



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

**UNAUDITED CONDENSED FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2010**

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

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

**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010**

	Note	Group		Bank	
		Sep 2010 RM'000	Dec 2009 RM'000	Sep 2010 RM'000	Dec 2009 RM'000
<b>ASSETS</b>					
Cash and short term funds	1	9,315,771	10,713,979	9,315,751	10,713,959
Deposits and placements with banks and other financial institutions	2	421,281	1,328,452	421,281	1,328,452
Securities purchased under resale agreements		49,504	-	49,504	-
Securities held for trading	3	2,558,338	2,326,772	2,558,338	2,326,772
Securities available-for-sale	4	4,360,069	5,352,685	4,360,069	5,352,685
Securities held-to-maturity	5	-	7,499	-	7,499
Loans, advances and financing	6	18,763,827	18,497,072	18,763,827	18,497,072
Other assets	8	1,298,954	1,066,002	1,298,954	1,066,002
Statutory deposits with Bank Negara Malaysia	9	-	5,200	-	5,200
Deferred tax assets		40,204	37,463	40,204	37,463
Investment in subsidiary companies		-	-	20	20
Property, plant and equipment		106,220	62,664	106,220	62,664
<b>TOTAL ASSETS</b>		<b>36,914,168</b>	<b>39,397,787</b>	<b>36,914,168</b>	<b>39,397,787</b>
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>					
Deposits from customers	10	28,495,568	29,829,083	28,495,568	29,829,083
Deposits and placements of banks and other financial institutions	11	1,733,338	3,694,910	1,733,338	3,694,910
Bills and acceptances payable		41,222	48,010	41,222	48,010
Other liabilities	12	2,707,839	2,150,482	2,707,839	2,150,482
Subordinated loan		400,000	400,000	400,000	400,000
<b>TOTAL LIABILITIES</b>		<b>33,377,967</b>	<b>36,122,485</b>	<b>33,377,967</b>	<b>36,122,485</b>
<b>SHARE CAPITAL</b>	13	121,697	121,697	121,697	121,697
<b>RESERVES</b>	14	3,414,504	3,153,605	3,414,504	3,153,605
<b>SHAREHOLDERS' FUNDS</b>		<b>3,536,201</b>	<b>3,275,302</b>	<b>3,536,201</b>	<b>3,275,302</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>36,914,168</b>	<b>39,397,787</b>	<b>36,914,168</b>	<b>39,397,787</b>
<b>OFF-BALANCE SHEET EXPOSURES</b>	20	<b>94,313,552</b>	<b>84,500,577</b>	<b>94,313,552</b>	<b>84,500,577</b>

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 2009 and the accompanying notes on page 6 to 49 attached to the unaudited condensed interim financial statements.

**CITIBANK BERHAD**  
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**UNAUDITED INCOME STATEMENTS OF THE GROUP AND BANK**  
**FOR THE FINANCIAL PERIOD NINE MONTHS ENDED 30 SEPTEMBER 2010**

	Note	Group and Bank	
		Sep 2010 RM'000	Sep 2009 RM'000
Revenue		1,719,119	1,779,356
Interest income	15	1,195,221	1,304,978
Interest expense	16	(283,718)	(370,513)
Net interest income		<u>911,503</u>	<u>934,465</u>
<i>Net Islamic banking operating income</i>		20,237	49,455
Other operating income	17	503,661	424,923
Operating income		<u>1,435,401</u>	<u>1,408,843</u>
Other operating expenses	18	(552,734)	(543,661)
Profit before provision		<u>882,667</u>	<u>865,181</u>
Allowance for impairment on loans, advances and financing	19	(138,804)	(135,720)
Profit before taxation		<u>743,863</u>	<u>729,461</u>
Taxation		(172,449)	(176,348)
Profit after taxation		<u>571,414</u>	<u>553,112</u>
Earnings per share - basic (sen)		<u>626</u>	<u>606</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 2009 and the accompanying notes on page 6 to 49 attached to the unaudited condensed interim financial statements.

**CITIBANK BERHAD  
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**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME OF THE GROUP AND BANK  
FOR THE FINANCIAL PERIOD NINE MONTHS ENDED 30 SEPTEMBER 2010**

	<b>Group and Bank</b>	
	<b>September 2010 RM'000</b>	<b>September 2009 RM'000</b>
Profit for the period	571,414	553,112
<u>Other comprehensive loss:</u>		
Net loss on revaluation of securities available-for-sale	(8,395)	(53,015)
Income tax relating to components of other comprehensive income	2,325	14,121
Other comprehensive loss for the period, net of tax	<u>(6,070)</u>	<u>(38,894)</u>
Total comprehensive income for the period	<u>565,344</u>	<u>514,218</u>
Total comprehensive income for the period attributable to Equity holders	<u>565,344</u>	<u>514,218</u>

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**CITIBANK BERHAD  
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

Group and 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 Reserve RM'000	
At 1 January 2009	121,697	380,303	121,697	63,578	2,667,900	3,233,478	3,355,175
Net profit for the period	-	-	-	-	553,110	553,110	553,110
Other comprehensive income	-	-	-	(38,892)	-	(38,892)	(38,892)
Dividend paid	-	-	-	-	(400,000)	(400,000)	(400,000)
<b>At 30 September 2009</b>	<b>121,697</b>	<b>380,303</b>	<b>121,697</b>	<b>24,686</b>	<b>2,821,010</b>	<b>3,347,696</b>	<b>3,469,393</b>
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 adopting FRS 139	-	-	-	-	(54,446)	(54,446)	(54,446)
	121,697	380,303	121,697	9,480	2,587,679	3,099,159	3,220,856
Net profit for the period	-	-	-	-	571,414	571,414	571,414
Other comprehensive income	-	-	-	(6,070)	-	(6,070)	(6,070)
Dividend paid	-	-	-	-	(250,000)	(250,000)	(250,000)
<b>At 30 September 2010</b>	<b>121,697</b>	<b>380,303</b>	<b>121,697</b>	<b>3,410</b>	<b>2,909,094</b>	<b>3,414,504</b>	<b>3,536,201</b>

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 2009 and the accompanying notes on page 6 to 49 attached to the unaudited condensed interim financial statements.

