumstances and normal circumstances.
- (iii) Identified sources of internal capital available to meet the Bank’s capital requirements.

The Bank’s capital levels are monitored against the trigger limits for ICT and are reported to the Asset and Liability Committee (ALCO) and Board. In addition, the Bank’s capital contingency plan is also put in place to set out the actions required if the ICT is triggered.

Based on the current internal capital adequacy assessment, the Bank has adequate capital to support its current and future activities for the next three years.

Other than paid up capital of the Bank, the bank’s capital is historically generated via retained earnings from the business.

2. Capital Adequacy (continued)

The risk weighted assets and Capital Adequacy Ratios of Citibank Berhad are as follows:-

	Dec 2014 RM'000	Dec 2013 RM'000
Computation of Total Risk Weighted Assets (RWA)		
Total Credit RWA	22,069,051	22,178,804
Credit RWA Absorbed by PSIA	-	-
Total Market RWA	2,318,795	2,004,327
Market RWA Absorbed by PSIA	-	-
Total Operational RWA	3,401,571	3,427,065
Large Exposure Risk RWA for Equity Holdings	-	-
Total Risk Weighted Assets	27,789,417	27,610,196
Computation of Capital Ratios		
Common Equity Tier I ("CET I") Capital	4,318,542	4,298,251
Tier 1 Capital	4,318,542	4,298,251
Total Capital	4,620,357	4,542,195
Before deducting proposed dividends		
Common Equity Tier I ("CET I") capital ratio	15.540%	15.568%
Tier 1 capital ratio	15.540%	15.568%
Total capital ratio	16.626%	16.451%
After deducting proposed dividends / dividend payment		
Common Equity Tier I ("CET I") capital ratio	14.101%	13.757%
Tier 1 capital ratio	14.101%	13.757%
Total capital ratio	15.187%	14.640%

The risk weighted assets and Capital Adequacy Ratios for the Islamic Banking Window are as follows:-

	Dec 2014 RM'000	Dec 2013 RM'000
Computation of Total Risk Weighted Assets (RWA)		
Total Credit RWA	121,945	143,700
Credit RWA Absorbed by PSIA	-	-
Total Market RWA	159,484	99,584
Market RWA Absorbed by PSIA	-	-
Total Operational RWA	73,038	68,023
Large Exposure Risk RWA for Equity Holdings	-	-
Total Risk Weighted Assets	354,467	311,307
Computation of Capital Ratios		
Common Equity Tier I ("CET I") Capital	309,626	290,578
Tier 1 Capital	309,626	290,578
Total Capital	309,943	290,748
Common Equity Tier I ("CET I") capital ratio	87.350%	93.341%
Tier 1 capital ratio	87.350%	93.341%
Total capital ratio	87.439%	93.396%

The above ratios are well above the regulatory requirements for total capital adequacy ratios of 8%.

2. Capital Adequacy (continued)

The following table details the classes of RWA and the types of exposure of the Bank as at 31 December 2014:-

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000	
1.0	Credit Risk (Standardized Approach)							
	<i>On-Balance Sheet Exposures</i>							
	Sovereigns/Central Banks	6,027,511	6,027,511	-	-	-	-	
	Banks, Development Financial Institutions and MDBs	4,814,629	4,814,629	1,140,433	-	1,140,433	91,235	
	Corporates, Insurance Cos and Securities Firms	3,784,743	3,502,447	3,411,206	-	3,411,206	272,896	
	Regulatory Retail	7,898,696	7,725,045	5,797,914	-	5,797,914	463,833	
	Residential Mortgages	9,973,411	9,973,411	3,690,267	-	3,690,267	295,221	
	Higher Risk Assets	4,172	4,172	6,257	-	6,257	501	
	Other Assets	483,152	483,153	290,857	-	290,857	23,269	
	Defaulted Exposures	450,644	450,644	463,164	-	463,164	37,053	
	Total for On-Balance Sheet Exposures	33,436,958	32,981,012	14,800,097	-	14,800,097	1,184,008	
	<i>Off-Balance Sheet Exposures</i>							
	OTC Derivatives	1,910,043	1,910,043	1,106,523	-	1,106,523	88,522	
	Credit Derivatives	-	-	-	-	-	-	
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	7,992,307	7,975,047	6,145,446	-	6,145,446	491,636	
	Defaulted Exposures	15,029	15,029	16,986	-	16,986	1,359	
	Total for Off-Balance Sheet Exposures	9,917,379	9,900,119	7,268,955	-	7,268,955	581,516	
	Total On and Off-Balance Sheet Exposures	43,354,337	42,881,130	22,069,051	-	22,069,051	1,765,524	
2.0	Large Exposures Risk Requirement	-	-	-	-	-	-	
3.0	Market Risk (Standardized Approach)	Long position	Short position	Net position				
	Interest Rate Risk	464,520	349,682	114,838	1,986,740	-	1,986,740	158,939
	Foreign Currency Risk	286,457	305,042	(18,585)	305,042	-	305,042	24,403
	Equity Risk	-	-	-	-	-	-	
	Commodity Risk	-	-	-	-	-	-	
	Options Risk	14,186	9,674	4,512	27,013	-	27,013	2,161
	Inventory Risk	-	-	-	-	-	-	
4.0	Operational Risk (Basic Indicator Approach)				3,401,571	-	3,401,571	272,126
	Total RWA				27,789,417	-	27,789,417	2,223,153

2. Capital Adequacy (continued)

The following tables details the classes of RWA and the types of exposure of the Islamic Banking Window as at 31 December 2014:-

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk	Total Risk	Minimum Capital Requirement at 8% RM'000	
				Weighted Assets RM'000	Weighted Assets absorbed by PSIA RM'000		Weighted Assets after effects of PSIA RM'000
1.0	Credit Risk						
	<i>On-Balance Sheet Exposures</i>						
	Sovereigns/Central Banks	984,962	984,962	-	-	-	
	Banks, Development Financial Institutions and MDBs	2	2	1	-	1	
	Corporates, Insurance Cos and Securities Firms	173,272	-	-	-	-	
	Residential Mortgages	291,392	291,392	101,999	-	101,999	
	Other Assets	7,200	7,200	4,140	-	4,140	
	Defaulted Exposures	7,044	7,044	7,044	-	7,044	
	Total for On-Balance Sheet Exposures	1,463,872	1,290,601	113,184	-	113,184	
	<i>Off-Balance Sheet Exposures</i>						
	OTC Derivatives	35,905	35,905	7,181	-	7,181	
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,176	2,176	1,576	-	1,576	
	Defaulted Exposures	3	3	3	-	3	
	Total for Off-Balance Sheet Exposures	38,084	38,084	8,760	-	8,760	
	Total On and Off-Balance Sheet Exposures	1,501,956	1,328,684	121,945	-	121,945	
2.0	Large Exposures Risk Requirement	-	-	-	-	-	
3.0	Market Risk (Standardized Approach)						
	Benchmark Rate Risk	Long position 12,759	Short position -	Net position 12,759	159,484	-	159,484
	Foreign Currency Risk	-	-	-	-	-	-
	Equity Risk	-	-	-	-	-	-
	Commodity Risk	-	-	-	-	-	-
	Options Risk	-	-	-	-	-	-
	Inventory Risk	-	-	-	-	-	-
4.0	Operational Risk (Basic Indicator Approach)						
	Total RWA				73,038	-	73,038
					354,467	-	354,467

2. Capital Adequacy (continued)

The following table details the classes of RWA and the types of exposure of the Bank as at 31 December 2013:

