



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

UNAUDITED CONDENSED FINANCIAL STATEMENTS
30 JUNE 2011

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

**CITIBANK BERHAD
AND ITS SUBSIDIARY COMPANIES**

(Company No. 297089 M)

(Incorporated in Malaysia)

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Group		Bank	
		Jun 2011 RM'000	Dec 2010 RM'000	Jun 2011 RM'000	Dec 2010 RM'000
ASSETS					
Cash and short term funds	1	15,559,529	10,481,033	15,559,509	10,481,013
Deposits and placements with banks and other financial institutions	2	1,288,083	811,660	1,288,083	811,660
Securities purchased under resale agreements		1,281,389	404,417	1,281,389	404,417
Financial assets held-for-trading	3	3,119,494	1,852,463	3,119,494	1,852,463
Financial investments available for-sale	5	2,230,637	3,105,488	2,230,637	3,105,488
Loans, advances and financing	6	19,182,660	19,480,745	19,182,660	19,480,745
Other assets	7	1,701,074	1,317,760	1,701,074	1,317,760
Statutory deposits with Bank					
Negara Malaysia	8	18,950	-	18,950	-
Deferred tax assets		94,010	59,300	94,010	59,300
Investment in subsidiary companies		-	-	20	20
Plant and equipment		107,989	108,781	107,989	108,781
TOTAL ASSETS		44,583,815	37,621,647	44,583,815	37,621,647
LIABILITIES					
Deposits from customers	9	30,950,744	28,788,863	30,950,744	28,788,863
Deposits and placements of banks and other financial institutions	10	6,912,744	2,322,925	6,912,744	2,322,925
Bills and acceptances payable		88,487	47,982	88,487	47,982
Other liabilities	11	2,986,251	2,846,402	2,986,251	2,846,402
TOTAL LIABILITIES		40,938,226	34,006,172	40,938,226	34,006,172
EQUITY					
Share Capital	12	121,697	121,697	121,697	121,697
Reserves	13	3,523,892	3,493,778	3,523,892	3,493,778
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		3,645,589	3,615,475	3,645,589	3,615,475
TOTAL LIABILITIES AND EQUITY		44,583,815	37,621,647	44,583,815	37,621,647
OFF-BALANCE SHEET EXPOSURES	21	87,462,205	81,239,637	87,462,205	81,239,637

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying notes on page 5 to 46 attached to the unaudited condensed interim financial statements.

CITIBANK BERHAD
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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2011

	Note	Group and Bank	
		Jun 2011 RM'000	Jun 2010 RM'000
Revenue		1,129,082	1,103,671
Interest income	14	824,752	779,344
Interest expense	15	(242,685)	(181,530)
Net interest income		<u>582,066</u>	<u>597,814</u>
Net income from Islamic banking operations		18,144	15,159
Other operating income	16	286,187	309,168
Total net income		<u>886,397</u>	<u>922,141</u>
Other operating expenses	17	(421,954)	(364,341)
Operating profit		<u>464,442</u>	<u>557,800</u>
Allowance/Provision for loans, advances and financing	18	(81,866)	(91,929)
Profit before taxation		<u>382,577</u>	<u>465,871</u>
Tax expense		(53,517)	(102,705)
Profit for the period		<u><u>329,060</u></u>	<u><u>363,166</u></u>
Other comprehensive income/(expense), net of income tax			
Net gain/(loss) on revaluation of financial investments available-for-sale		<u>1,054</u>	<u>(11,991)</u>
Other comprehensive income/(expense) for the period, net of income tax		1,054	(11,991)
Total comprehensive income for the period		<u><u>330,114</u></u>	<u><u>351,175</u></u>
Profit for the period attributable to:			
Equity holder of the Bank		<u><u>329,060</u></u>	<u><u>363,166</u></u>
Total comprehensive income attributable to:			
Equity holder of the Bank		<u><u>330,114</u></u>	<u><u>351,175</u></u>
Earnings per share - basic (sen)		<u><u>541</u></u>	<u><u>597</u></u>

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UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2011

Group and Bank	←----- Attributable to equity holder of the Bank -----→						
	<----- Non-Distributable ----->				Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Fair value Reserve RM'000	Retained Profits RM'000	Total Reserves RM'000	
At 1 January 2010							
- as previously stated	121,697	380,303	121,697	9,480	2,642,125	3,153,605	3,275,302
- effect of adoption of FRS 139	-	-	-	-	(32,970)	(32,970)	(32,970)
At 1 January 2010, as restated	121,697	380,303	121,697	9,480	2,609,155	3,120,635	3,242,332
Profit for the period	-	-	-	-	363,166	363,166	363,166
Other comprehensive expense for the period	-	-	-	(11,991)	-	(11,991)	(11,991)
Dividend paid					(250,000)	(250,000)	(250,000)
At 30 June 2010	121,697	380,303	121,697	(2,511)	2,722,321	3,221,810	3,343,507
At 1 January 2011	121,697	380,303	121,697	(6,630)	2,998,408	3,493,778	3,615,475
Profit for the period	-	-	-	-	329,060	329,060	329,060
Other comprehensive income for the period	-	-	-	1,054	-	1,054	1,054
Dividend paid	-	-	-	-	(300,000)	(300,000)	(300,000)
At 30 June 2011	121,697	380,303	121,697	(5,576)	3,027,468	3,523,892	3,645,589

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying notes on page 5 to 46 attached to the unaudited condensed interim financial statements.