**CITIBANK BERHAD**  
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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS FOR THE  
FINANCIAL PERIOD NINE MONTHS ENDED 30 SEPTEMBER 2010**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Sep 2009 RM'000</b>
Profit before tax expenses	743,863	729,461
Adjustments for non cash items	(53,514)	63,951
Operating profit before changes in working capital	<u>690,348</u>	<u>793,412</u>
Changes in working capital :		
Net changes in operating assets	29,789	3,766,342
Net changes in operating liabilities	(2,754,405)	(6,032,740)
Taxes paid	(167,356)	(162,636)
Net cash (used in) / generated from operating activities	<u>(2,201,623)</u>	<u>(1,635,622)</u>
Net cash generated from investing activities	1,053,415	568,999
Net cash used in financing activities	<u>(250,000)</u>	<u>(400,000)</u>
Net change in cash and cash equivalents	(1,398,208)	(1,466,623)
Cash and cash equivalents at beginning of the year	10,713,959	12,384,405
Cash and cash equivalents at end of the period	<u>9,315,751</u>	<u>10,917,782</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 2009 and the accompanying notes on page 6 to 49 attached to the unaudited condensed interim financial statements.

**CITIBANK BERHAD  
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**A Explanatory Notes Pursuant to Revised Guidelines on Financial Reporting for Banking Institutions (BNM/RH/GL 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 2010 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 2009. 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 2009.

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 2009, except for the full adoption of Financial Reporting Standards ("FRS") 139, Financial Instruments: Recognition and Measurement and amendments to FRS 139, Financial Instruments: Recognition and Measurement and the revised policy on Classification and Impairment Provisions for Loans/Financing issued by BNM on 8 January 2010. The impact of the full adoption of FRS 139, its related amendments and the revised policy on Classification and Impairment Provisions for Loans/Financing is disclosed in Note 22.

The adoption of FRS101-Presentation of Financial Statements, which was effective 1 January 2010 did not impact the financial results of the Bank as the changes introduced are presentation in nature. As a result of the adoption, the income statement have been re-presented as two separate statement i.e an income statement displaying components of profit or loss and a statement of comprehensive income.

The adoption of other accounting standards during the period did not have a material impact on the unaudited interim financial statements for the financial period nine months ended 30 September 2010.

**A2 Auditor's Report on preceding Annual Financial Statement**

The audit report on the audited financial statements for the financial year ended 31 December 2009 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 nine months ended 30 September 2010

**A5 Changes in estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the bank for the financial period nine months ended 30 September 2010.

**A6 Issuance and repayment of Debt and Equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period nine months ended 30 September 2010.

**A7 Dividend**

The final ordinary dividends proposed in respect of the year ended 31 December 2009 of RM250 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 nine months ended 30 September 2010.

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**B Review of performance and current year prospects**

**B1 Performance Review**

Citibank registered a pre-tax profit of RM744 million and revenue of RM1,724 million for the period ended 30 September 2010. The increase in profits for the nine months was largely due to increase in other operating income.

The bank's annualized net income on average equity stood at 22%. Annualized net income on total assets increased marginally to 2.00% from 1.71% compared to the same period in 2009.

Net Interest Income dropped by 2% due to lower interest income from loans while other operating income in the 3rd quarter of 2010 showed a 19% increase compared with the same period in 2009 driven by gain from derivatives and securities held for trading.

Meanwhile, Islamic banking profit before tax was down by 59% to RM20 million due to lower investment income.

Other operating expenses for the first nine months of the year closed at RM553 million, an increase of 2% against the preceding period due to an increase in personnel cost expenses.

The Bank's total assets dropped 6% to RM37 billion as of 30 September 2010, due to a 13% decrease in cash and short term funds of RM1.4 billion and 19% decrease in securities available for-sale of RM0.9 billion. This reduction is mainly driven by the drop in customer deposit of RM1.3 billion and interbank placements of RM1.9 billion.

**B2 Prospects for the 2010**

As part of Bank Negara's continued effort to enhance flexibility of the economy, it announced further liberalization of administrative rules for foreign exchange transactions. The three substantive FX liberalization measures, included allowing settlement of international trade between residents and non-residents to be conducted in MYR, in addition to foreign currencies. This effectively brings Malaysia a step closer towards internationalization of the MYR. It also included the lifting of limits on inter-company cross-border foreign currency borrowings, and abolishing limits on anticipatory hedging for current account transactions, which was set at 100% of a company's turnover in the preceding 12 months. This would promote greater efficiency in the conduct of international trade and a conducive business environment in Malaysia to strengthen business linkages with the regional and global economies.

The export-led cyclical slowdown that began in 2Q10 has continued into the third quarter. Domestic demand is providing a cushion, with private investments showing tentative signs of a near term recovery as positive reform rhetoric may have led to improving perceptions of the investment climate.

The government expects stable GDP growth of 5-6% in 2011, from 7% this year. The government expects the fiscal deficit to be broadly stable at 5.4% of GDP in 2011, compared to 5.6% this year.

Despite the economic challenges, the Bank remains positive and is well positioned for growth.



**(1) Cash and short term funds**

	<b>Group</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Cash and balances with banks and other financial institutions	55,992	52,423
Money at call and deposit placements maturing within one month	9,259,779	10,661,556
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	<b>9,315,771</b>	<b>10,713,979</b>

	<b>Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Cash and balances with banks and other financial institutions	55,972	52,403
Money at call and deposit placements maturing within one month	9,259,779	10,661,556
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	<b>9,315,751</b>	<b>10,713,959</b>

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

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Licensed banks	421,281	1,328,452
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	<b>421,281</b>	<b>1,328,452</b>

**(3) Securities held for trading**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
At fair value		
Malaysian Government Treasury Bills	63,403	281,595
Malaysian Government Stock	957,699	1,164,350
Malaysian Government Investment Issues	205,319	215,473
BNM Bills/Notes	1,296,647	645,303
Corporate Notes	35,270	-
Private Debt Securities	-	20,051
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	<b>2,558,338</b>	<b>2,326,772</b>

**(4) Securities available for sale**

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
At fair value		
Malaysian Government Treasury Bills/ Government Stock	2,791,094	4,358,871
BNM bills	372,583	-
Malaysian Government Investment Issues Khazanah Bonds	1,032,460	496,914
Yankee Bonds/US bonds	-	74,940
Multilateral Financial Institutions	156,433	371,157
Unquoted securities	-	50,802
	7,499	-
	<u>4,360,069</u>	<u>5,352,685</u>

**(5) Securities held to maturity**

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
At amortised cost		
Unquoted securities:- Shares	-	7,499

**(6) Loans, Advances and Financing**

**(i) By type**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Overdrafts	225,787	1,485,375
Term loans and financing		
-Housing loans/financing	9,976,468	9,779,054
-Hire Purchase receivables	6,137	13,255
-Lease Receivables	5,008	8,262
-Other term loans / financing	1,225,718	1,485,128
Bills receivable	506,187	170,880
Trust receipts	17,095	11,585
Claims on customers under acceptance credits	639,743	624,449
Staff loans	99,375	96,164
Share Margin Financing	180,741	169,573
Credit cards receivables	5,463,017	4,696,169
Revolving credit	1,074,334	626,413
Other loans	-	94,911
	<u>19,419,610</u>	<u>19,261,218</u>
Unearned interest and income	(40,885)	(47,458)
Gross loans, advances and financing	<u>19,378,725</u>	<u>19,213,760</u>
Allowance for impaired loans		
- collective assessment	(285,744)	-
- individual assessment	(329,155)	-
- general	-	(283,115)
- specific	-	(433,573)
	<u>-</u>	<u>(716,643)</u>
Net loans, advances and financing	<u>18,763,827</u>	<u>18,497,072</u>