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk Weighted Assets RM'000	Risk Weighted Assets Absorbed by PSIA RM'000	Total Risk Weighted Assets after effects of PSIA RM'000	Minimum Capital Requirement at 8% RM'000	
1.0	Credit Risk (Standardized Approach)							
	<i>On-Balance Sheet Exposures</i>							
	Sovereigns/Central Banks	9,120,070	9,120,070	-	-	-	-	
	Banks, Development Financial Institutions and MDBs	5,198,489	5,198,489	1,396,779	-	1,396,779	111,742	
	Corporates, Insurance Cos and Securities Firms	3,592,192	3,592,192	3,532,160	-	3,532,160	282,573	
	Regulatory Retail	7,506,485	7,319,982	5,493,587	-	5,493,587	439,487	
	Residential Mortgages	9,105,499	9,105,499	3,390,905	-	3,390,905	271,272	
	Higher Risk Assets	10,731	10,731	16,097	-	16,097	1,288	
	Other Assets	427,775	427,775	304,935	-	304,935	24,395	
	Defaulted Exposures	491,719	491,719	504,413	-	504,413	40,353	
	Total for On-Balance Sheet Exposures	35,452,960	35,266,457	14,638,876	-	14,638,876	1,171,110	
	<i>Off-Balance Sheet Exposures</i>							
	OTC Derivatives	1,564,214	1,564,214	871,329	-	871,329	69,706	
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	8,223,275	8,223,275	6,650,701	-	6,650,701	532,056	
	Defaulted Exposures	15,527	15,527	17,898	-	17,898	1,432	
	Total for Off-Balance Sheet Exposures	9,803,016	9,803,016	7,539,928	-	7,539,928	603,194	
	Total On and Off-Balance Sheet Exposures	45,255,976	45,069,473	22,178,804	-	22,178,804	1,774,304	
2.0	Large Exposures Risk Requirement	-	-	-	-	-	-	
3.0	Market Risk (Standardized Approach)	Long position	Short position	Net position				
	Interest Rate Risk	369,230	317,118	52,112	1,584,099	-	1,584,099	126,728
	Foreign Currency Risk	351,920	391,057	(39,137)	391,057	-	391,057	31,285
	Equity Risk	-	-	-	-	-	-	
	Commodity Risk	-	-	-	-	-	-	
	Options Risk	27,004	42,291	(15,287)	29,171	-	29,171	2,334
	Inventory Risk	-	-	-	-	-	-	
4.0	Operational Risk (Basic Indicator Approach)			-	3,427,065	-	3,427,065	274,165
	Total RWA				27,610,196	-	27,610,196	2,208,816

2. Capital Adequacy (continued)

The following tables details the classes of RWA and the types of exposure of the Islamic Banking Window as at 31 December 2013:

Item	Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk	Total Risk	Minimum Capital Requirement at 8% RM'000	
				Weighted Assets RM'000	Weighted Assets after effects of PSIA RM'000		
1.0	Credit Risk (Standardized Approach)						
	<i>On-Balance Sheet Exposures</i>						
	Sovereigns/Central Banks	970,910	970,910	-	-	-	
	Banks, Development Financial Institutions and MDBs	-	-	-	-	-	
	Corporates, insurance cos and securities firms	-	-	-	-	-	
	Residential Mortgages	337,274	337,274	118,701	118,701	9,496	
	Other Assets	9,351	9,351	5,171	5,171	414	
	Defaulted Exposures	8,660	8,660	8,735	8,735	699	
	Total for On-Balance Sheet Exposures	1,326,195	1,326,195	132,607	132,607	10,609	
	<i>Off-Balance Sheet Exposures</i>						
	OTC Derivatives	43,136	43,136	8,627	8,627	690	
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,310	3,310	2,466	2,466	197	
	Total for Off-Balance Sheet Exposures	46,446	46,446	11,093	11,093	887	
	Total On and Off-Balance Sheet Exposures	1,372,641	1,372,641	143,700	143,700	11,496	
2.0	Large Exposures Risk Requirement	-	-	-	-	-	
3.0	Market Risk (Standardized Approach)						
	Benchmark Rate Risk	Long position 7,967	Short position -	Net position 7,967	99,584	99,584	7,967
	Foreign Currency Risk	-	-	-	-	-	
	Equity Risk	-	-	-	-	-	
	Commodity Risk	-	-	-	-	-	
	Options Risk	-	-	-	-	-	
	Inventory Risk	-	-	-	-	-	
4.0	Operational Risk (Basic Indicator Approach)						
	Total RWA				311,307	24,905	

3. Capital Structure

The following details the capital structure for the Group and Bank:

	Group and Bank	
	Dec 2014 RM'000	Dec 2013 RM'000
CET 1 Capital		
Paid up ordinary share capital	121,697	121,697
Share premium	380,303	380,303
Retained earnings	3,719,858	3,695,833
Other reserves	120,164	129,751
Less: Deferred tax assets, net	(19,783)	(19,105)
Less: Defined benefit pension fund assets	(3,697)	(10,228)
Total CET 1 Capital	4,318,542	4,298,251
Innovative Tier 1 capital securities	-	-
Non-innovative Tier 1 stapled securities	-	-
Qualifying CET 1 and additional Tier 1 capital instruments held by third parties	-	-
Total Tier 1 Capital	4,318,542	4,298,251
Tier 2 Capital		
Collective impairment provisions and regulatory reserves	301,815	243,944
Total Tier 2 Capital	301,815	243,944
Total Eligible Tier 2 Capital	301,815	243,944
Less: Investment in subsidiary companies	-	-
Capital Base	4,620,357	4,542,195

The following details the capital structure for the Islamic Banking Window:

	Dec 2014 RM'000	Dec 2013 RM'000
CET 1 Capital		
Fund allocated	20,000	20,000
Retained earnings	289,626	272,265
Other reserves	1	100
Less: Deferred tax assets, net	-	(1,732)
Less: 55% of cumulative gains of AFS financial instruments (other than financing and receivables)	(1)	(55)
Total CET 1 Capital	309,626	290,578
Innovative Tier 1 capital securities	-	-
Non-innovative Tier 1 stapled securities	-	-
Qualifying CET 1 and additional Tier 1 capital instruments held by third parties	-	-
Total Tier 1 Capital	309,626	290,578
Tier 2 Capital		
Collective impairment provisions and regulatory reserves	317	170
Total Capital	309,943	290,748

The capital structure of the Group and the Bank as disclosed above does not have any specific terms and conditions attached to them.

4. Risk Management

A sound risk management process, strong internal controls and well documented policies and procedures are the foundation for ensuring the safety and soundness of the Bank. The Board and Senior Management ensure that capital levels are adequate for the Bank's risk profile. They also ensure that the risk management and control processes are appropriate in the light of the Bank's risk profile and business plans.

The Bank has put in place a risk management system, which leverages in part the risk management framework developed by Citigroup, to oversee and monitor material risks faced by the Bank, including credit, market and operational risks. The Audit Committee assists the Board in overseeing legal, compliance and operational risks and is supported by the Bank's audit and compliance functions. The Audit Committee will review the audit findings of the compliance and internal audit functions at its quarterly meetings, including management's response to the audit findings and progress of the related corrective action plans. The Bank's management, Audit Committee and relevant bank personnel will update the Board during its quarterly meetings about pertinent operational, legal and compliance risk management issues which have arisen during the quarter such as reporting risk positions and performance, capital requirements, risk and control limits.