CITIBANK BERHAD
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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2011**

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Profit before taxation	382,577	465,871
Adjustments for non cash items	3,230	62,787
Operating profit before working capital changes	<u>385,807</u>	<u>528,658</u>
Changes in working capital :		
Net changes in operating assets	(2,756,116)	(121,870)
Net changes in operating liabilities	6,980,126	(4,362,477)
Income taxes paid	(108,424)	(108,424)
Net cash generated from/(used in) operating activities	<u>4,501,393</u>	<u>(4,064,113)</u>
Net cash generated from investing activities	877,104	2,434,145
Net cash used in financing activities	<u>(300,000)</u>	<u>(250,000)</u>
Net change in cash and cash equivalents	5,078,496	(1,879,968)
Cash and cash equivalents at beginning of the year	10,481,013	10,713,959
Cash and cash equivalents at end of the period	<u><u>15,559,509</u></u>	<u><u>8,833,991</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying notes on page 5 to 46 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 001-31) Issued by Bank Negara Malaysia.

A1 Basis of preparation

The unaudited interim financial statements for the financial period six months ended 30 June 2011 have been prepared in accordance with the revised Guidelines on Financial Reporting issued by Bank Negara Malaysia ("BNM") on 5 February 2010.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

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 2010.

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 2010,

A2 Auditor's Report on preceeding Annual Financial Statement

The audit report on the audited financial statements for the financial year ended 31 December 2010 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 item affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period six months ended 30 June 2011.

A5 Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Bank for the financial period six months ended 30 June 2011.

A6 Issuance and repayment of Debt and Equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period six months ended 30 June 2011.

A7 Dividend

The final ordinary dividends proposed in respect of the year ended 31 December 2010 of RM300 million was paid during the current financial period.

A8 Significant events subsequent to the Balance Sheet date

There were no material events subsequent to the Balance Sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

A9 Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period six months ended 30 June 2011.

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B Review of performance and current year prospects

B1 Performance Review

Citibank registered a pre-tax profit of RM383 million and revenue of RM1,129 million for six months ended 30 June 2011, a decrease of 18% or RM83 million in pre-tax profit on year on year basis. The lower profit was mainly contributed by a decrease of 7% or RM23 million in other operating income arising from fee and trading income against the corresponding financial period in 2010, and a higher other operating expenses of 16% or RM58 million largely arising from increased personnel cost, administration and general expenses. Net income from Islamic banking operation increased by 20% or RM3 million due to higher gains from trading activities.

Total assets increased by 19% or RM7 billion to RM45 billion against 31 December 2010, in tandem with the increase in deposits from customers and financial institutions of 22% or RM6.8 billion. Cash and short term funds as at 30 June 2011 recorded a rise of 48% or RM5.1 billion, followed by financial assets held-for-trading of 68% or RM1.3 billion. Both contributed to the overall increase in total assets.

B2 Prospects for 2011

The Malaysian economy points to a moderation in growth in the second quarter, due primarily to slower external demand, greater than expected disruptions in the global manufacturing supply chain and lower than projected public sector investment. Private consumption and investment have, however continued to be important drivers of growth. Going forward, growth is expected to improve, underpinned by continued strength in domestic demand, though downside risks in external demand have likely increased.

The Monetary Policy Committee decided to raise the Overnight Policy Rate (OPR) by 25 basis points to 3.00% in May but kept it on hold in July.

Domestic headline inflation increased to 3.3% in May on account of higher food and fuel price. Supply factors continue to be the key determinant affecting consumer prices with global commodity and energy prices projected to remain elevated. There are also some signs that domestic demand factors could exert upward pressure on prices in the second half of the year.

While the outlook for growth remains positive, there are heightened uncertainties arising from global developments that have created higher downside risks to growth.

Overall, the Malaysian government remains on track to meet or beat its targeted deficit of around 5.4% of GDP this year.

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(1) Cash and short term funds

	Group	
	Jun 2011 RM'000	Dec 2010 RM'000
Cash and balances with banks and other financial institutions	58,074	61,683
Money at call and deposit placements maturing within one month	15,501,456	10,419,350
	15,559,529	10,481,033
	15,559,529	10,481,033

	Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Cash and balances with banks and other financial institutions	58,054	61,663
Money at call and deposit placements maturing within one month	15,501,456	10,419,350
	15,559,509	10,481,013
	15,559,509	10,481,013

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

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Licensed banks	1,288,083	811,660
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	<u>1,288,083</u>	<u>811,660</u>

(3) Financial assets held-for-trading

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
At fair value		
Malaysian Government Treasury Bills	119,609	101,520
Malaysian Government Securities	1,808,844	130,739
Malaysian Government Investment Issues	225,693	136,604
Bank Negara Malaysia Bills/Notes	965,349	1,468,506
Corporate Notes	-	15,094
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	<u>3,119,494</u>	<u>1,852,463</u>

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(4) Financial investment available-for-sale

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
At fair value		
Malaysian Government Treasury Bills/ Securities	1,362,406	2,202,157
Bank Negara Malaysia Bills	-	227,218
Malaysian Government Investment Issues	728,293	537,506
Yankee Bonds/US bonds	132,440	131,108
Unquoted securities	7,499	7,499
	<u>2,230,637</u>	<u>3,105,488</u>

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(5) Loans, advances and financing

