



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

UNAUDITED CONDENSED FINANCIAL STATEMENTS
30 JUNE 2008

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 BALANCE SHEET AT 30 JUNE 2008

	Note	Group		Bank	
		Jun 2008 RM'000	Dec 2007 RM'000	Jun 2008 RM'000	Dec 2007 RM'000
ASSETS					
Cash and short term funds	1	13,112,749	16,744,282	13,112,729	16,744,262
Deposits and placements with banks and other financial institutions	2	4,536,239	1,595,176	4,536,239	1,595,176
Securities purchased under resale agreements		684,173	445,469	684,173	445,469
Securities held for trading	3	342,113	1,352,741	342,113	1,352,741
Securities available-for-sale	4	2,680,200	2,897,591	2,680,200	2,897,591
Securities held-to-maturity	5	7,499	7,499	7,499	7,499
Loans, advances and financing	6	20,513,585	20,504,213	20,513,585	20,504,213
Other assets	8	1,657,825	1,234,322	1,657,825	1,234,322
Statutory deposits with Bank Negara Malaysia		771,443	845,408	771,443	845,408
Deferred tax assets		58,378	48,334	58,378	48,334
Investment in subsidiary companies		-	-	20	20
Property, plant and equipment		60,978	72,227	60,978	72,227
TOTAL ASSETS		44,425,183	45,747,262	44,425,183	45,747,262
LIABILITIES AND SHAREHOLDERS' FUNDS					
DEPOSITS					
Deposits from customers	9	28,771,395	28,865,054	28,771,395	28,865,054
Deposits and placements of banks and other financial institutions	10	9,658,367	11,105,095	9,658,367	11,105,095
Bills and acceptances payable		36,151	97,054	36,151	97,054
Recourse obligations on loans sold to Cagamas		171,881	423,529	171,881	423,529
Other liabilities	11	2,488,857	2,340,106	2,488,857	2,340,106
Subordinated loan		400,000	400,000	400,000	400,000
TOTAL LIABILITIES		41,526,651	43,230,838	41,526,651	43,230,838
SHARE CAPITAL	12	121,697	121,697	121,697	121,697
RESERVES	13	2,776,835	2,394,727	2,776,835	2,394,727
SHAREHOLDERS' FUNDS		2,898,532	2,516,424	2,898,532	2,516,424
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		44,425,183	45,747,262	44,425,183	45,747,262
COMMITMENTS AND CONTINGENCIES	30	114,042,766	98,410,076	114,042,766	98,410,076

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 2007 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

CITIBANK BERHAD
AND ITS SUBSIDIARY COMPANIES
(Company No. 297089 M)
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UNAUDITED INCOME STATEMENTS OF THE GROUP AND BANK
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2008

		Group and Bank	
		Jun 2008	Jun 2007
	Note	RM'000	RM'000
Revenue		1,482,438	1,173,649
Interest income	14	1,121,200	1,061,550
Interest expense	15	(506,172)	(485,189)
Net interest income		<u>615,028</u>	<u>576,361</u>
<i>Net Islamic banking operating income</i>		36,740	25,454
Other operating income	16	324,498	86,645
Operating income		<u>976,266</u>	<u>688,460</u>
Other operating expenses	17	(363,092)	(335,489)
Profit before provision		<u>613,174</u>	<u>352,971</u>
Allowance for losses on loan and financing	18	(69,060)	(71,946)
Profit before taxation		<u>544,113</u>	<u>281,025</u>
Taxation		(137,358)	(77,252)
Profit after taxation		<u><u>406,755</u></u>	<u><u>203,773</u></u>
Earnings per share - basic (sen)		<u><u>668</u></u>	<u><u>335</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 2007 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

CITIBANK BERHAD
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008

Group and Bank

	← Non-Distributable →				Distributable			
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000	Total Reserve RM'000	Proposed Dividend RM'000	Total RM'000
At 1 January 2007	121,697	380,303	121,697	10,590	1,304,099	1,816,689	-	1,938,386
Net profit for the year	-	-	-	-	591,401	591,401	-	591,401
Unrealised net gain/loss on revaluation of securities available for sale	-	-	-	(13,363)	-	(13,363)	-	(13,363)
At 31 December 2007	121,697	380,303	121,697	(2,773)	1,895,500	2,394,727	-	2,516,424
At 1 January 2008	121,697	380,303	121,697	(2,773)	1,895,500	2,394,727	-	2,516,424
Net profit for the year	-	-	-	-	406,755	406,755	-	406,755
Unrealised net gain/loss on revaluation of securities available for sale	-	-	-	(24,647)	-	(24,647)	-	(24,647)
At 30 Jun 2008	121,697	380,303	121,697	(27,420)	2,302,255	2,776,835	-	2,898,532