The Bank has a Risk Management Committee, which together with the Audit Committee and management team assists the Board in fulfilling its oversight responsibility relating to the establishment and operation of a risk management system. The Risk Management Committee has particular oversight of credit, market and liquidity risk; reviews acquisition and disposal of large securities positions of the Bank; and monitors the progress of the Basel II implementation.

The compositions of the Audit Committee and Risk Management Committee are disclosed in the Statement of Corporate Governance in Citibank Berhad's Annual Report.

Strategies & Policies

The Bank's risk management framework recognizes the diversity of the organization's activities by balancing the Board's strong supervision with well-defined independent risk management functions within each business area.

The risk management framework is firmly based on the following six principles, applicable across the board for all businesses and risk types:

- Risk management policies are integrated with business plans and strategies;
- All risks and returns resulting from this are owned and managed by an accountable business unit;
- All risks are managed within a limited framework while the risk limits are endorsed by the business management and approved by an independent risk management organization;
- All risk management policies are clearly and formally documented;
- All risks are measured using well defined methodologies, including stress testing; and
- All risks are comprehensively reported across the organization.

Risks are regularly reviewed by independent risk managers, senior business managers and whenever appropriate, by the Board of Directors themselves.

The independent risk managers are responsible for establishing and implementing risk management policies and practices within their business units while ensuring consistency with Citi's corporate standards.

The independent risk managers are ultimately accountable to the Board and on a day-to-day basis; they are also individually responsible for meeting and responding to the needs of their respective business units, apart from overseeing their existing portfolio risks.

To assess adequacy of the bank's capital to support its current and future activities, the bank has identified material risks applicable to the Citibank Berhad's lines of business, in accordance with the Guidelines for Risk Weighted Capital Adequacy Framework (Basel II) - Internal Capital Adequacy Assessment Process (Pillar 2) issued by BNM (BNM/RH/GL 001-33). Material risks are regularly reviewed by senior management and presented to the Board of Directors. For the purpose of Pillar 3, the following material risks are discussed in this document: Credit Risk, Market Risk (comprising Price Risk, Liquidity Risk, Interest Rate Risk in the Banking Book ("IRRBB")) and Operational Risk.

5. Credit Risk

Credit risk is the potential for financial loss resulting from the failure of a borrower or counter party to honor its financial or contractual obligations.

Credit risk arises in lending, trading and derivatives transactions, securities transactions, settlement and when the Bank acts as an intermediary on behalf of its clients and other third parties. For the retail bank, credit risk arises by way of the borrower being unable to fulfill his contractual commitments thereby resulting in causing credit losses to the Bank.

5.1 Credit Risk management policy

While business managers and independent risk management are jointly responsible for managing the risk/return tradeoffs as well as establishing limits and risk management practices, the origination and approval roles are clearly defined and segregated.

In addition to conforming to established corporate standards, independent credit risk management is responsible for establishing local policies that comply with local regulations and any other relevant legal requirements.

These standards will cover credit origination, measurement and documentation as well as problem recognition, classification and remedial actions. In addition, specific write-off criterion is set according to Citigroup's corporate requirements or the BNM guideline BNM/RH/GC-007-17 on Classification and Impairment Provisions for Loans/Financing, whichever is more stringent.

Independent credit risk management is also responsible for implementing portfolio limits, including obligor limits through risk rating, maturity and business segments to ensure diversification of portfolio. The Risk management team also evaluates the immediate to long term risks for all products and segments thus providing for profitability on a long term sustainable basis.

Continuous monitoring of credit behavior aided by sophisticated debt rating modules, plus portfolio delinquency performance allows independent credit risk management to constantly assess the health of the credit portfolio.

5.2 Definition of past due and impaired loans

Definition of past due loans are disclosed in Note 2(g) of the financial statements.

A loan is impaired when there is objective evidence that demonstrates that a loss event has occurred after the initial recognition of the loan, and that the loss event has an impact on the future cash flows of the loan.

Objective evidence that a loan or a loan portfolio is impaired includes observable data that could include the following loss events:-

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- observable data relating to a portfolio of financial assets such as:
 - i) adverse changes in the payment status of borrowers in the portfolio; and
 - ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Under the revised policy issued by BNM on Classification and Impairment Provisions for Loan Financing, if the repayment conduct of the loan is past due for more than 90 days of either principal, interest or both, the loan shall be classified as impaired. The Bank applies this policy in addition to the above when determining if a loan is impaired.

5.3 Impairment Provision

The Bank complies with the Malaysian Financial Reporting Standards ("MFRS") 139, Financial Instruments: Recognition and Measurement for loan impairment.

5.3.1 Individual Impairment

The Bank assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. For financial assets that are not individually significant assessment for impairment is done individually and/or collectively. If the Group determines that no objective evidence of impairment exists for an individually assessed financial

5. Credit Risk (continued)

5.3 Impairment Provision (continued)

5.3.1 Individual Impairment (continued)

asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Impairment losses are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate.

5.3.2 Collective Impairment

For the purposes of the collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics by using a grading process that considers obligor type, industry, geographical location, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the likelihood of receiving all amounts due under a facility according to the contractual terms of the assets being evaluated.

In assessing the collective impairment, the Bank uses methods as listed below depending on the loan portfolio:-

- i) Statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether the current economic and credit conditions are such that the actual losses incurred are likely to be greater or less than suggested historical modeling. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure they remain appropriate;

- ii) Based upon historical delinquency flow rates, charge-off statistics and loss severity, adjusted for management's judgement as to whether current economic and credit conditions are such that actual losses are likely to be greater or less than suggested by historical modeling.

5.4 Distribution of loans, advances and financing

The following information on loans, advances and financing are disclosed in Note 7 in the financial statement as at 31 December 2014:-

- 1) Geographical distribution
- 2) Sector
- 3) Residual contractual maturity

5.5 Past due loans, individual impairment provision, collective impairment provision, charges for individual impairment provision and write offs by sector

The following tables detail past due loans, individual impairment provision, collective impairment provision, charges for individual impairment provision and write offs by sector as at 31 December 2014:-

The information on impaired loans by geographic area and reconciliation of changes in loan impairment provisions are disclosed in Note 8.

5.5.1 Past due loans

The following table details past due loans by sector of the Group and the Bank as at 31 December 2014:

	RM'000
Primary agriculture	424
Mining and quarrying	441
Manufacturing	1,668
Electricity, gas, water	366
Construction	2,848
Wholesale, retail trade, restaurant and hotels	2,425
Transport, storage and communication	94
Finance, insurance, real estate, and business services	15,669
Education, health, household & others	1,524,756
Total	<u>1,548,692</u>

5. Credit Risk (continued)

5.5 Past due loans, individual impairment provision, collective impairment provision, charges for individual impairment provision and write offs by sector (continued)

5.5.1 Past due loans (continued)

The following table details past due loans by sector of the Islamic Banking Window as at 31 December 2014:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	44,172
Total	<u>44,172</u>

The following table details past due loans by sector of the Group and the Bank as at 31 December 2013:

	RM'000
Primary agriculture	-
Mining and quarrying	73
Manufacturing	727
Electricity, gas, water	390
Construction	1,303
Wholesale, retail trade, restaurant and hotels	3,168
Transport, storage and communication	-
Finance, insurance, real estate, and business services	11,579
Education, health, household & others	1,540,457
Total	<u>1,557,697</u>

The following table details past due loans by sector of the Islamic Banking Window as at 31 December 2013:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	54,952
Total	<u>54,952</u>