(6) Loans, Advances and Financing (continued)

(ii) By interest/profit rate sensitivity

	Group and Bank	
	Sep	Dec
	2010	2009
	RM'000	RM'000
Fixed rate		
Housing loans/financing	885,753	900,595
Hire Purchase receivables	6,201	8,792
Other fixed rate loan/financing	8,144,584	7,193,540
Variable rate		
BLR plus	9,895,824	10,655,441
Cost plus	446,363	455,392
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	<u>19,378,725</u>	<u>19,213,760</u>

(iii) By sector

	Group and Bank	
	Sep	Dec
	2010	2009
	RM'000	RM'000
Primary agriculture	37,453	56,023
Mining & quarrying	7,506	4,176
Manufacturing(incl agriculture based)	1,285,889	917,639
Electricity, gas, water	18,444	40,520
Construction	47,040	38,069
Wholesale, retail trade, restaurants, hotels	643,154	549,779
Transport, storage & communication	107,338	137,208
Finance, insurance, real estate & business services	562,404	632,422
Education, health & others	21,329	35,061
Household		
- consumption credit	6,012,360	5,616,739
- residential	9,754,553	10,378,013
- purchase of securities	181,571	170,427
- others	302,681	315,413
Other purposes	397,003	322,271
	<hr/>	<hr/>
	<u>19,378,725</u>	<u>19,213,759</u>

**(6) Loans, Advances and Financing (continued)**  
**(iv) Residual contractual maturity**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Up to 1 year	6,336,849	8,055,264
One to five years	2,664,767	716,589
Above 5 years	10,377,109	10,441,907
	<u>19,378,725</u>	<u>19,213,760</u>

**(v) By geographical distribution**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Malaysia	<u>19,378,725</u>	<u>19,213,759</u>

**(7) Impaired Loans**

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

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
At 1 January	669,819	634,146
Adjustment due to adoption of FRS 139	(178,503)	-
Classified as impaired during the period/year	497,422	608,837
Reclassified as non impaired during the period/year	(240,195)	(308,748)
Amount recovered	(119,575)	(80,348)
Amount written off	(119,882)	(184,068)
At 30 September / 31 December	<u>509,086</u>	<u>669,819</u>
Individual assessment	(329,155)	-
Specific allowance	-	(433,573)
Net impaired loans, advances and financing	<u>179,931</u>	<u>236,246</u>
Ratio of net impaired loans and financing to net loans and financing less individual assessment	0.94%	1.26%

(7) Impaired Loans (continued)

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

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
<u>Collective assessment</u>		
At 1 January		
- as previously stated	-	-
- effect of adopting FRS 139	280,583	-
	<u>280,583</u>	<u>-</u>
Allowance made during the period/year	5,161	-
	<u>285,744</u>	<u>-</u>
At 30 September / 31 December		
<u>General allowance</u>		
At 1 January		
- as previously stated	283,115	303,205
- effect of adopting FRS 139	(283,115)	-
	<u>-</u>	<u>303,205</u>
Allowance made during the period/year	-	(20,090)
	<u>-</u>	<u>(20,090)</u>
At 30 September / 31 December	<u>-</u>	<u>283,115</u>
As % of gross loans, advances and financing less individual assessment	1.50%	1.51%



(7) Impaired Loans (continued)

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

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
<u>Individual assessment</u>		
At 1 January		
- as previously stated	-	-
- effect of adopting FRS 139	332,889	-
	<u>332,889</u>	<u>-</u>
Allowance made during the period	41,116	-
Amount written back	(26,105)	-
Amount written off	(18,745)	-
	<u>                    </u>	<u>                    </u>
At 30 September / 31 December	<u>329,155</u>	<u>-</u>
<u>Specific assessment</u>		
At 1 January		
- as previously stated	433,573	384,167
- effect of adopting FRS 139	(433,573)	-
	<u>                    </u>	<u>384,167</u>
Allowance made during the period	-	296,150
Amount recovered	-	(64,136)
Amount written off	-	(182,608)
	<u>                    </u>	<u>                    </u>
At 30 September / 31 December	<u>-</u>	<u>433,573</u>

(7) Impaired loans (continued)

(iii) Impaired loans by sector are as follows :-

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Primary agriculture	3,813	-
Mining & quarrying	388	149
Manufacturing(incl agriculture based)	42,336	44,236
Construction	9,950	14,783
Wholesale, retail trade, restaurants, hotels	20,569	22,610
Transport, storage & communication	188	750
Finance, insurance, real estate & business services	11,477	27,610
Household		
- consumption credit	95,454	245,852
- residential	278,232	267,683
- purchase of securities	20,885	21,035
- others	22,552	25,111
Other purposes	3,242	-
	<u>509,086</u>	<u>669,819</u>

(iv) Impaired loans by geographical distribution are as follows :-

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Malaysia	<u>509,086</u>	<u>669,819</u>

**(8) Other assets**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Interest/Income receivable	51,750	73,128
Other debtors, deposits and prepayments	155,214	217,472
Derivatives (note 21)	1,091,990	775,402
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	<b>1,298,954</b>	<b>1,066,002</b>

**(9) 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 1% effective on 1 March 2009 (2008: 3.5%). 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 2010, MGS of the Group and the Bank with nominal amount of RM130 million (2009: RM130 million) are utilised for SRR determination purposes. These securities are classified under securities available-for-sale (Note 4).