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 2007 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

CITIBANK BERHAD
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UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED SIX MONTHS ENDED 30 JUNE 2008

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Profit before tax expenses	544,113	281,025
Adjustments for non cash items	(41,671)	197,311
Operating profit before changes in working capital	502,442	478,336
Changes in working capital :		
Net changes in operating assets	(2,499,870)	(607,023)
Net changes in operating liabilities	(1,769,534)	2,590,904
Taxes paid	(70,283)	(129,303)
Net cash (used in) / generated from operating activities	(3,837,245)	2,332,914
Net cash generated from investing activities	205,712	1,350,564
Net change in cash and cash equivalents	(3,631,533)	3,683,478
Cash and cash equivalents at beginning of the year	16,744,262	5,528,068
Cash and cash equivalents at end of the period	13,112,729	9,211,546

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 2007 and the accompanying notes on page 5 to 36 attached to the unaudited condensed interim financial statements.

**CITIBANK BERHAD
AND ITS SUBSIDIARIES**

(Company No. 297089 M)

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A Explanatory Notes Pursuant to Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8)
Issued by Bank Negara Malaysia

A1 Basis of preparation

The unaudited condensed financial statements for the financial period six months ended 30 June 2008 have been prepared in accordance with the revised GP8 Guidelines issued by Bank Negara Malaysia on 5 October 2004.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. The explanatory notes attached in the unaudited condensed 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 2007.

A2 Auditor's Report on preceding Annual Financial Statement

The audit report on the audited financial statements for the financial year ended 31 December 2007 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 2008.

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 2008.

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 2008.

A7 Dividend

There were no dividends paid since the end of the previous financial year.

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 2008.

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

B1 Performance Review

The Bank's top line revenue for the six months financial period ended 30 June 2008 was RM1,482 million and pre-tax profit was RM544 million. This represents total growth of 26% and 94% respectively compared to preceding period. Annualised net income on average equity stood at 30% and annualised net income on total assets improved to 1.8% from 0.98% compared to the same period in 2007.

Higher revenue and pre-tax profit was mainly attributed to increase in other operating income. Income from trading securities have improved significantly compared to prior period. This is due to provisioning made for diminution in value for trading securities in prior period. The increase of RM39 million or 7% in net interest income also added to the stronger pre-tax profit performance for the first quarter of 2008.

Other operating expenses for the first six months of the year closed at RM363 million, up by approximately 8% relative to preceding period. This is mainly due to increase in administration and general expenses. Cost to income ratio improved from 44.9% to 37.2% compared to the corresponding period in 2007, resulted from higher revenue in 2008.

Islamic banking operating income posted an increase of 38% or RM 10 million over the preceding period. This was mainly derived from fee income earned from services rendered.

The Bank's total assets stood at RM44 billion as of 30 June 2008, decrease of 3% over the last six months. The decrease was due to a reduction in short term funds by 22% and trading securities by 75%. This reduction was however mitigated by the increase in deposits and placements with banks and other financial institutions, 184% and increase of 54% in securities held under securities purchased under resale agreement.

B2 Prospects for 2008

Malaysia will likely experience slower economic growth in the second half of 2008. An expected slowdown in the global economy is expected to reduce demand for exports, while the recent fuel price hike in Malaysia is likely to dampen consumer spending and fan inflation.

The Bank will continue to focus on retail banking and commercial business segments and capitalise on its established brand name and global network to bring in new products and services to meet the diverse investment needs of the Bank's customers.

(1) Cash and short term funds

	Group	
	Jun 2008 RM'000	Dec 2007 RM'000
Cash and balances with banks and other financial institutions	40,228	37,001
Money at call and deposit placements maturing within one month	13,072,521	16,707,281
	<u>13,112,749</u>	<u>16,744,282</u>
	Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Cash and balances with banks and other financial institutions	40,208	36,981
Money at call and deposit placements maturing within one month	13,072,521	16,707,281
	<u>13,112,729</u>	<u>16,744,262</u>

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

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Bank Negara Malaysia	-	-
Licensed banks	4,536,239	1,595,176
	<u>4,536,239</u>	<u>1,595,176</u>

(3) Securities held for trading

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
At fair value		
Malaysian Government Treasury Bills	20	103,841
Malaysian Government Stock	163,242	591,498
Malaysian Government Investment Issues	2,918	64,630
BNM Bills/Notes	116,356	284,084
Cagamas Notes /Bonds	972	35,871
Private Debt Securities	58,605	272,817
	<u>342,113</u>	<u>1,352,741</u>