5.5.2 Individual impairment provision

The following table details individual impairment provision by sector of the Group and the Bank as at 31 December 2014:

	RM'000
Primary agriculture	6,790
Mining and quarrying	-
Manufacturing	27,048
Electricity, gas, water	-
Construction	12,363
Wholesale, retail trade, restaurant and hotels	12,349
Transport, storage and communication	649
Finance, insurance, real estate, and business services	3,151
Education, health, household & others	119,433
Community, social and personal services	-
Total	<u>181,784</u>

5. Credit Risk (continued)

5.5 Past due loans, individual impairment provision, collective impairment provision, charges for individual impairment provision and write offs by sector (continued)

5.5.2 Individual impairment provision (continued)

The following table details individual impairment provision by sector of the Islamic Banking Window as at 31 December 2014:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	656
Community, social and personal services	-
Total	656

5.5.2 Individual impairment provision

The following table details individual impairment provision by sector of the Group and the Bank as at 31 December 2013:

	RM'000
Primary agriculture	6,790
Mining and quarrying	25
Manufacturing	27,145
Electricity, gas, water	-
Construction	12,363
Wholesale, retail trade, restaurant and hotels	11,589
Transport, storage and communication	649
Finance, insurance, real estate, and business services	7,278
Education, health, household & others	123,599
Community, social and personal services	93
Total	189,531

The following table details individual impairment provision by sector of the Islamic Banking Window as at 31 December 2013:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	808
Community, social and personal services	-
Total	808

5.5.3 Collective impairment provision

The following table details collective impairment provision (including collective impairment provision on impaired loans restricted from Tier II Capital by BNM of RM78.9 million) by sector of the Group and the Bank as at 31 December 2014:

	RM'000
Primary agriculture	35
Mining and quarrying	2,374
Manufacturing	11,695
Electricity, gas, water	313
Construction	297
Wholesale, retail trade, restaurant and hotels	4,569
Transport, storage and communication	4,199
Finance, insurance, real estate, and business services	1,467
Education, health, household & others	355,806
Community, social and personal services	-
Total	380,755

5. Credit Risk (continued)

5.5 Past due loans, individual impairment provision, collective impairment provision, charges for individual impairment provision and write offs by sector (continued)

5.5.3 Collective impairment provision (continued)

The following table details collective impairment provision (including collective impairment provision on impaired loans restricted from Tier II Capital by BNM of RM371,000) by sector of the Islamic Banking Window as at 31 December 2014:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	687
Community, social and personal services	-
Total	687

The following table details collective impairment provision (including collective impairment provision on impaired loans restricted from Tier II Capital by BNM of RM124.4 million) by sector of the Group and the Bank as at 31 December 2013:

	RM'000
Primary agriculture	67
Mining and quarrying	704
Manufacturing	11,886
Electricity, gas, water	482
Construction	68
Wholesale, retail trade, restaurant and hotels	4,012
Transport, storage and communication	4,049
Finance, insurance, real estate, and business services	1,958
Education, health, household & others	345,154
Community, social and personal services	1
Total	368,381

The following table details collective impairment provision (including collective impairment provision on impaired loans restricted from Tier II Capital by BNM of RM445,000) by sector of the Islamic Banking Window as at 31 December 2013:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	615
Community, social and personal services	-
Total	615

5.5.4 Charges for individual impairment provision

The following table details charges for individual impairment provision by sector of the Group and the Bank as at 31 December 2014:

	RM'000
Primary agriculture	-
Mining and quarrying	12
Manufacturing	873
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	2,438
Transport, storage and communication	10
Finance, insurance, real estate, and business services	16
Education, health, household & others	13,755
Community, social and personal services	-
Total	17,104

5. Credit Risk (continued)

5.5 Past due loans, individual impairment provision, collective impairment provision, charges for individual impairment provision and write offs by sector (continued)

5.5.4 Charges for individual impairment provision (continued)

The following table details charges for individual impairment provision by sector of the Islamic Banking Window as at 31 December 2014:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	61
Community, social and personal services	-
Total	61

The following table details charges for individual impairment provision by sector of the Group and the Bank as at 31 December 2013:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	10
Electricity, gas, water	-
Construction	3
Wholesale, retail trade, restaurant and hotels	12
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	12,951
Community, social and personal services	-
Total	12,976

The following table details charges for individual impairment provision by sector of the Islamic Banking Window as at 31 December 2013:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	176
Community, social and personal services	-
Total	176

5.5.5 Write offs

The following table details write offs by sector of the Group and the Bank as at 31 December 2014:

	RM'000
Primary agriculture	-
Mining and quarrying	36
Manufacturing	970
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	1,448
Transport, storage and communication	10
Finance, insurance, real estate, and business services	4,143
Education, health, household & others	4,788
Community, social and personal services	-
Total	11,396

5. Credit Risk (continued)

5.5 Past due loans, individual impairment provision, collective impairment provision, charges for individual impairment provision and write offs by sector (continued)

5.5.5 Write offs (continued)

The following table details write offs by sector of the Islamic Banking Window as at 31 December 2014:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	11
Community, social and personal services	-
Total	11

The following table details write offs by sector of the Group and the Bank as at 31 December 2013:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	6,073
Electricity, gas, water	-
Construction	503
Wholesale, retail trade, restaurant and hotels	4,405
Transport, storage and communication	-
Finance, insurance, real estate, and business services	116
Education, health, household & others	5,459
Community, social and personal services	-
Total	16,556

The following table details write offs by sector of the Islamic Banking Window as at 31 December 2013:

	RM'000
Primary agriculture	-
Mining and quarrying	-
Manufacturing	-
Electricity, gas, water	-
Construction	-
Wholesale, retail trade, restaurant and hotels	-
Transport, storage and communication	-
Finance, insurance, real estate, and business services	-
Education, health, household & others	1,391
Community, social and personal services	-
Total	1,391

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions (ECAIs)

In terms of assessing Counterparty Credit Risk, Citibank Berhad uses ratings by global agencies Fitch Ratings, Moody's Investor Services, and Standard & Poor's. Citibank Berhad also uses ratings from local agencies Rating Agency Malaysia (RAM) Berhad and Malaysian Rating Corporation (MARC) Berhad.

The Bank uses a regional system called Asia Pacific Reveleus to calculate its risk weighted assets and this system receives its external ratings from a credit system that has a feed for external ratings from approved ECAIs. The mapping of external ratings to the respective counterparties and exposures is automated in the system.

The Bank uses issue-specific ratings for securities. In general, where no issue-specific rating exists, the credit rating assigned to the counterparty of a particular credit exposure is used. Where an exposure has neither an issue-specific rating nor counterparty rating, it is deemed as unrated.