(i) By type

	Group and Bank	
	Jun	Dec
	2011	2010
	RM'000	RM'000
Overdrafts	226,361	243,261
Term loans/financing		
-Housing loans/financing	9,450,240	9,827,111
-Hire purchase receivables	2,304	3,175
-Lease receivables	1,959	3,678
-Other term loans/financing	1,325,019	1,266,750
Bills receivable	674,102	458,410
Trust receipts	14,315	14,147
Claims on customers under acceptance credits	878,675	1,111,455
Staff loans	100,904	101,585
Share margin financing	188,200	189,523
Credit cards receivables	5,748,638	5,702,121
Revolving credit	1,200,153	1,197,043
	<u>19,812,986</u>	<u>20,118,259</u>
Unearned interest and income	(34,889)	(38,615)
Gross loans, advances and financing	<u>19,778,097</u>	<u>20,079,644</u>
Less:		
Allowance for impaired loans, advances and financing		
- Collective assessment allowance	(373,296)	(369,357)
- Individual assessment allowance	(222,141)	(229,542)
Net loans, advances and financing	<u><u>19,182,660</u></u>	<u><u>19,480,745</u></u>

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(5) Loans, advances and financing (continued)

(ii) By interest/profit rate sensitivity

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Fixed rate		
Housing loans/financing	864,222	887,577
Hire purchase receivables	2,304	3,175
Other fixed rate loans/financing	9,069,966	8,977,936
Variable rate		
BLR plus	9,456,189	9,825,153
Cost plus	385,416	385,803
	<hr/>	<hr/>
	<u>19,778,097</u>	<u>20,079,644</u>

(iii) By sector

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Primary agriculture	44,904	35,022
Mining & quarrying	6,256	7,708
Manufacturing (including agriculture based)	1,773,609	1,710,646
Electricity, gas, water	90,586	32,296
Construction	46,421	46,104
Wholesale, retail trade, restaurants and hotels	804,376	840,970
Transport, storage and communication	189,411	137,600
Finance, insurance, real estate and business services	456,159	512,027
Education, health and others	18,483	19,933
Household		
- consumption credit	6,286,250	6,246,231
- residential	9,245,593	9,623,221
- purchase of securities	186,888	189,523
- others	286,926	306,610
Other sectors	342,235	371,754
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	<u>19,778,097</u>	<u>20,079,644</u>

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(5) Loans, advances and financing (continued)

(iv) Residual contractual maturity

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Maturing within one year	9,294,115	8,921,148
One to five years	620,273	716,589
Over five years	9,863,709	10,441,907
	19,778,097	20,079,644

(v) By geographical distribution

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Within Malaysia	19,778,097	20,079,644

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(6) Impaired loans, advances and financing

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

	Group and Bank	
	Jun	Dec
	2011	2010
	RM'000	RM'000
At 1 January, as previously stated	540,814	669,819
Effect of adoption of FRS 139	-	(178,502)
At 1 January, as restated	<u>540,814</u>	<u>491,317</u>
Classified as impaired during the period/year	380,733	724,457
Reclassified as performing during the period/year	(221,413)	(325,418)
Amount recovered	(120,100)	(178,916)
Amount written off	(82,415)	(170,625)
At 30 June / 31 December	<u>497,619</u>	<u>540,815</u>
Individual assessment allowance	(222,141)	(229,542)
Net impaired loans, advances and financing	<u><u>275,478</u></u>	<u><u>311,273</u></u>
Ratio of net impaired loans and financing to gross loans and financing less individual assessment allowance	1.41%	1.57%

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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 (continued):

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
<u>Collective assessment allowance</u>		
At 1 January		
- as previously stated	369,357	-
- effect of adopting FRS 139	-	360,407
	369,357	360,407
Allowance made during the period/year	3,939	8,950
	373,296	369,357
At 30 June / 31 December		
As % of gross loans, advances and financing less individual assessment allowance	1.91%	1.86%

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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 (continued):**

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
<u>Individual assessment allowance</u>		
At 1 January		
- as previously stated	229,542	-
- effect of adopting FRS 139	-	221,588
	229,542	221,588
Allowance made during the period/year	5,135	34,644
Written back during the period/year	(6,876)	(12,984)
Written off during the period/year	(5,659)	(13,706)
	222,141	229,542
At 30 June / 31 December		

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

(iii) Impaired loans, advances and financing by sector

	Group and Bank	
	Jun	Dec
	2011	2010
	RM'000	RM'000
Primary agriculture	8,463	8,937
Manufacturing (including agriculture based)	33,547	36,178
Construction	17,488	17,026
Wholesale, retail trade, restaurants and hotels	18,424	20,070
Transport, storage and communication	81	104
Finance, insurance, real estate and business services	10,262	12,081
Household		
- consumption credit	83,924	116,112
- residential	302,578	307,265
- purchase of securities	-	20,795
Other sectors	1,800	2,247
	<hr/>	<hr/>
	<u>497,619</u>	<u>540,815</u>

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

	Group and Bank	
	Jun	Dec
	2011	2010
	RM'000	RM'000
Within Malaysia	<hr/>	<hr/>
	<u>497,619</u>	<u>540,815</u>

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(7) Other assets

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Interest/Income receivables	53,783	45,880
Other debtors, deposits and prepayments	1,030,304	264,640
Derivative assets (Note 22)	616,988	1,007,240
	<u>1,701,074</u>	<u>1,317,760</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 3% effective on 16 May 2011 (2009: 1%). In accordance with BNM’s circular titled “Regulatory Treatment related to the Statutory Reserve Requirement Incentive for Principal Dealers and Islamic Principal Dealers” issued on 10 July 2009, the Bank being a principal dealer appointed by BNM, is allowed to utilise Malaysia Government Securities (“MGS”) holdings to meet the SRR. As at 30 June 2011, MGS of the Group and the Bank with nominal amount of RM340 million (2009: RM130 million) are utilised for SRR determination purposes. These securities are classified under financial investments available-for-sale (Note 4).