**10) Deposits from customers**

**(i) By type of deposit**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Demand deposits	10,134,930	8,336,980
Saving deposits	836,621	1,739,611
Fixed deposits	12,039,304	9,753,741
Other deposits	5,389,503	9,889,297
Negotiable Instruments of Deposit	83,977	93,720
Others - cash collateral	11,233	15,734
	<hr/>	<hr/>
	<b>28,495,568</b>	<b>29,829,083</b>

**10) Deposits from customers (continued)****(ii) By type of customers**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Government and statutory bodies	26,324	49,715
Business enterprise	15,273,882	14,611,909
Individuals	9,685,140	11,349,112
Others	3,510,222	3,818,346
	<hr/>	<hr/>
	<b>28,495,568</b>	<b>29,829,083</b>

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

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Due within six months	12,662,765	13,733,774
Six months to one year	4,363,208	4,774,991
One year to three years	393,896	989,722
Three years to five years	92,915	227,007
Over five years	-	11,264
	<hr/>	<hr/>
	<b>17,512,784</b>	<b>19,736,758</b>

**11) Deposits and placements of banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Licensed banks	1,733,338	3,694,896
Other financial institutions	-	14
	<hr/>	<hr/>
	<b>1,733,338</b>	<b>3,694,910</b>

**12) Other liabilities**

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Interest/Profit payable	109,020	66,535
Other creditors and accruals	1,309,296	1,233,536
Provision for retirement benefits	187	284
Profit Equalisation Reserve	8,395	23
Taxation	78,949	66,364
Derivatives (Note 21)	1,201,992	783,740
	<u>2,707,839</u>	<u>2,150,482</u>

**13) Share capital**

	Group and Bank			
	Amount Sep 2010 RM'000	Number of shares Sep 2010 '000	Amount Dec 2009 RM'000	Number of shares Dec 2009 '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>

**14) Reserves**

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Share premium	380,303	380,303
Statutory reserve	121,697	121,697
Other Reserve	3,413	9,480
Retained profits	2,909,091	2,642,125
	<u>3,414,504</u>	<u>3,153,605</u>

**(15 Interest income**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Sep 2009 RM'000</b>
Loans and advances		
- Interest income other than recoveries from impaired loans	919,525	992,812
- Recoveries from impaired loans	25,407	5,201
Money at call and deposit placements with financial institutions	117,994	132,648
Securities held-for-trading	34,970	44,471
Securities available-for-sale	84,843	121,918
Securities held-to maturity	-	1,582
Securities purchased under resale agreements	1,065	6,589
	<u>1,183,804</u>	<u>1,305,221</u>
Amortisation of premium/accretion of discounts	<u>11,417</u>	<u>(244)</u>
	<u>1,195,221</u>	<u>1,304,978</u>

**(16 Interest expense**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Sep 2009 RM'000</b>
Deposits and placements of banks and other financial institutions	20,380	2,168
Deposits from customers	252,300	337,194
Others	11,038	31,151
	<u>283,718</u>	<u>370,513</u>

**(17) Other operating income**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Sep 2009 RM'000</b>
Fee income:		
Commission	131,492	122,437
Service charges and fees	301	531
Guarantee fees	5,518	6,411
Bankcard fees	139,694	137,308
Insurance premium and referral	12,005	12,520
Other fee income	17,048	10,753
	<u>306,058</u>	<u>289,960</u>
Income from securities:		
Unrealised gain / (loss) from securities held-for-trading	4,229	(15,059)
Net gain / (loss) from sales of securities		
- securities held for trading	12,600	11,837
- securities available for sale	56,713	54,665
Gross dividends from unquoted securities	58	25
	<u>73,600</u>	<u>51,468</u>
Other income:		
Foreign exchange profit		
- unrealised (loss) / gain	78,886	172,155
- realised gain	19,274	17,517
Gain / (Loss) from derivatives	26,016	(105,830)
Loss on disposal of of fixed assets	(173)	(348)
	<u>124,003</u>	<u>83,494</u>
Total other operating income	<u>503,661</u>	<u>424,923</u>

**(18 Other operating expenses**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Sep 2009 RM'000</b>
<b>Personnel costs</b>		
-Salaries, allowances and bonuses	164,501	136,371
-Contribution to Employees provident fund	24,878	21,499
-Staff benefits and other compensations	64,781	61,338
-Others	3,262	(310)
	<u>257,422</u>	<u>218,899</u>
<b>Establishment costs</b>		
-Depreciation	23,631	25,494
-Rental of premises	6,655	-
-Hire of equipment	12,907	5,235
-Utilities	3,855	3,332
-Others	9,966	19,672
	<u>57,014</u>	<u>53,733</u>
<b>Marketing expenses</b>		
-Advertisement and promotional expenses	52,158	55,058
-Others	1,270	721
	<u>53,428</u>	<u>55,779</u>
<b>Administration and general expenses</b>		
-Processing cost	51,777	88,617
-Auditors' remuneration	(199)	171
-Stationeries and supplies	4,913	4,446
-Communication expenses	10,529	15,828
-Maintenance of office equipment	338	23,303
-Others	117,512	82,885
	<u>184,870</u>	<u>215,250</u>
<b>Total other operating expense</b>	<u>552,734</u>	<u>543,661</u>



**(19) Allowance for Impairment on loans and financing**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Sep 2009 RM'000</b>
Allowance for impaired loans and financing:		
<u>Individual assessment</u>		
- made in the financial period	41,116	-
- written back	(26,105)	-
<u>Specific allowance</u>		
- made in the financial period	-	248,310
- written back	-	(42,159)
<u>Collective assessment</u>		
- made in the financial period	5,161	-
<u>General allowance</u>		
- reversal during the period	-	(21,857)
<u>Impaired loans and financing</u>		
- written back	(51,079)	(48,609)
- written off	169,710	35
	<u>138,804</u>	<u>135,720</u>

**CITIBANK BERHAD  
AND ITS SUBSIDIARIES  
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**(20) Capital adequacy**

(a) The capital adequacy ratios of the Bank are as follows:-

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
<b>Computation of Total Risk Weighted Assets (RWA)</b>		
Total Credit RWA	19,762,162	19,769,887
Total Market RWA	3,324,420	1,948,704
Total Operational RWA	3,578,869	3,361,169
<b>Total Risk Weighted Assets</b>	<b>26,665,450</b>	<b>25,079,760</b>
<b>Computation of Capital Ratios</b>		
Tier 1 Capital	2,920,348	2,975,210
Capital Base	3,606,072	3,658,305
Core capital ratio	10.95%	11.86%
Risk weighted capital ratio	13.52%	14.59%

In arriving at the Tier 1 Capital and Capital Base used in the ratio calculations of the Bank, the dividend paid during the period /year were deducted.