The alignment of the alphanumerical scale of each recognized ECAIs used by Citibank Berhad is detailed in the table below:

Credit Quality Grade		CREDIT QUALITY GRADES AND ELIGIBLE ECAIs						Unrated
Reveleus CQG (Basel Credit Ratings)	Rating Agencies	1	2	3	4	5	6	Unrated
		AAA	A+	BBB+	BB+	B+	CCC+	Unrated
		AAA					CCC	
Central	Fitch Ratings	AA+	A+	BBB+	BB+	B+	CCC-	
		AA	A	BBB	BB	B	CC	
		AA-	A-	BBB-	BB-	B-	C	
							D	
							Caa1	
Central	Moody's Investor Services	Aaa					Caa2	
		Aa1	A1	Baa1	Ba1	B1	Caa3	
		Aa2	A2	Baa2	Ba2	B2	Ca	
		Aa3	A3	Baa3	Ba3	B3	C	
							CCC+	
							CCC	
Central	Standard & Poor's	AAA					CCC-	
		AA+	A+	BBB+	BB+	B+	CC	
		AA	A	BBB	BB	B	C	
		AA-	A-	BBB-	BB-	B-	D	
		AAA					C1	
Local	Rating Agency Malaysia Berhad (RAM)	Aa1	A1	BBB1	BB1	B1	C2	
		Aa2	A2	BBB2	BB2	B2	C3	
		Aa3	A3	BBB3	BB3	B3	D	
		AAA						
Local	Malaysian Rating Corporation Berhad (MARC)	AA+	A+	BBB+	BB+	B+		
		AA	A	BBB	BB	B	C	
		AA-	A-	BBB-	BB-	B-	D	

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions (ECAIs) (continued)

The following tables show Citibank Berhad's rated and unrated exposures according to ratings by ECAIs:-

5.6.1 Ratings of Corporates by Approved ECAIs

December 2014

Group and Bank

Exposure Class	Ratings of Corporates by Approved ECAIs						Total
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		-	34,146	130	-	58,666	92,943
Corporates		24,584	41,664	6,282	-	6,714,066	6,786,596

Islamic Banking Window

Exposure Class	Ratings of Corporates by Approved ECAIs						Total
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		-	-	-	-	-	-
Corporates		-	-	-	-	173,272	173,272

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions (ECAIs) (continued)

5.6.1 Ratings of Corporates by Approved ECAIs (continued)

December 2013
Group and Bank

Ratings of Corporates by Approved ECAIs (amounts in RM'000)

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		-	17,614	31,505	-	63,313	112,433
Corporates		9,095	59,037	-	-	6,638,621	6,706,753

Islamic Banking Window

Ratings of Corporate by Approved ECAIs

	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated	
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-	-
Insurance Cos, Securities Firms and Fund Managers		-	-	-	-	-	-
Corporates		-	-	-	-	-	-

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions (ECAIs) (continued)

5.6.2 Short term Ratings of Banking Institutions and Corporates by Approved ECAIs

This disclosure does not apply to Citibank Berhad as it uses long term ratings for all exposures.

5.6.3 Ratings of Sovereigns and Central Banks by Approved ECAIs

December 2014

Group and Bank

Ratings of sovereigns/central banks by approved ECAIs (amounts in RM'000)

Exposure Class	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Sovereigns/ Central Banks		-	6,336,927	-	-	-	-	6,336,927

Islamic Banking Window

Ratings of sovereigns/central banks by approved ECAIs (amounts in RM'000)

Exposure Class	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Sovereigns/ Central Banks		-	984,962	-	-	-	-	984,962

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions (ECAIs) (continued)

5.6.3 Ratings of Sovereigns and Central Banks by Approved ECAIs (continued)

**December 2013
Group and Bank**

Ratings of sovereigns/central banks by approved ECAIs (amounts in RM'000)

Exposure Class	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	Total
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Sovereigns/ Central Banks		-	9,178,637	-	-	-	-	9,178,637

Islamic Banking Window

Ratings of sovereigns/central banks by approved ECAIs (amounts in RM'000)

Exposure Class	Moodys	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	Total
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Sovereigns/ Central Banks		-	970,910	-	-	-	-	970,910

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions (ECAIs) (continued)

5.6.4 Rating of Banking Institutions by Approved ECAIs

December 2014

Group and Bank

Ratings of banks, Development Financial Institutions and MDBs by approved ECAIs (amounts in RM'000)

	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1+ to BB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	
Banks, Development Financial Institutions and MDBs		1,349,177	3,697,998	130,992	1,116	-	6,465,732	11,645,015

Islamic Banking Window

Ratings of banks, Development Financial Institutions and MDBs by approved ECAIs (amounts in RM'000)

	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1+ to BB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	
Banks, Development Financial Institutions and MDBs		35,905	2	-	-	-	35,906	71,813

5. Credit Risk (continued)

5.6 External Credit Assessment Institutions (ECAIs) (continued)

5.6.4 Ratings of Banking Institutions by Approved ECAIs (continued)

**December 2013
Group and Bank**

Ratings of banks, Development Financial Institutions and MDBs by approved ECAIs (amounts in RM'000)

	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1+ to BB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	
Banks, Development Financial Institutions and MDBs		1,169,076	4,080,342	335,968	1,826	-	6,447,556	12,034,769

Islamic Banking Window

Ratings of Banks, Development Financial Institutions and MDBs by Approved ECAIs (amounts in RM'000)

	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated	
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	
Exposure Class	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated	Total
	RAM	AAA to AA3	A to A3	BBB1+ to BB3	BB1 to B3	C1 to D	Unrated	
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated	
Banks, Development Financial Institutions and MDBs		43,136	-	-	-	-	43,136	86,271

5. Credit Risk (continued)

5.7 Credit Risk Mitigation

Citibank Berhad uses credit risk mitigation for the following exposure classes:

- 1) Corporates
- 2) Regulatory Retail

Citibank Berhad uses eligible guarantees and financial collaterals which are primarily cash and equity for credit risk mitigation. At present, the Bank does not make use of credit derivatives and on and off-balance sheet netting in its credit risk mitigation process.

For the purpose of calculating and assessing Net Credit RWA, the Bank takes into account eligible collaterals pledged by the customers with the bank, that are primarily cash deposits and equities.

The Bank's Credit Department is guided by its Credit Policy and Procedures for collateral valuation and management. It marks to market the CRM eligible financial collateral value on a daily/weekly/monthly (whichever is applicable) basis. Collateral valuations and re-valuations must be completed daily for SFTs, OTC and Margin Lending by the various Operations Units and Collateral/Margin Departments. Collateral haircuts are applied in a number of circumstances such as where there is a material positive correlation between the credit quality of the counterparty and the value of the collateral, or where there are currency or maturity mismatches. The Bank has appropriately sound and well managed systems and procedures for requesting and promptly receiving additional collateral for transactions whose terms require maintenance of collateral values at specified thresholds as documented in the respective legal agreements.

The Bank has procedures to ensure that appropriate information is available to support the collateral process and to make timely and accurate margin calls feed correctly into the Margin applications from upstream systems. These also provide a daily credit exposure report. There are also reports identifying counterparties that have not met their requirement for additional collateral to satisfy specified initial margin amount and variation margin thresholds. In addition, there is risk reporting of counterparty exposures at an individual and an aggregated level.

As the end of December 2014, the Bank's gross credit exposure is RM 43,354 mil, of which RM 740 mil was offset by CRM. After applying required risk weights, the Bank's Credit RWA is RM 22,069 mil. Given the immateriality of CRM, which is 2% of total credit exposure, asset class breakdowns are not provided and for the same reason, there is no CRM risk concentration exposure to the Bank.