(9) Deposits from customers

(i) By type of deposit

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Demand deposits	10,899,979	9,869,460
Saving deposits	1,087,473	837,370
Fixed deposits	10,572,716	11,583,915
Other deposits	8,302,332	6,393,953
Negotiable instruments of deposit	75,894	80,002
Others - cash collateral	12,350	24,163
	<u>30,950,744</u>	<u>28,788,863</u>

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(9) Deposits from customers (continued)

(ii) By type of customers

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Government and statutory bodies	38,722	27,368
Business enterprises	17,916,106	15,065,327
Individuals	10,447,446	10,241,578
Others	2,548,471	3,454,590
	<u>30,950,745</u>	<u>28,788,863</u>

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

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Due within six months	14,841,907	13,005,161
Six months to one year	3,437,148	4,412,942
One year to three years	438,828	338,543
Three years to five years	233,059	101,224
Over five years	-	200,000
	<u>18,950,943</u>	<u>18,057,870</u>

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

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Licensed banks	6,894,323	2,046,727
Licensed finance companies	-	276,198
BNM	18,421	-
	<u>6,912,744</u>	<u>2,322,925</u>

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(11) Other liabilities

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Interest/Profit payables	82,747	106,294
Other creditors and accruals	2,062,671	1,640,664
Provision for retirement benefits	80	372
Profit Equalisation Reserve	16,022	9,187
Taxation	44,273	45,765
Derivatives liabilities (Note 22)	780,458	1,044,120
	<u>2,986,251</u>	<u>2,846,402</u>

(12) Share capital

	Group and Bank			
	Amount	Number of shares		Number of
	Jun 2011 RM'000	Jun 2011 '000	Amount Dec 2010 RM'000	shares Dec 2010 '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	
	Jun 2011 RM'000	Dec 2010 RM'000
Share premium	380,303	380,303
Statutory reserve	121,697	121,697
Fair value reserve	(5,572)	(6,630)
Retained profits	3,027,464	2,998,408
	<u>3,523,892</u>	<u>3,493,778</u>

**CITIBANK BERHAD
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(14) Interest income

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Loans and advances		
- Interest income other than recoveries from impaired loans	604,422	598,402
- Recoveries from impaired loans	21,928	15,129
Money at call and deposit placements with financial institutions	115,275	81,302
Financial assets held-for-trading	18,956	24,383
Financial investments available-for-sale	30,030	55,207
Securities purchased under resale agreements	15,152	835
	805,763	775,258
Accretion of discounts	18,989	4,086
	824,752	779,344

(15) Interest expense

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Deposits and placements of banks and other financial institutions	12,725	12,447
Deposits from customers	227,595	163,932
Others	2,366	5,151
	242,685	181,530
	242,685	181,530

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(16) Other operating income

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Fee income:		
Commission	74,678	89,334
Service charges and fees	1,604	176
Guarantee fees	3,064	3,977
Bankcard fees	73,882	94,683
Insurance premium and referral	9,952	7,514
Other fee income	18,296	10,718
	<u>181,476</u>	<u>206,402</u>
Trading income:		
Unrealised gain from revaluation of financial assets held-for-trading	2,966	1,917
Net gain/(loss) from sales of securities		
- Financial assets held-for-trading	9,330	(1,345)
- Financial investments available-for-sale	125	33,603
Gross dividends from unquoted securities	28	58
	<u>12,450</u>	<u>34,233</u>
Other income:		
Foreign exchange profit		
- unrealised gain/(loss)	81,305	(3,027)
- realised gain	14,204	19,890
(Loss)/gain from derivatives	(3,064)	51,730
Loss on disposal of of plant and equipment	(183)	(60)
	<u>92,261</u>	<u>68,533</u>
Total other operating income	<u>286,187</u>	<u>309,168</u>

CITIBANK BERHAD
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(17) Other operating expenses

	Group and Bank	
	Jun	Jun
	2011	2010
	RM'000	RM'000
Personnel costs		
-Salaries, allowances and bonuses	141,717	106,186
-Contribution to Employees Provident Fund	18,794	16,190
-Staff benefits and other compensations	38,273	43,763
-Others	3,012	2,568
	<u>201,796</u>	<u>168,707</u>
Establishment costs		
-Depreciation	16,090	15,043
-Rental of premises	9,648	4,335
-Hire of equipments	1,101	8,057
-Utilities	3,182	2,637
-Others	9,369	6,071
	<u>39,390</u>	<u>36,143</u>
Marketing expenses		
-Advertisement and promotional expenses	22,527	37,528
-Others	552	884
	<u>23,079</u>	<u>38,412</u>
Administration and general expenses		
-Processing cost	78,557	36,631
-Auditors' remuneration	128	(64)
-Stationeries and supplies	3,776	3,498
-Communication expenses	7,877	5,784
-Maintenance of office equipment	3,238	2,023
-Others	64,113	73,207
	<u>157,690</u>	<u>121,079</u>
Total other operating expense	<u><u>421,954</u></u>	<u><u>364,341</u></u>

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

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Allowance/provision for loans, advances and financing :		
<u>Individual assessment</u>		
- made in the financial period	5,135	33,943
- written back	(6,876)	(16,791)
<u>Collective assessment</u>		
- made in the financial period	3,939	1,779
<u>Impaired loans, advances and financing</u>		
- written back	(38,133)	(39,555)
- written off	117,801	112,553
	81,866	91,929