With effect from 1 January 2008, 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. Disclosures are in line with the requirements of the Basel II Pillar 3 Guideline issued by Bank Negara Malaysia on 05 February 2010. 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

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
<b>Tier I Capital</b>		
Paid up ordinary share capital	121,697	121,697
Share premium	380,303	380,303
Retained earnings	2,337,679	2,642,125
Other Reserves	121,697	121,697
Less: Deferred Tax Assets	(41,028)	(40,612)
<b>Total Tier I capital (Core Capital)</b>	<b>2,920,348</b>	<b>3,225,210</b>
<b>Tier II Capital</b>		
Collective assessment allowance for impaired loans and financing	285,744	-
General allowance for bad and doubtful debts and financing	-	283,115
Maximum allowable subordinated debt capital	400,000	400,000
<b>Total Tier II Capital</b>	<b>685,744</b>	<b>683,115</b>
<b>Total Eligible Tier 2</b>	<b>685,744</b>	<b>683,115</b>
Less: Investment in Subsidiaries	(20)	(20)
<b>Capital Base</b>	<b>3,606,072</b>	<b>3,908,305</b>

CITIBANK BERHAD  
AND ITS SUBSIDIARIES  
Company No. 297089 M

(20) Capital adequacy

(c) The Off-Balance Sheet Exposures and their related counterparty credit risk of the Group and the Bank are as follows:

Sep 2010 Group and Bank	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
<b>Nature of item</b>				
Direct credit substitutes	1,381,239		1,381,239	1,198,539
Transaction related contingent items	410,665		205,332	183,020
Short term self liquidating trade related contingencies	146,666		29,333	66,476
Forward asset purchases	1,516,300		1,516,300	550,352
Foreign exchange related contracts:				
One year or less	27,656,763	344,137	666,654	431,997
Over one year to five years	4,521,094	355,170	719,285	498,253
Over five years				
Interest/Profit rate related contracts:				
One year or less	8,361,763	29,372	45,493	14,087
Over one year to five years	23,559,464	243,948	660,681	281,284
Over five years	1,748,954	96,099	214,839	74,416
Equity related contracts:				
One year or less	374,170		22,824	8,679
Over one year to five years	247,085	11,802	31,203	17,125
Over five years	-	-	-	-
Debt security contracts and other commodity contracts:				
One year or less	182,166	-	28,016	26,259
Over one year to five years	47,788	11,463	7,041	5,281
Over five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	402,914		201,457	170,817
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	4,833,502		-	-
Unutilised credit card lines	18,923,019		3,784,604	2,845,327
<b>Total</b>	<b>94,313,552</b>	<b>1,091,990</b>	<b>9,514,301</b>	<b>6,371,913</b>

Note 8

20 Capital adequacy (continued)

(c) The Off-Balance Sheet Exposures and their related counterparty credit risk of the Group and the Bank are as follows: (continued)

December 2009 Group and Bank	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
<b>Nature of Item</b>				
Direct credit substitutes	1,821,604	-	1,821,604	1,690,919
Transaction related contingent items	527,371	-	263,686	231,439
Short term self liquidating trade related contingencies	212,094	-	42,419	39,597
Forward asset purchases	107,311	-	107,311	56,458
Foreign exchange related contracts:				
One year or less	14,039,888	140,774	358,506	267,549
Over one year to five years	4,700,921	233,399	660,627	490,040
Over five years	-	-	-	-
Interest/Profit rate related contracts:				
One year or less	6,923,694	37,429	46,530	15,320
Over one year to five years	28,563,526	248,163	670,379	269,529
Over five years	2,474,306	89,586	255,336	83,166
Equity related contracts:				
One year or less	463,128	-	29,550	13,559
Over one year to five years	582,463	18,164	63,443	37,776
Over five years	-	-	-	-
Debt security contracts and other commodity contracts:				
One year or less	373,940	-	-	-
Over one year to five years	195,890	7,887	34,082	34,811
Over five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	449,442	-	224,721	149,793
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	5,697,541	-	-	-
Unutilised credit card lines	17,367,458	-	3,473,492	2,607,145
<b>Total</b>	<b>84,500,577</b>	<b>775,402</b>	<b>8,051,686</b>	<b>5,987,101</b>

Note 8

(21) Derivative financial instruments

	← 30 Sep 2010 →		← 31 Dec 2009 →	
	Contract Amount RM'000	Positive fair value RM'000	Contract amount RM'000	Positive fair value RM'000
		Negative fair value RM'000		Negative fair value RM'000
Foreign exchange related contracts:				
- Forwards	50,990,459	283,405	23,665,292	103,489
- Cross currency interest rate swaps	7,072,250	404,209	12,840,992	261,250
- Options	2,468,945	11,693	788,872	9,434
Interest rate contracts:				
- Futures	10,395,848	-	14,421,398	-
- Swaps	28,717,876	368,086	54,584,009	375,161
- Options	1,086,646	1,333	671,050	17
Equity related contracts	1,287,566	11,802	1,396,582	18,164
Others	859,087	11,463	782,511	7,887
	102,878,677	1,091,990	109,150,706	775,402
		Note 8		Note 8
		Note 12		Note 12

**CITIBANK BERHAD  
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**22 Change in Accounting Policies**

The full adoption of FRS 139, Financial Instruments: Recognition and Measurement and its related amendments, and the revised policy and guideline issued by BNM on Classification and Impairment Provisions for Loans/Financing and Guidelines on Financial Reporting issued on 8 January 2010 and 5 February 2010 respectively, resulted in the following material changes in accounting policies:-

**a) Impairment of Loans, Advances and Financing**

Prior to adoption to FRS 139, allowances for impaired loans and advances (previously referred to as allowances for bad and doubtful debts and financing) were computed in conformity with BNM's Revised "Guidelines on the Suspension of Interest on Non-Performing Loans and Provision for Bad and Doubtful Debts, BNM/GP3"

Upon adoption of FRS 139, the Bank will assess at each reporting period whether there is objective evidence of impairment on loans, advances and financing. Loans, advances and financing are impaired when objective evidence 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 on the assets that can be estimated reliably. Individually significant loans are assessed for specific impairment and loans that are not individually significant are assessed for impairment by grouping loans with similar risk characteristics.

In the amendments to FRS 139, the Malaysian Accounting Standards Board ("MASB") has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions which is prescribed in BNM's policy on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010. In the transitional provision as prescribed in the guidelines, banking institutions are required to maintain collective impairment provisions of at least 1.5% of total outstanding loans, net of individual impairment provisions. The Bank has applied this transitional provision in arriving at its collective impairment provision.