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure amounts after credit risk mitigation as at 31 December 2014:

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks		Banks, PSEs and FDI	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitization	Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	6,336,971	-	-	-	-	-	-	-	192,525	-	-	-	6,529,496	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	5,043,344	-	27,855	-	-	-	-	-	-	-	5,071,199	1,014,240
35%	-	-	-	-	-	-	9,297,064	-	-	-	-	-	9,297,064	3,253,972
50%	-	-	1,300,032	34,146	200,133	-	339,983	-	-	-	-	-	1,874,294	937,147
75%	-	-	-	-	-	12,091,864	965,016	-	-	-	-	-	13,056,880	9,792,660
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	75,122	24,622	6,167,374	96,783	360,455	-	290,609	-	-	-	7,014,964	7,014,964
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	1,984	19,925	4,251	11,052	-	-	-	-	37,212	55,818
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	20	-	-	-	20	250
Total Exposures	6,336,971	-	6,418,498	58,768	6,397,346	12,208,572	10,966,769	11,052	483,154	-	-	-	42,881,130	22,069,051
Risk-Weighted Assets by Exposures	-	-	1,733,807	41,695	6,275,987	9,195,568	4,514,558	16,578	290,859	-	-	-	-	22,069,051
Average Risk Weight	0%	-	27%	71%	98%	75%	41%	150%	60%	-	-	-	51%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table details the total exposure amounts of the Islamic Banking Window after credit risk mitigation as at 31 December 2014:

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDI	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitization	Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	984,962	-	-	-	-	-	-	-	3,061	-	-	-	988,022	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	35,905	-	-	-	-	-	-	-	-	-	35,905	7,181
35%	-	-	-	-	-	-	291,455	-	-	-	-	-	291,455	102,009
50%	-	-	-	-	-	-	78	-	-	-	-	-	78	39
75%	-	-	-	-	-	-	2,036	-	-	-	-	-	2,036	1,527
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	2	-	-	-	7,047	-	4,140	-	-	-	11,189	11,189
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	984,962	-	35,906	-	-	-	300,616	-	7,200	-	-	-	1,328,684	121,945
Risk-Weighted Assets by Exposures	-	-	7,183	-	-	-	110,623	-	4,140	-	-	-	-	121,945
Average Risk Weight	0%	-	20%	43%	-	-	37%	-	57%	-	-	-	9%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table shows the total exposure amounts after credit risk mitigation as at 31 December 2013:

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks		Banks, PSEs, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitization	Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	9,178,637	-	-	-	-	-	-	-	123,070	-	-	-	9,301,707	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	4,647,867	-	12,235	-	-	-	-	-	-	-	4,660,102	932,020
35%	-	-	-	-	-	-	8,297,446	-	-	-	-	-	8,297,446	2,904,106
50%	-	-	1,763,523	17,614	246,250	-	638,652	-	-	-	-	-	2,666,040	1,333,020
75%	-	-	-	-	-	11,691,798	944,406	-	-	-	-	-	12,636,204	9,477,153
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	38,079	49,979	6,568,851	93,636	404,120	-	304,685	-	-	-	7,459,350	7,459,350
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	1,965	17,036	6,581	23,021	-	-	-	-	48,603	72,905
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	20	-	-	-	20	250
Total Exposures	9,178,637	-	6,449,469	67,593	6,829,301	11,802,470	10,291,206	23,021	427,775	-	-	-	45,069,472	22,178,804
Risk-Weighted Assets by Exposures	-	-	1,849,414	58,786	6,697,371	8,888,038	4,345,728	34,532	304,935	-	-	-	-	22,178,804
Average Risk Weight	0%	-	29%	87%	98%	75%	42%	150%	71%	-	-	-	49%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table details the total exposure amounts of the Islamic Banking Window after credit risk mitigation as at 31 December 2013:

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposures after Netting and Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and FDI	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing/ Investment	Securitization	Equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
0%	970,910	-	-	-	-	-	-	-	4,180	-	-	-	975,090	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	-	-	43,136	-	-	-	-	-	-	-	-	-	43,136	8,627
35%	-	-	-	-	-	-	333,171	-	-	-	-	-	333,171	116,610
50%	-	-	-	-	-	-	4,012	-	-	-	-	-	4,012	2,006
75%	-	-	-	-	-	-	3,401	-	-	-	-	-	3,401	2,551
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	-	-	8,510	-	5,171	-	-	-	13,681	13,681
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	150	-	-	-	-	-	150	225
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Exposures	970,910	-	43,136	-	-	-	349,245	-	9,351	-	-	-	1,372,641	143,700
Risk-Weighted Assets by Exposures	-	-	8,627	-	-	-	129,902	-	5,171	-	-	-	-	143,700
Average Risk Weight	0%	-	20%	-	-	-	37%	-	55%	-	-	-	10%	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table details the total exposure which is covered by eligible guarantees and financial collaterals as at 31 December 2014:

Exposure Class	Exposures	Exposures	Exposures	Exposures
	before CRM	Covered by Guarantees/Credit Derivatives	Covered by Eligible Financial Collateral	Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	6,027,511	-	-	-
Banks, Development Financial Institutions and MDBs	4,814,629	-	-	-
Corporates, Insurance Cos and Securities Firms	3,784,743	153,171	282,296	-
Regulatory Retail	7,898,696	-	219,147	-
Residential Mortgages	9,973,411	-	-	-
Higher Risk Assets	4,172	-	-	-
Other Assets	483,152	-	-	-
Defaulted Exposures	450,644	-	-	-
Total for On-Balance Sheet Exposures	33,436,958	153,171	501,443	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	1,910,043	5,450	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	7,992,307	63,088	17,260	-
Defaulted Exposures	15,029	-	-	-
Total for Off-Balance Sheet Exposures	9,917,379	68,538	17,260	-
Total On and Off-Balance Sheet Exposures	43,354,337	221,709	518,703	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table details the total exposure which is covered by eligible guarantees and financial collaterals of the Islamic Banking Window as at 31 December 2014:

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	984,962	-	-	-
Banks, Development Financial Institutions and MDBs	2	-	-	-
Corporates, Insurance Cos and Securities Firms	173,272	-	173,272	-
Residential Mortgages	291,392	-	-	-
Other Assets	7,200	-	-	-
Defaulted Exposures	7,044	-	-	-
Total for On-Balance Sheet Exposures	1,463,872	-	173,272	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	35,905	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	2,176	-	-	-
Defaulted Exposures	3	-	-	-
Total for Off-Balance Sheet Exposures	38,084	-	-	-
Total On and Off-Balance Sheet Exposures	1,501,956	-	173,272	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table details the total exposure which is covered by eligible guarantees and financial collaterals as at 31 December 2013:

Exposure Class	Exposures before CRM RM'000	Exposures Covered by Guarantees/Credit Derivatives RM'000	Exposures Covered by Eligible Financial Collateral RM'000	Exposures Covered by Other Eligible Collateral RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	9,120,070	-	-	-
Banks, Development Financial Institutions and MDBs	5,198,489	-	-	-
Corporates, Insurance Cos and Securities Firms	3,592,192	-	-	-
Regulatory Retail	7,506,485	-	234,821	-
Residential Mortgages	9,105,499	-	-	-
Higher Risk Assets	10,731	-	-	-
Other Assets	427,775	-	-	-
Defaulted Exposures	491,719	-	-	-
Total for On-Balance Sheet Exposures	35,452,960	-	234,821	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	1,564,214	11,384	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	8,223,275	107,655	-	-
Defaulted Exposures	15,527	-	-	-
Total for Off-Balance Sheet Exposures	9,803,016	119,039	-	-
Total On and Off-Balance Sheet Exposures	45,255,976	119,039	234,821	-

5. Credit Risk (continued)

5.7 Credit Risk Mitigation (continued)

The following table details the total exposure which is covered by eligible guarantees and financial collaterals of the Islamic Banking Window as at 31 December 2013:

Exposure Class	Exposures	Exposures	Exposures	Exposures
	before CRM	Covered by Guarantees/Credit Derivatives	Covered by Eligible Financial Collateral	Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
<i>On-Balance Sheet Exposures</i>				
Sovereigns/Central Banks	970,910	-	-	-
Banks, Development Financial Institutions and MDBs	-	-	-	-
Corporates, Insurance Cos and Securities Firms	-	-	-	-
Residential Mortgages	337,274	-	-	-
Other Assets	9,351	-	-	-
Defaulted Exposures	8,660	-	-	-
Total for On-Balance Sheet Exposures	1,326,195	-	-	-
<i>Off-Balance Sheet Exposures</i>				
OTC Derivatives	43,136	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,310	-	-	-
Total for Off-Balance Sheet Exposures	46,446	-	-	-
Total On and Off-Balance Sheet Exposures	1,372,641	-	-	-

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)

The risk that a counterparty will not fulfill its financial obligations is fundamental in the bank's management of counterparty credit risk. The process for approving a counterparty's risk exposure limits is two-fold: guided by the core credit policies, procedures and standards, and the experience and judgment of credit risk professionals. All corporate exposures are subject to these credit policies.