(19) Credit transactions and exposures with connected parties

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Outstanding credit exposures with connected parties of which:	1,879,083	1,224,100
Total credit exposure which is non-performing or in default	-	-
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	2.84%	2.03%
- which is non-performing or in default	0.00%	0.00%

CITIBANK BERHAD
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(20) Capital adequacy

(a) The capital adequacy ratios are as follows:

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Computation of Total Risk Weighted Assets ("RWA")		
Total credit RWA	21,043,041	19,954,371
Total market RWA	2,366,382	2,398,682
Total operational RWA	3,519,921	3,550,272
Total Risk Weighted Assets	26,929,344	25,903,325
Computation of Capital Ratios		
Tier 1 Capital	3,229,946	3,565,282
Capital Base *	3,484,493	3,801,235
Before deducting proposed dividends:		
Core capital ratio		13.76%
Risk weighted capital ratio		14.67%
After deducting dividend payment / proposed dividends:		
Core capital ratio	11.99%	12.61%
Risk weighted capital ratio	12.94%	13.52%

* In arriving at the capital base used in the ratio calculations of the Bank, payment of dividends were deducted for June 2011 (proposed dividends were not deducted for Dec 2010).

With effect from 1 January 2009, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratio.

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

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Tier I Capital		
Paid up ordinary share capital	121,697	121,697
Share premium	380,303	380,303
Retained profits	2,698,408	2,998,408
Other reserves	121,697	121,697
Less: Deferred tax assets	(92,159)	(56,823)
Total Tier I capital (Core Capital)	3,229,946	3,565,282
Tier II Capital		
Collective assessment allowance*	254,567	235,973
Maximum allowable subordinated debt capital	-	-
Total Tier II Capital	254,567	235,973
Total Eligible Tier II	254,567	235,973
Less: Investment in subsidiary companies	(20)	(20)
Capital Base	3,484,493	3,801,235

* Excludes collective assessment allowance on impairment loans restricted from Tier II Capital by BNM of RM118.7 million (2010: RM133.4 million)

CITIBANK BERHAD
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(21) Off-balance sheet exposures

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

Jun 2011 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	1,445,009	1,445,009	1,258,382
Transaction related contingent items	354,823	177,411	148,835
Short term self liquidating trade related contingencies	441,065	88,213	86,287
Forward asset purchases	574,865	574,865	-
Foreign exchange related contracts:			
One year or less	27,191,095	474,125	283,334
Over one year to five years	4,533,400	543,553	309,666
Over five years	91,650	18,406	18,406
Interest/Profit rate related contracts:			
One year or less	10,570,921	28,079	11,915
Over one year to five years	15,723,375	498,248	213,952
Over five years	1,885,073	189,008	73,996
Equity related contracts:			
One year or less	444,131	28,614	13,284
Over one year to five years	510,133	49,673	24,918
Over five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	2,529	2,529	1,264
Over one year to five years	297,054	39,456	30,551
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,431,118	286,224	282,151
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	481,002	240,501	193,871
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	3,586,351	-	-
Unutilised credit card lines	17,898,612	3,579,722	2,688,862
Total	87,462,205	8,263,637	5,639,676

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(21) 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 2010 Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item			
Direct credit substitutes	1,489,992	1,489,992	1,288,190
Transaction related contingent items	395,970	197,985	180,418
Short term self liquidating trade related contingencies	422,631	84,526	127,781
Forward asset purchases	617	617	
Foreign exchange related contracts:			
One year or less	24,729,003	758,795	561,289
Over one year to five years	3,637,939	539,734	321,023
Over five years	-	-	-
Interest/Profit rate related contracts:			
One year or less	7,896,887	37,105	13,589
Over one year to five years	16,604,797	586,871	255,311
Over five years	1,800,014	191,416	64,169
Equity related contracts:			
One year or less	388,457	25,785	12,867
Over one year to five years	153,686	24,797	12,399
Over five years	-	-	-
Debt security contracts and other commodity contracts:			
One year or less	175,461	34,810	32,976
Over one year to five years	-	-	-
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	421,905	210,952	158,455
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	5,014,737	-	-
Unutilised credit card lines	18,107,541	3,621,508	2,722,693
Total	81,239,637	7,804,893	5,751,160

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(22) Derivative financial instruments

	<-----30 Jun 2011----->			<-----31 Dec 2010----->		
	Contract Amount RM'000	Positive fair value RM'000	Negative fair value RM'000	Contract amount RM'000	Positive fair value RM'000	Negative fair value RM'000
Foreign exchange related contracts:						
- Forwards	51,137,876	105,515	163,593	44,990,550	264,681	310,204
- Cross currency interest rate swaps	5,083,212	237,917	266,227	6,948,761	423,054	311,223
- Options	2,543,769	6,212	4,359	703,871	3,205	3,213
Interest rate contracts:						
- Futures	10,003,320	-	-	7,384,086	-	-
- Swaps	23,226,225	249,313	316,960	28,199,721	281,970	372,410
- Options	470,472	1,184	4,518	1,082,406	2,026	5,275
Equity related contracts	954,263	10,787	10,787	1,321,876	14,927	14,956
Others	611,596	6,059	14,015	731,077	17,377	26,839
	94,030,733	616,988	780,458	91,362,347	1,007,240	1,044,120
		Note 7	Note 11		Note 7	Note 11