**b) Securities held-to maturity**

Securities that were previously classified as held-to-maturity relating to unquoted shares in organization set up for socio economic purposes and equity instruments received as a result of loan restructuring or loan conversion was reclassified to securities available-for-sale. This would not be subject to the 'tainting rules' when the requirements under FRS139 are first applied as allowed under the Guidelines on Financial Reporting for Banking Institutions issued by BNM on 5 February 2010

**(c) Interest recognition**

Under FRS 139, interest income and expense is recognised in the income statement using the effective interest method for financial assets and liabilities that are carried at amortised cost. Upon full adoption of FRS 139, interest on financial assets and liabilities carried at amortised cost is recognised in the income statement using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

The changes in accounting policies have been accounted for prospectively, in line with the transitional arrangements. Adjustments to the carrying values of financial assets and financial liabilities affecting the income statement as at the beginning of the current financial period is adjusted to opening retained profits as disclosed below:-

Effects on retained profits	Group and Bank RM'000
At 1 January 2010, as previously stated	2,642,125
Effects of adoption of FRS 139	(54,446)
At 1 January 2010, as restated	<u>2,587,679</u>

**CITIBANK BERHAD  
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ISLAMIC BANKING OPERATIONS  
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UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010**

		<b>Group and Bank</b>	
		<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
<b>Assets</b>			
Cash and short term funds	(a)	670,650	878,460
Securities held-for-trading	(b)	235,233	65,397
Securities available-for-sale	(c)	612,975	401,371
Financing, advances and other loans	(d)	510,720	527,007
Deferred tax assets		1,574	1,718
Other assets	(f)	167,985	91,716
		<hr/>	<hr/>
<b>Total assets</b>		<b><u>2,199,137</u></b>	<b><u>1,965,669</u></b>
<b>Liabilities</b>			
Deposits from customers	(g)	1,697,644	1,632,416
Other liabilities	(h)	306,497	151,041
Bills Payable and Acceptances Payables		500	-
		<hr/>	<hr/>
<b>Total liabilities</b>		<b><u>2,004,641</u></b>	<b><u>1,783,457</u></b>
Islamic banking funds	(i)	194,497	182,212
		<hr/>	<hr/>
<b>Total liabilities and Islamic banking funds</b>		<b><u>2,199,137</u></b>	<b><u>1,965,669</u></b>
<b>Off-Balance Sheet Exposures</b>	(j)	<b><u>3,442,403</u></b>	<b><u>2,920,577</u></b>

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 2009 and the accompanying notes on page 34 to 49 attached to the unaudited condensed interim financial statements.

**CITIBANK BERHAD  
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**UNAUDITED INCOME STATEMENTS OF THE GROUP AND BANK  
FOR THE FINANCIAL PERIOD NINE MONTHS ENDED 30 SEPTEMBER 2010**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Sep 2009 RM'000</b>
Income derived from investments of depositors' funds and others	(k) 32,712	32,910
Allowances for losses on financing	(l) 1,789	(1,867)
Transfer from / (to) Profit Equalisation Reserve	(m) <u>(8,371)</u>	<u>(1,079)</u>
Total attributable income	26,130	29,964
Income attributable to depositors	(n) <u>(13,600)</u>	<u>(12,975)</u>
Total attributable to the Bank	12,530	16,989
Income derived from investment of Islamic Banking Capital funds	(o) <u>9,496</u>	<u>30,599</u>
Total net income	22,026	47,588
Other operating expenses	(q) <u>(3,150)</u>	<u>(5,362)</u>
Profit Before Taxation	<u>18,876</u>	<u>42,226</u>
Taxation	<u>(4,754)</u>	<u>(10,638)</u>
Profit after taxation	<u><u>14,122</u></u>	<u><u>31,588</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 2009 and the accompanying notes on page 34 to 49 attached to the unaudited condensed interim financial statements.



**CITIBANK BERHAD  
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**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME OF THE GROUP AND BANK  
FOR THE FINANCIAL PERIOD NINE MONTHS ENDED 30 SEPTEMBER 2010**

	<b>Group and Bank</b>	
	<b>September 2010 RM'000</b>	<b>September 2009 RM'000</b>
Profit for the period	14,122	31,588
<u>Other comprehensive income / (loss):</u>		
Net gain / (loss) on revaluation of securities available-for-sale	258	(22,217)
Income tax relating to components of other comprehensive income	(39)	5,806
Other comprehensive income / (loss) for the period, net of tax	<u>219</u>	<u>(16,411)</u>
Total comprehensive income for the period	<u>14,341</u>	<u>15,177</u>
Total comprehensive income for the period attributable to Equity holders	<u>14,341</u>	<u>15,177</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 2009 and the accompanying notes on page 34 to 49 attached to the unaudited condensed interim financial statements.

**CITIBANK BERHAD  
AND ITS SUBSIDIARIES  
ISLAMIC BANKING OPERATION  
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

	<b>Group and Bank</b>			
	<b>Capital Funds RM'000</b>	<b>Other Reserve RM'000</b>	<b>Profit RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2009</b>	20,000	18,485	124,723	163,208
Profit after taxation	-	-	31,587	31,587
Other comprehensive income	-	(16,410)	-	(16,410)
<b>At 30 September 2009</b>	<u>20,000</u>	<u>2,075</u>	<u>156,310</u>	<u>178,385</u>
<b>At 1 January 2010</b>				
- as previously stated	20,000	885	161,327	182,212
- effect of adopting FRS 139	-	-	(2,057)	(2,057)
	<u>20,000</u>	<u>885</u>	<u>159,270</u>	<u>180,155</u>
Profit after taxation	-	-	14,122	14,122
Other comprehensive income	-	219	-	219
<b>At 30 September 2010</b>	<u>20,000</u>	<u>1,104</u>	<u>173,392</u>	<u>194,496</u>

Note (i)

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 2009 and the accompanying notes on page 34 to 49 attached to the unaudited condensed interim financial statements.

**(a) Cash and short term funds**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Cash and balances with banks and other financial institutions	5,830	4,460
Money at call and deposit placements maturing within one month	<u>664,820</u>	<u>874,000</u>
	<b><u>670,650</u></b>	<b><u>878,460</u></b>

**(b) Securities held for trading**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
<b>At fair value</b>		
Bank Negara Malaysia Islamic Bills	228,966	65,397
Malaysian Government Treasury Bills	<u>6,267</u>	<u>-</u>
	<b><u>235,233</u></b>	<b><u>65,397</u></b>

**(c) Securities available for sale**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
<b>At fair value</b>		
Malaysian Government Investment Issues	612,975	326,431
Islamic Khazanah Bonds	<u>-</u>	<u>74,940</u>
	<b><u>612,975</u></b>	<b><u>401,371</u></b>

(d) Financing, Advances and other loans

(i) By type

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Term financing		
-House loans/financing	547,297	564,069
-Hire purchase receivables	6,137	8,868
-Lease receivables	4,031	6,722
-Other term loans / financing	62	-
- Claims on customers under acceptance credits	-	-
	<hr/>	<hr/>
Unearned income	557,527 (33,712)	579,659 (39,880)
	<hr/>	<hr/>
	523,815	539,779
Allowance for impaired financing, advances and other loans		
- collective assessment	(7,777)	-
- individual assessment	(5,318)	-
- general	-	(8,029)
- specific	-	(4,743)
	<hr/>	<hr/>
Total net financing, advances and other loans	<u>510,720</u>	<u>527,007</u>