(4) Securities available for sale

	Group and Bank	
	Jun	Dec
	2008	2007
	RM'000	RM'000
At fair value		
Malaysian Government Treasury Bills/ Government Stock	1,551,268	2,156,074
Bank Negara Malaysia bills	99,870	199,950
Malaysian Government Investment Issues	158,361	208,169
Khazanah Bonds	135,677	197,663
Private Debt Securities	101,134	102,215
Yankee Bonds/US bonds	633,890	33,520
	<u>2,680,200</u>	<u>2,897,591</u>

(5) Securities held to maturity

	Group and Bank	
	Jun	Dec
	2008	2007
	RM'000	RM'000
At amortised cost		
Unquoted securities:- Shares	<u>7,499</u>	<u>7,499</u>

(6) Loans, Advances and Financing

(i) By type

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Overdrafts	1,070,598	1,157,951
Term loans and financing		
-Housing loans/financing	11,125,954	11,330,669
-Hire Purchase receivables	26,150	31,235
-Lease Receivables	16,900	22,202
-Other term loans / financing	1,391,069	1,481,029
Bills receivable	609,852	440,139
Trust receipts	38,394	49,386
Claims on customers under acceptance credits	690,929	877,952
Staff loans	103,620	105,962
Share Margin Financing	199,554	224,929
Credit cards receivables	4,229,906	4,157,262
Revolving credit	1,655,556	1,183,256
Other loans	100,439	171,841
	<hr/> 21,258,921	<hr/> 21,233,813
Unearned interest and income	(68,457)	(73,339)
	<hr/> 21,190,464	<hr/> 21,160,474
Gross loans, advances and financing		
Allowance for bad and doubtful debts and financing		
- general	(312,390)	(314,312)
- specific	(364,489)	(341,949)
	<hr/> 20,513,585	<hr/> 20,504,213
Net loans, advances and financing		

(ii) By type of customer

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Domestic non financial institutions		
-Others	100,257	232,230
Domestic business enterprises		
-Small and medium enterprises	569,332	603,600
-Others	3,097,191	2,743,961
Individuals	17,289,449	17,548,554
Foreign entities	134,235	32,129
	<hr/> 21,190,464	<hr/> 21,160,474
	<hr/> <hr/> 21,190,464	<hr/> <hr/> 21,160,474

(6) Loans, Advances and Financing (continued)

(iii) By interest/profit rate sensitivity

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Fixed rate		
Housing loans/financing	555,983	590,624
Hire Purchase receivables	24,750	29,896
Other fixed rate loan/financing	3,649,260	7,485,674
Variable rate		
BLR plus	12,279,322	12,586,561
Cost plus	451,243	467,719
Other floating	4,229,906	-
	<u>21,190,464</u>	<u>21,160,474</u>

(iv) By sector

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Primary agriculture	403,638	343,068
Mining & quarrying	5,202	4,567
Manufacturing(incl agro-based)	1,381,511	1,240,292
Electricity, gas, water	85,204	116,408
Construction	38,310	48,248
Wholesale, retail trade, restaurants, hotels	756,649	734,769
Transport, storage & communication	340,636	338,404
Fin, insurance, real estate & bussiness services	516,355	535,297
Education, health & others	33,318	29,884
Household		
- Consumption Credit	4,981,275	4,903,991
- Residential	11,687,671	11,956,871
- Non Residential	421,397	469,048
- Purchase of Securities	199,106	218,644
Other sectors	340,192	220,983
	<u>21,190,464</u>	<u>21,160,474</u>

(iv) By purpose

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Purchase of securities	199,554	220,688
Purchase of landed property	12,395,249	12,480,829
Purchase fixed assets ex. land & building	139,609	59,410
Personal usage	792,527	776,465
Credit cards	4,229,906	4,157,262
Construction	65,928	20,720
Working capital	3,348,912	3,418,433
Other purpose	18,779	26,667
	<u>21,190,464</u>	<u>21,160,474</u>

(7) Non-performing loans / financing (NPL/NPF)

(i) Movements in the non-performing loans, advances and financing (NPL) are as follows:-

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
At 1 January	689,920	622,496
Classified as non-performing during the year	244,175	529,561
Reclassified as performing during the year	(52,258)	(159,118)
Amount recovered	(93,489)	(135,286)
Amount recovered from debt conversion	-	-
Amount written off	(74,261)	(167,733)
	<hr/>	<hr/>
At 30 June / 31 December	714,087	689,920
Specific allowance	(364,489)	(341,949)
	<hr/>	<hr/>
Net non performing loans, advances and financing	<u>349,598</u>	<u>347,971</u>
Ratio of net non-performing loans and financing to net loans and financing	1.68%	1.67%