**CITIBANK BERHAD
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ISLAMIC BANKING OPERATIONS**

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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

		Group and Bank	
		Jun	Dec
		2011	2010
		RM'000	RM'000
Assets			
Cash and short term funds	(a)	146,102	394,301
Financial assets held-for-trading	(b)	239,205	343,179
Financial investments available-for-sale	(c)	462,880	271,553
Financing, advances and other loans	(d)	476,142	500,800
Deferred tax assets		2,459	1,142
Other assets	(f)	70,327	164,651
		<hr/>	<hr/>
Total assets		1,397,116	1,675,626
		<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Deposits from customers	(g)	648,987	1,089,505
Deposits and placements of banks and other financial institutions	(h)	429,400	-
Other liabilities	(i)	103,305	382,071
		<hr/>	<hr/>
Total liabilities		1,181,692	1,471,576
		<hr/> <hr/>	<hr/> <hr/>
Islamic banking funds	(j)	215,425	204,050
		<hr/>	<hr/>
Total liabilities and Islamic banking funds		1,397,117	1,675,626
		<hr/> <hr/>	<hr/> <hr/>
Off-balance sheet exposures	(s)	882,011	1,534,730
		<hr/> <hr/>	<hr/> <hr/>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying notes on page 31 to 46 attached to the unaudited condensed interim financial statements.

CITIBANK BERHAD
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UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2011

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Income derived from investments of depositors' funds and others	(k) 23,918	21,433
Provision for financing, advances and other loans	(l) 279	545
Transfer to Profit Equalisation Reserve	(m) <u>(6,835)</u>	<u>(4,793)</u>
Total attributable income	17,362	17,185
Income attributable to depositors	(n) <u>(8,370)</u>	<u>(5,047)</u>
Total attributable to the Bank	8,992	12,138
Income derived from investment of Islamic Banking Capital funds	(o) <u>9,430</u>	<u>3,567</u>
Total net income	18,422	15,704
Other operating expenses	(q) (1,008)	(2,084)
Profit before taxation	<u>17,414</u>	<u>13,620</u>
Tax expense	(5,852)	(3,398)
Profit for the period	<u><u>11,562</u></u>	<u><u>10,222</u></u>
Other comprehensive expense, net of income tax		
Net loss on revaluation of financial investments available-for-sale	<u>(188)</u>	<u>(818)</u>
Other comprehensive expense for the period, net of income tax	(188)	(818)
Total comprehensive income for the period	<u><u>11,375</u></u>	<u><u>9,404</u></u>
Profit for the period attributable to:		
Equity holder of the Bank	<u><u>11,562</u></u>	<u><u>10,222</u></u>
Total comprehensive income attributable to:		
Equity holder of the Bank	<u><u>11,375</u></u>	<u><u>9,404</u></u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying notes on page 31 to 46 attached to the unaudited condensed interim financial statements.

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**UNAUDITED STATEMENTS OF CHANGES IN ISLAMIC BANKING FUNDS FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Group and Bank			
	Capital funds RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2010				
- as previously stated	20,000	885	161,327	182,212
- effect of adoption of FRS 139	-	-	(5)	(5)
	<u>20,000</u>	<u>885</u>	<u>161,322</u>	<u>182,207</u>
Profit after taxation	-	-	10,222	10,222
Other comprehensive loss for the period	-	(818)	-	(818)
	<u>20,000</u>	<u>67</u>	<u>171,544</u>	<u>191,611</u>
At 30 June 2010				
At 1 January 2011	20,000	(664)	184,714	204,050
Loss for the period	-	-	11,562	11,562
Other comprehensive loss for the period	-	(188)	-	(188)
	<u>20,000</u>	<u>(852)</u>	<u>196,276</u>	<u>215,425</u>
At 30 June 2011				

Note (j)

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2010 and the accompanying notes on page 31 to 46 attached to the unaudited condensed interim financial statements.

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(a) Cash and short term funds

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Cash and balances with banks and other financial institutions	4,092	4,301
Money at call and deposit placements maturing within one month	142,010	390,000
	<u>146,102</u>	<u>394,301</u>

(b) Financial assets held-for-trading

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
At fair value		
Bank Negara Malaysia Islamic Bills	199,145	336,868
Malaysian Government Investment Issues	40,060	-
Malaysian Government Treasury Bills	-	6,311
	<u>239,205</u>	<u>343,179</u>

(c) Financial investments available-for-sale

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
At fair value		
Malaysian Government Investment Issues	462,880	271,553
	<u>462,880</u>	<u>271,553</u>

CITIBANK BERHAD
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ISLAMIC BANKING OPERATIONS

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(d) Financing, advances and other loans

(i) By type

	Group and Bank	
	Jun	Dec
	2011	2010
	RM'000	RM'000
Term financing		
- Housing loans/financing	451,871	536,474
- Hire purchase receivables	2,304	3,175
- Lease receivables	1,517	2,878
- Other term loans/financing	689	42
	<hr/>	<hr/>
	456,381	542,569
Unearned income	29,186	(32,059)
	<hr/>	<hr/>
Gross financing, advances and other loans	485,567	510,510
Less:		
Allowance for impaired loans, advances and financing		
- Collective assessment allowance	(7,251)	(7,626)
- Individual assessment allowance	(2,174)	(2,084)
	<hr/>	<hr/>
Total net financing, advances and other loans	<u>476,142</u>	<u>500,800</u>