Credit Risk Principles, Policies and Procedures mandate a comprehensive analysis of the proposed credit exposure or transaction, review of external agency ratings, financial and corporate due diligence including support, management profile and qualitative factors.

The total facility amount, including direct, contingent and pre-settlement exposure, is aggregated and the credit officer reviews the approved tables within policy that appoints the appropriate level of authority that needs to review and approve.

The utilization of collateral is of critical importance in the mitigation of risk. In house legal counsel in consultation with approved external legal counsel will determine whether collateral documentation is enforceable and gives the Bank the right to liquidate or take possession in a timely manner in the event of the default, insolvency, bankruptcy or other defined credit event of the obligor.

As mentioned in Section 5.7, majority of the collateral received is in the form of cash deposit and equities while the rest relate to guarantees, so the impact of a credit grading downgrade will have minimal impact on the collateral valuation.

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR) (continued)

The following table shows the Group and Bank's off-balance sheet exposures and risk weighted assets as at 31 December 2014:

Item	Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
1	Direct credit substitutes	2,193,693		2,193,693	1,969,729
2	Transaction related contingent Items	651,560		325,780	298,477
3	Short term self liquidating trade related contingencies	250,663		50,133	28,988
4	Assets sold with recourse	-		-	-
5	Forward asset purchases	309,561		309,561	50
6	Obligations under an on-going underwriting agreement	-		-	-
7	Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.)	-		-	-
8	Foreign exchange related contracts				
	One year or less	25,826,352	583,850	978,066	688,789
	Over one year to five years	2,871,232	136,559	398,784	191,752
	Over five years	-	-	-	-
9	Interest / Profit rate related contracts				
	One year or less	4,246,358	9,822	16,202	5,044
	Over one year to five years	10,572,943	98,945	335,688	105,039
	Over five years	1,204,188	31,609	118,939	76,556
10	Equity related contracts				
	One year or less	74,373	15,976	20,438	7,171
	Over one year to five years	176,810	-	12,592	6,430
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	60,237	23,058	29,082	25,283
	Over one year to five years	2,225	444	711	458
	Over five years	-	-	-	-
13	Credit derivative contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
14	OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,275,523		637,762	468,730
16	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	516,896		103,379	103,379
17	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	6,014,307		-	-
18	Unutilised credit card lines	21,935,146		4,387,029	3,293,079
19	Off-balance sheet items for securitisation exposures	-	-	-	-
20	Total	78,182,067	900,263	9,917,839	7,268,954

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR) (continued)

The following table shows the Islamic Banking Window's off-balance sheet exposures and risk weighted assets as at 31 December 2014:

Item	Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
1	Direct credit substitutes	-	-	-	-
2	Transaction related contingent Items	-	-	-	-
3	Short term self liquidating trade related contingencies	-	-	-	-
4	Assets sold with recourse	-	-	-	-
5	Forward asset purchases	-	-	-	-
6	Obligations under an on-going underwriting agreement	-	-	-	-
7	Commitment to buy back Islamic securities under sales and buy back agreement transactions	-	-	-	-
8	Foreign exchange related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
9	Benchmark rate related contracts				
	One year or less	-	-	-	-
	Over one year to five years	585,000	13,184	27,584	5,517
	Over five years	75,000	4,571	8,321	1,664
10	Equity related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
13	OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
14	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	4,359	-	2,179	1,579
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-	-
16	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	-	-	-	-
17	Unutilised credit card lines	-	-	-	-
18	Off-balance sheet items for securitisation exposures	-	-	-	-
	Total	664,359	17,755	38,084	8,760

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR) (continued)

The following table shows the Group and Bank's off-balance sheet exposures and risk weighted assets as at 31 December 2013:

Item	Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
1	Direct credit substitutes	2,516,407		2,516,407	2,348,766
2	Transaction related contingent Items	527,562		263,781	229,143
3	Short term self liquidating trade related contingencies	151,656		30,331	28,147
4	Assets sold with recourse	-		-	-
5	Forward asset purchases	43,428		43,428	2,140
6	Obligations under an on-going underwriting agreement	-		-	-
7	Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.)	-		-	-
8	Foreign exchange related contracts				
	One year or less	21,335,774	306,399	580,044	432,001
	Over one year to five years	3,348,423	84,711	358,975	207,951
	Over five years	-	-	-	-
9	Interest / Profit rate related contracts				
	One year or less	6,193,843	18,937	27,530	9,979
	Over one year to five years	11,327,859	144,692	433,160	136,363
	Over five years	1,379,978	13,287	114,475	61,343
10	Equity related contracts				
	One year or less	25,587	767	2,303	1,102
	Over one year to five years	167,012	3,337	16,698	9,216
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	248,611	5,173	30,325	12,745
	Over one year to five years	2,295	429	705	629
	Over five years	-	-	-	-
13	Credit derivative contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
14	OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
15	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
16	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
17	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		-	-
18	Unutilised credit card lines	21,921,958		4,384,392	3,291,028
19	Off-balance sheet items for securitisation exposures	-	-	-	-
20	Total	77,626,306	577,733	9,803,018	7,539,929

5. Credit Risk (continued)

5.8 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR) (continued)

The following table shows the Islamic Banking Window's off-balance sheet exposures and risk weighted assets as at 31 December 2013:

Item	Description	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
1	Direct credit substitutes	-	-	-	-
2	Transaction related contingent Items	-	-	-	-
3	Short term self liquidating trade related contingencies	-	-	-	-
4	Assets sold with recourse	-	-	-	-
5	Forward asset purchases	-	-	-	-
6	Obligations under an on-going underwriting agreement	-	-	-	-
7	Commitment to buy back Islamic securities under sales and buy back agreement transactions	-	-	-	-
8	Foreign exchange related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
9	Benchmark rate related contracts				
	One year or less	-	-	-	-
	Over one year to five years	500,000	16,793	32,793	6,559
	Over five years	75,000	5,843	10,343	2,069
10	Equity related contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
11	Gold and other precious metal contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
12	Other commodity contracts				
	One year or less	-	-	-	-
	Over one year to five years	-	-	-	-
	Over five years	-	-	-	-
13	OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	-	-	-	-
14	Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,621	-	3,310	2,466
15	Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-	-
16	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	-	-	-	-
17	Unutilised credit card lines	-	-	-	-
18	Off-balance sheet items for securitisation exposures	-	-	-	-
	Total	581,621	22,636	46,446	11,094

6. Securitization

At present, Citibank Berhad does not have any exposures to securitization transactions. Hence, this disclosure is not applicable.