(ii) Movements in the allowance for bad and doubtful debts (and financing) accounts are as follows :

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
<u>General allowance</u>		
At 1 January	314,312	310,010
Allowance made during the year	(1,922)	4,302
	<hr/>	<hr/>
At 30 June / 31 December	<u>312,390</u>	<u>314,312</u>
As % of gross loans, advances and financing less specific allowance	1.5%	1.5%
<u>Specific allowance</u>		
At 1 January	341,949	319,726
Allowance made during the year	110,918	245,078
Amount recovered	(33,477)	(72,073)
Amount written off	(54,901)	(150,782)
	<hr/>	<hr/>
At 30 June / 31 December	<u>364,489</u>	<u>341,949</u>

(7) Non-performing loans / financing (NPL/NPF) (continued)

(iii) NPL/ NPF by sector are as follows :-

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Primary Agriculture	11	11
Manufacturing	47,974	45,388
Construction	16,164	16,505
Wholesale, Retail Trade, Restaurants,	24,034	23,235
Mining and Quarrying	183	191
Transport, Storage and Communication	1,487	2,898
Finance, Ins, Real Estate, Business	30,933	30,956
Household		
- Consumption Credit	187,373	185,911
- Residential	348,639	325,027
- Non Residential	35,298	35,992
- Purchase of Securities	21,991	23,806
	<hr/>	<hr/>
	714,087	689,920
	<hr/> <hr/>	<hr/> <hr/>

(8) Other assets

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Interest/Income receivable	86,462	83,299
Other debtors, deposits and prepayments	239,086	292,394
Derivatives (note 19)	1,332,277	858,629
	<hr/>	<hr/>
	1,657,825	1,234,322
	<hr/> <hr/>	<hr/> <hr/>

(9) Deposits from customers

(i) By type of deposit

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Demand deposits	11,043,837	10,321,480
Saving deposits	1,383,836	1,384,797
Fixed deposits	12,522,780	15,030,145
Other deposits	3,493,352	1,778,639
Negotiable Instruments of Deposit	307,850	331,100
Others - cash collateral	19,740	18,893
	<hr/>	<hr/>
	28,771,395	28,865,054
	<hr/> <hr/>	<hr/> <hr/>

(9) Deposits from customers (continued)

(ii) By type of customers

	Group and Bank	
	Jun	Dec
	2008	2007
	RM'000	RM'000
Government and statutory bodies	480,765	54,801
Business enterprise	13,114,688	13,592,857
Individuals	13,709,484	14,058,991
Others	1,486,198	1,158,405
	<u>28,791,135</u>	<u>28,865,054</u>

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

	Group and Bank	
	Jun	Dec
	2008	2007
	RM'000	RM'000
Licensed banks	9,467,000	11,105,095
Bank Negara Malaysia	68,667	-
Other financial institutions	122,700	-
	<u>9,658,367</u>	<u>11,105,095</u>

(11) Other liabilities

	Group and Bank	
	Jun	Dec
	2008	2007
	RM'000	RM'000
Interest/Profit payable	116,952	144,093
Other creditors and accruals	1,095,600	1,355,687
Provision for retirement benefits	3,077	3,151
Profit Equalisation Reserve	100	1,829
Taxation	92,338	46,006
Derivatives (Note 19)	1,180,790	789,340
	<u>2,488,857</u>	<u>2,340,106</u>

(12) Share capital

	Group and Bank	
	Jun	Dec
	2008	2007
	RM'000	RM'000
Authorised:-		
Ordinary shares of RM1.00 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid	<u>121,696,972</u>	<u>121,696,972</u>

(13) Reserves

	Group and Bank	
	Jun 2008	Dec 2007
	RM'000	RM'000
Share premium	380,303	380,303
Statutory reserve	121,697	121,697
Other Reserve	(27,420)	(2,773)
Retained profits	2,302,255	1,895,500
	<hr/>	<hr/>
	<u>2,776,835</u>	<u>2,394,727</u>

(14) Interest income

	Group and Bank	
	Jun 2008	Jun 2007
	RM'000	RM'000
Loans and advances		
- Interest income other than recoveries from NPLs	744,339	730,407
- Recoveries from NPLs	6,160	12,237
Money at call and deposit placements with financial institutions	282,924	162,770
Securities held-for-trading	16,817	42,735
Securities available-for-sale	56,044	75,648
Securities held-to-maturity	122	-
Securities purchased under resale agreements	13,613	37,905
	<hr/>	<hr/>
	1,120,018	1,061,702
Less amortisation of premium/accretion of discounts	1,182	(152)
	<hr/>	<hr/>
	<u>1,121,200</u>	<u>1,061,550</u>