(ii) By contract

	Group and Bank	
	Jun	Dec
	2011	2010
	RM'000	RM'000
Bai' Bithamin Ajil	39,442	42,101
Ijarah Muntahia Bittamilik	4,510	6,095
Diminishing Musharakah	441,615	462,314
	<hr/>	<hr/>
	485,567	510,510
	<hr/>	<hr/>

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

(iii) By profit rate sensitivity

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Fixed rate		
- House loans/financing	481,057	504,415
- Hire purchase receivables	2,304	3,175
- Other fixed rate/financing	1,516	2,920
Variable rate		
- Cost plus	690	-
	485,567	510,510
	485,567	510,510

(iv) By sector

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Manufacturing (including agriculture based)	2,840	3,923
Wholesale, retail trade, restaurants and hotels	33	98
Transport, storage and communication	1,637	2,040
Finance, insurance, real estate and business services	-	33
Household-Residential	476,844	501,869
Other sectors	4,213	2,547
	485,567	510,510
	485,567	510,510

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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	
	Jun	Dec
	2011	2010
	RM'000	RM'000
At 1 January	13,257	10,215
Classified as impaired during the period/year	(2,098)	8,987
Amount recovered	(794)	(3,200)
Amount written off	-	(2,745)
At 30 June / 31 December	<u>10,365</u>	<u>13,257</u>
Individual assessment allowance	<u>(2,174)</u>	<u>(2,084)</u>
Net impaired financing, advances and other loans	<u><u>8,191</u></u>	<u><u>11,173</u></u>
Ratio of net impaired financing, advances and other loans to total gross financing, advances and other loans	1.69%	2.20%

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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	
	Jun	Dec
	2011	2010
	RM'000	RM'000
<u>Collective assessment allowance</u>		
At 1 January		
- as previously stated	7,626	-
- effect of adopting FRS 139	-	8,026
	7,626	8,026
Allowance written back during the period/year	(375)	(400)
	7,251	7,626
	7,251	7,626
As % of gross financing, advances and other loans less individual assessment allowance	1.50%	1.50%
<u>Individual assessment allowance</u>		
At 1 January		
- as previously stated	2,084	-
- effect of adopting FRS 139	-	4,743
	2,084	4,743
Allowance made during the period/year	127	203
Amount recovered	(33)	(117)
Amount written off	(4)	(2,745)
	2,174	2,084
	2,174	2,084

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

	Group and Bank	
	Jun	Dec
	2011	2010
	RM'000	RM'000
Manufacturing (including agriculture based)	1,414	1,446
Household - Residential	8,951	11,811
	7,251	11,811
	7,251	11,811

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(f) Other assets

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Profit receivables	4,992	3,666
Other debtors, deposits and prepayments	59,926	14,760
Revaluation gain on profit rate undertaking contracts (Note t)	5,409	146,225
	<hr/>	<hr/>
	<u>70,327</u>	<u>164,651</u>

(g) Deposits from customers

(i) By type of deposit

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Non-Mudharabah Fund		
Demand deposits	436,090	878,181
Saving deposits	72,217	69,203
Other deposits	53,478	104,349
Mudharabah fund		
General investment deposits	87,202	37,772
	<hr/>	<hr/>
	<u>648,987</u>	<u>1,089,505</u>

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(g) Deposits from customers (continued)

(ii) By type of customers

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Government and statutory bodies	35	24
Business enterprises	209,872	642,811
Individuals	343,141	302,084
Others	95,939	144,586
	<hr/>	<hr/>
	<u>648,987</u>	<u>1,089,505</u>

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

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Licensed banks	399,400	-
Licensed finance companies	30,000	-
	<hr/>	<hr/>
	<u>429,400</u>	<u>-</u>

CITIBANK BERHAD
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ISLAMIC BANKING OPERATIONS

(Company No. 297089 M)

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(i) Other liabilities

	Group and Bank	
	Jun	Dec
	2011	2010
	RM'000	RM'000
Profit payable	7,869	11,783
Other creditors and accruals	74,005	214,876
Profit Equalisation Reserve (Note m)	16,022	9,187
Revaluation loss on profit rate undertaking contracts (Note t)	5,409	146,225
	<hr/>	<hr/>
	<u>103,305</u>	<u>382,071</u>

(j) Islamic Banking Fund

	Group and Bank	
	Jun	Dec
	2011	2010
	RM'000	RM'000
Fund allocated	20,000	20,000
Fair value reserve	(852)	(664)
Retained earnings	196,276	184,714
	<hr/>	<hr/>
	<u>215,425</u>	<u>204,050</u>

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

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Income derived from investment of:		
(i) General investment deposits	22,630	18,974
(ii) Other deposits	1,288	2,459
	23,918	21,433

(i) Income derived from investment of general investment deposits

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Finance income and hibah		
Financing, advances and other loans	9,729	10,900
Money at call and placements with financial institutions	6,405	2,474
Income from financial investments available-for-sale	3,916	4,284
Income from financial assets held-for-trading	82	-
	20,132	17,658
Accretion of discount less amortisation of premium	1,945	828
Total finance income and hibah	22,077	18,486
Other operating income		
Fee income	553	488
	22,630	18,974

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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	
	Jun 2011	Jun 2010
	RM'000	RM'000
Finance income and hibah		
Financing, advances and other loans	554	1,413
Money at call and placements with financial institutions	365	321
Income from financial investments available-for-sale	223	555
Income from securities held-for-trading	5	-
	<u>1,146</u>	<u>2,289</u>
Accretion of discount less amortisation of premium	111	107
Total finance income and hibah	<u>1,257</u>	<u>2,396</u>
Other operating income		
Fee income	31	63
	<u>1,288</u>	<u>2,459</u>