7. Market Risk

Market risk encompasses price risk and liquidity risk, both arising in the normal course of business operations in a global financial intermediary. At Citibank Berhad, market risk is managed through corporate-wide standards, business policies and procedures with the help of responsible personnel and committees delegated by the Board of Directors (for example, the Asset and Liability Committee and Market Risk Management).

The business is required to establish risk measures, limits and controls, clearly defining approved risk profiles within the parameters of the Bank's overall risk appetite.

The result of every risk assessment and review exercise is then presented to the Board of Directors for feedback and recommended action (if necessary).

7.1 Price Risk

Price risk is the risk associated to earnings arising from changes in interest rates, foreign exchange rates, equity and commodity prices (wherever relevant) and in their implied volatilities. Price risk arises in both non-trading portfolios and trading portfolios.

Interest rate risk in non-trading portfolios is inherent in many client-related activities, primarily lending and deposit taking from both individuals and corporations.

The risk arises due to factors including the timing of rate resetting and maturity period between assets and liabilities, change in the profile of assets and liabilities whereby the maturity period differs in response to alterations in market interest rates, changes in the form of the yield curve and modifications in the spread between various market rate indices.

Interest Rate Exposure (IRE) is used as a tool to monitor such interest rate risk and is calculated as the pre-tax earning impact of an instantaneous parallel increase or decrease in the yield curve.

IRE is supplemented with additional measurements including stress testing the impact on earnings and equity for non-linear interest rate movements and analysis of portfolio duration, basis risk, spread risk, volatility risk and cost-to-close.

Price risk in trading portfolios is measured through a complementary set of tools such as factor sensitivities, value-at-risk and stress testing.

It is the responsibility of the independent market risk management to ensure that factor sensitivities are calculated, monitored and in most cases limited, for all relevant risks taken in a trading portfolio. In addition, stress testing is performed on trading portfolios on a regular basis to estimate the impact of extreme market movements.

7.2 Liquidity Risk

Liquidity risk can best be defined as risks that the Bank may not be able to meet in terms of a financial commitment to customers, creditors or investors, when due.

In addition to the requirements of BNM's Liquidity Framework, there are set standards for the measurement of liquidity risk in order to ensure consistency, stability in methodologies and transparency of risk under the Bank's internal Liquidity Risk Management policy.

Management of liquidity is performed on a daily basis and is monitored by the Country Treasurer. Along with the Country Treasurer and the Corporate Treasurer, the ALCO undertakes the joint responsibility of overall liquidity risk management which covers establishing and endorsing the annual funding and liquidity plan, liquidity limits, liquidity ratios, market triggers and assumptions for periodic stress tests.

The Bank's liquidity management process includes:

- Establishing liquidity limit based on the size of the balance sheet, depth of the market, experience level of management, stability of the liabilities and liquidity of the assets under both business as usual scenario and stress scenarios;

7. Market Risk (continued)

7.2 Liquidity Risk (continued)

- Daily maturity profiling of the Bank's assets and liabilities including behavioral analysis of major third party sources and uses of funds versus liquidity limits;
- Perform simulated liquidity stress testing periodically relative to significant changes in key funding sources, credit ratings, contingent uses of funding and market disruptions;
- Preparing annual funding and liquidity plan which includes analysis of the annual balance sheet as well as the economic and business conditions impacting the liquidity of the Bank;
- Use liquidity ratios to monitor the structural elements of the Bank's liquidity position;
- Review potential concentrations of funding; and
- Monitor market triggers which are internal and/or external market or economic factors that may cause a change to market liquidity.

8. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems as well as from external events.

It includes reputation and franchise risks associated with the Bank's business practices or market conduct. It also includes the risk of failing to comply with applicable laws, regulations, and Citi policies.

Citi's Operational Risk Management Policy ("Policy") clearly defines the Bank's approach to operational risk management.

The Policy codifies the core governing principles for operational risk management and provides a consistent, value added framework for assessing, communicating operational risk and the overall effectiveness of the internal control environment across Citi.

The Policy covers the following:

- The Policy focuses on Important Risks and Key Controls and not all risks and controls;

- The senior management is responsible for the oversight of the operational risk management framework, including fostering an organizational culture that places high priority on effective operational risk management and adherence to sound internal controls, including all applicable policies;
- The identification of key operational risks & controls to be done on a collaborative effort, with the input from business and functional areas;
- Key operational risks identified will be assessed on a regular basis through key risk indicators to monitor potential significant risk inherent in the business; and
- Operational losses are collected and reported to senior management.

Bank management places a very high value on maintaining an effective control environment to mitigate operational risk. The strong governance is driven through several reviews and involvement of senior management in the reviews are amply demonstrated through various meetings.

There are tools that have been put in place to mitigate this risk. These tools include Managers Control Assessment (MCA), operational loss reporting, Integrated Corrective Action Plan System ("iCAPS") - which is the Citi system used for tracking issues and their associated CAPs, new product approval process and several escalation mechanisms related to operational risk. Bank takes all complaints/inquiries seriously and also has independent legal function with proper processes, personnel and skill sets.

The Bank uses Basic Indicator approach for calculating Operational Risk Capital.

9. Equities

This disclosure is not applicable as Citibank Berhad does not have any exposures to equities.

10. Interest Rate Risk/Rate of Return Risk in the Banking Book (IRR/RORBB)

Interest rate risk in banking book arises from both interest bearing and non-interest bearing assets and liabilities. Interest rate risk is monitored on a daily basis within the approved limits framework set by the Regional Market Risk Management and considers changes of economic value per 1% interest rate increase for each currency as an index for internal control.

10. Interest Rate Risk/Rate of Return Risk in the Banking Book (IRR/RORBB) (continued)

Assets and liabilities, which are contractual in nature, are monitored up to the re-pricing tenors. Consumer loans having long term re-pricing exposures are subjected to prepayment assumptions based on historical studies on customer early payout behavior. Non-interest bearing and perpetual products, e.g. current/saving accounts, credit cards, ready credit, are monitored for interest rate risk on core balances. The core balances are computed based on statistical regression analysis.

Potential interest rate risk in banking book is monitored through interest rate exposure at 90 bps and 100 bps in 31 Dec 2014 and 31 Dec 2013 respectively parallel move in interest rates. Interest rate exposure at each major currency level for the banking book as below:

Currency	Impact on Positions as at 31 Dec 2014 +90bps Up Move (RM'000)		Currency	Impact on Positions as at 31 Dec 2013 +100bps Up Move (RM'000)	
	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value		Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value
MYR	(31,031)	(31,031)	MYR	26,308	26,308
SGD	(22)	(22)	SGD	(21)	(21)
USD	(1,813)	(1,813)	USD	(546)	(546)
GBP	4	4	GBP	178	178
JPY	(23)	(23)	JPY	(30)	(30)
AUD	(3)	(3)	AUD	-	-
EUR	(8)	(8)	EUR	(11)	(11)

11. Profit Sharing Investment Accounts and Shariah Governance

11.1 Profit Sharing Investment Accounts


This disclosure is not applicable as Citibank Berhad's Islamic Banking Window does not have any Profit Sharing Investment Accounts


11.2 Shariah Governance


This is disclosed in Citibank Berhad's Annual Report, under the section "Shariah Committee".

www.citibank.com.my

CITIBANK BERHAD (297089M)

 45th Floor, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur

 +603 2383 8585

 +603 2383 6000