(ii) By contract

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Bai' Bithamin Ajil	43,485	50,710
Ijarah Muntahia Bittamilik	10,230	15,590
Diminishing Musharakah	470,100	473,479
	<hr/>	<hr/>
	<u>523,815</u>	<u>539,779</u>

(d) **Financing, Advances and other loans (continued)**

(iii) **By profit rate sensitivity**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Fixed rate		
-House loans/financing	513,585	524,189
-Hire purchase receivables	6,201	8,791
-Other fixed rate loan/financing	4,029	6,799
	<hr/>	<hr/>
	<b>523,815</b>	<b>539,779</b>

(iv) **By sector**

	<b>Group and Bank</b>	
	<b>Sep 2010 RM'000</b>	<b>Dec 2009 RM'000</b>
Manufacturing(including agriculture based)	7,424	10,540
Wholesale, retail trade, restaurants and hotels	127	223
Transport, storage and communication	2,597	4,238
Finance, insurance, real estate and bussiness services	81	589
Household-residential	509,269	521,161
Other sectors	4,317	3,028
	<hr/>	<hr/>
	<b>523,815</b>	<b>539,779</b>

**(d) Financing, Advances and other loans (continued)**

**(v) Residual contractual maturity**

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Up to 1 year	4,185	4,883
One to five years	9,484	13,205
Above 5 years	510,146	521,691
	<u>523,815</u>	<u>539,779</u>

**(vi) By geographical distribution**

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Malaysia	<u>523,815</u>	<u>539,779</u>

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

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

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
At 1 January	10,215	9,951
Classified as impaired during the period/year	8,907	2,635
Amount recovered	(2,828)	(758)
Amount written off	(45)	(1,613)
At 30 September / 31 December	<u>16,249</u>	<u>10,215</u>
Individual assessment	(5,318)	-
Specific allowance	-	(4,743)
Net impaired financing, advances and other loans	<u>10,931</u>	<u>5,472</u>
Ratio of net impaired loans and financing to net loans and financing less individual assessment	2.11%	1.02%

(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	
	Sep 2010 RM'000	Dec 2009 RM'000
<u>Collective assessment</u>		
At 1 January		
- as previously stated	-	-
- effect of adopting FRS 139	7,994	-
	<hr/> 7,994	<hr/> -
Allowance made during the period/year	(217)	-
	<hr/> 7,777	<hr/> -
At 30 September / 31 December		
<u>General allowance</u>		
At 1 January		
- as previously stated	8,029	6,374
- effect of adopting FRS 139	(8,029)	-
	<hr/> -	<hr/> 6,374
Allowance made during the period/year	-	1,655
	<hr/> -	<hr/> 8,029
At 30 September / 31 December		
As % of gross loans, advances and financing less individual assessment	1.50%	1.50%
<u>Individual assessment</u>		
At 1 January		
- as previously stated	-	-
- effect of adopting FRS 139	6,826	-
	<hr/> 6,826	<hr/> -
Allowance made during the period/year	251	-
Amount recovered	(1,759)	-
Amount written	-	-
	<hr/> 5,318	<hr/> -
At 30 September / 31 December		

(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	
	Sep 2010 RM'000	Dec 2009 RM'000
<u>Specific allowance</u>		
At 1 January		
- as previously stated	4,743	5,595
- effect of adopting FRS 139	(4,743)	-
	<hr/>	<hr/>
Allowance made during the period/year	-	877
Amount written back	-	(116)
Amount written off	-	(1,613)
	<hr/>	<hr/>
At 30 September / 31 December	-	4,743
	<hr/>	<hr/>

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

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Manufacturing (including agriculture based)	4,187	4,275
Transport, storage and communication	15	28
Household-residential	12,048	5,912
	<hr/>	<hr/>
	16,250	10,215
	<hr/>	<hr/>



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

(iv) Impaired financing, advances and other loans by geographical distribution are as follows :-

	Group and Bank	
	Sep	Dec
	2010	2009
	RM'000	RM'000
Malaysia	<u>16,250</u>	<u>10,215</u>

(f) Other assets

	Group and Bank	
	Sep	Dec
	2010	2009
	RM'000	RM'000
Profit receivable	3,542	2,343
Other debtors, deposits and prepayments	5,347	8,492
Revaluation gain on profit rate undertaking contracts (Note r)	159,096	80,881
	<u>167,985</u>	<u>91,716</u>

(g) Deposits from customers

(i) By type of deposit

	Group and Bank	
	Sep	Dec
	2010	2009
	RM'000	RM'000
<b>Non-Mudharabah Fund</b>		
Demand deposits	1,361,823	858,562
Saving deposits	80,015	288,248
Other deposits	193,734	227,798
<b>Mudharabah fund</b>		
General investment deposits	62,071	257,808
	<u>1,697,644</u>	<u>1,632,416</u>

(g) Deposits from customers (continued)

(ii) By type of customers

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Government and statutory bodies	212	374
Business enterprises	1,036,433	1,057,132
Individuals	306,913	307,163
Others	354,086	267,747
	<u>1,697,644</u>	<u>1,632,416</u>

(h) Other liabilities

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Profit payable	20,195	217
Other creditors and accruals	118,396	69,920
Profit Equalisation Reserve (note n)	8,810	23
Revaluation loss on profit rate undertaking contracts (note r)	159,096	80,881
	<u>306,497</u>	<u>151,041</u>

(i) Islamic Banking Fund

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
Fund allocated	20,000	20,000
Fair value reserve	1,105	885
Retained earnings	173,392	161,327
	<u>194,497</u>	<u>182,212</u>

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

	<b>Group and Bank</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of:		
(i) General investment deposits	28,997	27,655
(ii) Other deposits	3,715	5,255
	<u>32,712</u>	<u>32,910</u>

**(i) Income derived from investment of general investment deposits**

	<b>Group and Bank</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Finance income and hibah</b>		
Financing, advances and other loans	15,684	11,803
Money at call and placements with financial institutions	4,027	2,858
Income from securities available-for-sale	6,946	8,979
Income from securities held-for-trading	-	2
	<u>26,657</u>	<u>23,642</u>
Accretion of discount less amortisation of premium	825	3,514
Total finance income and hibah	<u>27,482</u>	<u>27,156</u>
<b>Other operating income</b>		
Fee income	1,515	499
Income from general investment deposits	<u>28,997</u>	<u>27,655</u>

(ii) Income derived from investment of other deposits

	Group and Bank	
	Sep 2010 RM'000	Sep 2009 RM'000
<b>Finance income and hibah</b>		
Financing, advances and other loans	2,009	2,243
Money at call and placements with financial institutions	516	543
Income from securities available-for-sale	890	1,706
	<u>3,415</u>	<u>4,492</u>
Accretion of discount less amortisation of premium	194	668
Total finance income and hibah	<u>3,609</u>	<u>5,160</u>
<b>Other operating income</b>		
Fee income	106	95
	<u>3,715</u>	<u>5,255</u>
Income from other deposits		