(l) Provision for financing, advances and other loans

	Group and Bank	
	Jun 2011	Jun 2010
	RM'000	RM'000
Provision for financing, advances and other loans:		
<u>Individual assessment allowance</u>		
- made in the financial period	127	144
- written back	(33)	(619)
<u>Collective assessment allowance</u>		
- reversal during the period	(375)	(25)
<u>Impaired financing, advances and other loans</u>		
- written off/(back)	3	(45)
	<u>(279)</u>	<u>(545)</u>

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(m) Profit Equalisation Reserve

The movement in Profit Equalisation Reserve is as follows:

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
At 1 January	9,187	1,206
Movement in the financial period	6,835	4,793
	16,022	5,999
At 30 June	16,022	5,999

(n) Income attributable to depositors

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Deposits from customers		
- Mudharabah funds	7,031	3,238
- Non-Mudharabah funds	1,409	1,633
Deposits and placements of banks and other financial institutions		
- Non-Mudharabah funds	21	31
Others	(92)	146
	8,370	5,047
	8,370	5,047

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

	Group and Bank	
	Jun 2011 RM'000	Jun 2010 RM'000
Financing, advances and other loans	1,150	1,137
Money at call and placements with financial institutions	757	258
Income from financial investments available-for-sale	463	447
Income from securities held-for-trading	10	-
	<u>2,379</u>	<u>1,842</u>
Accretion of discount less amortisation of premium	89	86
Total finance income and hibah	<u>2,469</u>	<u>1,929</u>
Other operating income		
Gain /(loss) from financial assets held-for-trading	53	(58)
Gain from financial investments available-for-sale	-	1,208
Fee income	342	446
Gain from trading activities	6,566	41
	<u>6,961</u>	<u>1,638</u>
	<u>9,430</u>	<u>3,567</u>
Income from Islamic Banking Capital Funds	<u>9,430</u>	<u>3,567</u>

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(p) Income from Islamic banking operations

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

		Group and Bank	
		Jun 2011	Jun 2010
		RM'000	RM'000
Income derived from investment of depositors' funds and others	(k)	23,918	21,433
Profit Equalisation Reserve	(m)	(6,835)	(4,793)
Income attributable to depositors	(n)	(8,370)	(5,047)
Income derived from investment of Islamic Banking Funds	(o)	9,430	3,567
		<hr/>	<hr/>
		<u>18,144</u>	<u>15,159</u>

(q) Other operating expenses

		Group and Bank	
		Jun 2011	Jun 2010
		RM'000	RM'000
Personnel costs		(5)	1,684
Administrative and general expenses		1,014	400
		<hr/>	<hr/>
		<u>1,008</u>	<u>2,084</u>

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

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(r) **Capital adequacy**

(i) The capital adequacy ratios are as follows:

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Computation of Total Risk Weighted Assets ("RWA")		
Total credit RWA	411,261	436,946
Total market RWA	95,796	79,687
Total operational RWA	85,823	92,001
Total Risk Weighted Assets	592,881	608,634
Computation of Capital Ratios		
Tier 1 Capital	202,539	203,761
Capital Base	209,380	210,955
Core capital ratio	34.16%	33.48%
Risk weighted capital ratio	35.32%	34.66%

With effect from 1 January 2009, the capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratio.

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

	Group and Bank	
	Jun 2011 RM'000	Dec 2010 RM'000
Tier I Capital		
Fund allocated	20,000	20,000
Retained earnings	184,714	184,714
Less: Deferred tax assets	(2,175)	(953)
Total Tier I Capital (Core Capital)	202,539	203,761
Tier II Capital		
Collective assessment allowance*	6,842	7,194
Capital Base	209,380	210,955

* Excludes collective assessment allowance on impairment loans restricted from Tier II Capital by BNM of RM577,000 (2010: RM432,000)

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(s) **Off-balance sheet exposures**

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

Jun 2011			
Group and Bank	Principal	Credit	Risk
Nature of item	amount	equivalent	weighted
	RM'000	amount	assets
		RM'000	RM'000
Equity related contracts:			
One year or less	-	-	-
Over one year to five years	71,564	5,725	5,725
Over five years	-	-	-
Interest/Profit rate related contracts:			
One year or less	50,000	620	174
Over one year to five years	750,000	30,930	15,786
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	10,388	5,194	3,812
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	60	-	-
Total	882,011	42,469	25,497

December 2010			
Group and Bank	Principal	Credit	Risk
Nature of item	amount	equivalent	weighted
	RM'000	amount	assets
		RM'000	RM'000
Foreign exchange related contracts:			
One year or less	828,235	152,975	152,975
Over one year to five years	-	-	-
Over five years	-	-	-
Interest/Profit rate related contracts:			
One year or less	138,758	139	139
Over one year to five years	550,000	20,842	14,546
Over five years	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	16,736	8,341	3,312
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	1,001	-	-
Total	1,534,730	182,297	170,972

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(t) Derivative financial instruments

	<----- 30 Jun 2011 ----->			<----- 31 Dec 2010 ----->		
	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
Foreign exchange related contracts						
- Cross currency Islamic profit rate of undertaking	-	-	-	1,521,749	139,724	139,724
Others						
- Islamic profit rate undertaking	950,000	5,409	5,409	927,515	6,501	6,501
	950,000	5,409	5,409	2,449,264	146,225	146,225
		Note (f)	Note (i)		Note (f)	Note (i)