(i) Allowance for Impairment on financing, advances and other loans

	Group and Bank	
	Sep 2010 RM'000	Sep 2009 RM'000
Allowance for impaired financing, advances and other loans:		
<u>Individual assessment</u>		
- made in the financial period	251	-
- written back	(1,759)	-
<u>Specific allowance</u>		
- made in the financial period	-	470
- written back	-	(118)
<u>Collective assessment</u>		
- reversal during the period	(217)	-
<u>General allowance</u>		
- reversal during the period	-	1,515
<u>Impaired financing, advances and other loans</u>		
- written back	(64)	-
- written off	-	-
	<u>(1,789)</u>	<u>1,867</u>

**(m) Profit Equalisation Reserve**

The movement in Profit Equalisation Reserve are as follows:

	<b>Group and Bank</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	23	1,025
Movement in the financial period	8,371	1,079
	<hr/>	<hr/>
At 30 September / 31 December	<u>8,394</u>	<u>2,104</u>

**(n) Income attributable to depositors**

	<b>Group and Bank</b>	
	<b>Sep 2010</b>	<b>Sep 2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers		
- Mudharabah funds	10,966	9,989
- Non-Mudharabah funds	2,389	2,916
Deposits and placements of banks and other financial institutions		
- Non-Mudharabah funds	36	41
Others	209	29
	<hr/>	<hr/>
	<u>13,600</u>	<u>12,975</u>

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

	Group and Bank	
	Sep 2010	Sep 2009
	RM'000	RM'000
Financing, advances and other loans	1,724	1,069
Money at call and placements with financial institutions	443	259
Income from securities available-for-sale	763	813
	<u>2,930</u>	<u>2,141</u>
Accretion of discount less amortisation of premium	167	318
Total finance income and hibah	<u>3,097</u>	<u>2,459</u>
<b>Other operating income</b>		
Gain /(loss) from securities held-for-trading	20	448
Gain from securities available-for-sale	1,472	27,666
Fee income	671	513
Gain / (Loss) from trading activities	4,236	(1,031)
Insurance premium and referral	-	544
	<u>6,399</u>	<u>28,140</u>
Income from Islamic Banking Capital Funds	<u>9,496</u>	<u>30,599</u>

**(p) Income from Islamic banking operations**

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

		<b>Group and Bank</b>	
		<b>Sep</b>	<b>Sep</b>
		<b>2010</b>	<b>2009</b>
		<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	(l)	32,712	32,910
Profit Equalisation Reserve	(n)	(8,371)	(1,079)
Income attributable to depositors	(o)	(13,600)	(12,975)
Income derived from investment of Islamic Banking Funds	(p)	9,496	30,599
		<hr/>	<hr/>
		20,237	49,455
		<hr/>	<hr/>

**(q) Other operating expenses**

		<b>Group and Bank</b>	
		<b>Sep</b>	<b>Sep</b>
		<b>2010</b>	<b>2009</b>
		<b>RM'000</b>	<b>RM'000</b>
Personnel costs		644	639
Establishment costs		4	19
Administration and general expenses		2,502	4,704
		<hr/>	<hr/>
		3,150	5,362
		<hr/>	<hr/>

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- (j) Capital adequacy  
(i) The capital adequacy ratios of the Bank are as follows:-

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
<b>Computation of Total Risk Weighted Assets (RWA)</b>		
Total Credit RWA	493,159	486,990
Total Market RWA	48,007	87,623
Total Operational RWA	91,033	82,549
<b>Total Risk Weighted Assets</b>	<b>632,199</b>	<b>657,162</b>
<b>Computation of Capital Ratios</b>		
Tier I Capital	177,363	179,315
Capital Base	185,140	187,344
Core capital ratio	28.05%	27.29%
Risk weighted capital ratio	29.28%	28.51%

With effect from 1 January 2008, 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. Disclosures are in line with the requirements of the Basel II Pillar 3 Guideline issued by Bank Negara Malaysia on 05 February 2010. The minimum regulatory capital adequacy requirement is 8% for the risk-weighted capital ratio.

	Group and Bank	
	Sep 2010 RM'000	Dec 2009 RM'000
<b>The components of Tier I and Tier II Capital are as follows:</b>		
<b><u>Tier I Capital</u></b>		
Fund allocated	20,000	20,000
Retained earnings	159,270	161,327
Other Reserves	-	-
Less: Deferred Tax Assets	(1,907)	(2,012)
<b>Total Tier I capital (Core Capital)</b>	<b>177,363</b>	<b>179,315</b>
<b><u>Tier II Capital</u></b>		
Collective assessment allowance for impaired financing, advances and other loans	7,777	-
General allowance for bad and doubtful debts and financing	-	8,029
<b>Capital Base</b>	<b>185,140</b>	<b>187,344</b>



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(j) Capital adequacy (continued)

(iv) The Off-Balance Sheet Exposures and their related counterparty credit risk of the Group and the Bank are as follows:

Sep 2010 Group and Bank	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item				
Forward asset purchases	-	-	-	-
Foreign exchange related contracts:				
One year or less				
Over one year to five years	1,803,418	146,947	284,408	231,763
Over five years				
Interest/Profit rate related contracts:				
One year or less				
Over one year to five years	1,515,407	12,148	26,412	27,091
Over five years	100,000	-	3,000	3,000
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	23,579		10,830	8,048
<b>Total</b>	<b>3,442,403</b>	<b>159,096</b>	<b>324,650</b>	<b>269,903</b>

Note f

December 2009 Group and Bank	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Nature of item				
Forward asset purchases	31,602	-	31,602	31,602
Foreign exchange related contracts:				
One year or less				
Over one year to five years	1,724,295	67,825	198,164	198,164
Over five years				
Interest/Profit rate related contracts:				
One year or less				
Over one year to five years	1,106,075	12,056	8,152	8,152
Over five years				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	55,111	-	27,555	9,746
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,494	-	-	-
<b>Total</b>	<b>2,920,577</b>	<b>79,881</b>	<b>265,473</b>	<b>247,664</b>

Note f

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(r) Derivative financial instruments

	← 30 Sep 2010 →			← 31 Dec 2009 →		
	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						
- Cross currency Islamic profit rate of undertaking	1,522,536	146,947	146,947	3,198,236	67,825	67,825
Others						
- Islamic profit rate undertaking	1,525,430	12,148	12,148	2,212,150	13,056	13,056
	3,047,966	159,096	159,096	5,410,386	80,881	80,881
		Note (f)	Note (h)		Note (f)	Note (h)