(15) Interest expense

	Group and Bank	
	Jun 2008	Jun 2007
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	170,068	62,384
Deposits from customers	310,147	338,178
Loans sold to Cagamas	5,765	14,725
Others	20,192	69,902
	<hr/>	<hr/>
	<u>506,172</u>	<u>485,189</u>

(16) Other operating income

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Fee income:		
Commission	78,563	82,427
Service charges and fees	394	119
Guarantee fees	4,343	4,010
Bankcard fees	70,958	67,687
Insurance premium and referral	8,724	10,783
Other fee income	6,914	6,624
	<u>169,895</u>	<u>171,650</u>
Income from securities:		
Unrealised gain from securities held-for-trading	4,421	(182,597)
Net gain from sales of securities		
- securities held for trading	14,699	(7,118)
- securities available for sale	12,590	15,249
Gross dividends from securities held to maturity	1,719	25
	<u>33,428</u>	<u>(174,441)</u>
Other income:		
Foreign exchange profit		
- net unrealised gain	91,614	143,053
- net realised gain	18,409	44,751
Gain /(Loss) from derivatives	11,507	(98,287)
Loss on disposal of of fixed assets	(356)	(81)
	<u>121,174</u>	<u>89,436</u>
Total other operating income	<u><u>324,498</u></u>	<u><u>86,645</u></u>

(17) Other operating expenses

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Personnel costs		
-Salaries, allowances and bonuses	83,753	83,332
-Employees provident fund	16,313	11,508
-Staff benefit and other compensation	60,983	64,715
-Others	4,804	6,435
	<u>165,854</u>	<u>165,990</u>
Establishment costs		
-Depreciation	13,663	12,489
-Rental of premises	11,115	11,491
-Hire of equipment	1,503	1,852
-Utility	2,803	2,867
-Others	1,436	2,332
	<u>30,520</u>	<u>31,031</u>
Marketing expenses		
-Advertisement and promotional expenses	28,791	27,192
-Others	1,209	1,548
	<u>30,000</u>	<u>28,740</u>
Administration and general expenses		
-Processing cost	64,971	58,818
-Auditors' remuneration	93	234
-Write off of property, plant and equipment	30	23
-Stationery and supplies	5,185	2,794
-Communication expenses	6,970	4,096
-Maintenance of office equipment etc	9,295	6,355
-Others	50,174	37,408
	<u>136,718</u>	<u>109,728</u>
Total other operating expense	<u>363,092</u>	<u>335,489</u>

(18) Allowance for losses on loans and financing

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Allowance for bad and doubtful debts on loans and financing :-		
Specific allowance		
- made in the financial year	110,918	25,672
- written back	(33,477)	(29,503)
General allowance		
- (written back)/made during the year	(1,923)	10,880
Bad debts on loan and financing		
- written back	(25,818)	(23,445)
- written off	19,360	88,342
	<u>69,060</u>	<u>71,946</u>

(19) Commitment and contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies constitute the following:-

	Jun 2008			Dec 2007		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk weighted amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk weighted amount RM'000
Direct credit substitute	1,644,958	1,644,958	1,539,773	1,576,209	1,576,209	1,525,007
Transaction -related contingent items	749,462	374,731	333,228	651,455	325,728	325,728
Short-term self liquidating trade-related contingencies	360,573	72,115	60,439	432,355	86,471	55,571
Other assets sold with recourse and commitment with certain drawdown	2,507,778	2,507,778	449,690	1,891,342	1,891,342	394,113
Irrevocable commitments to extend credit						
- maturity not exceeding one year	19,685,060	3,210,635	2,512,413	17,855,237	-	-
- maturity exceeding one year	1,120,400	560,200	419,922	1,347,766	673,883	657,966
Foreign exchange related contracts:						
-Less than one year	39,200,093	949,795	606,957	29,804,183	417,355	121,441
-One year to less than 5 years	6,789,920	1,053,318	807,206	4,332,829	403,544	155,007
-5 years and above	720,037	151,107	144,859	623,500	105,995	23,239
Interest rate related contracts:						
- Less than one year	8,660,881	45,496	19,587	4,479,789	6,347	1,313
- One year to less than 5 years	27,923,280	725,612	182,554	29,675,418	338,146	68,920
- 5 years and above	3,602,164	295,409	64,675	4,561,970	353,213	79,683
Equity related contracts	893,527	147,987	32,402	574,558	17,237	3,447
Others	184,633	7,439	7,439	603,465	13,854	4,110
Total	114,042,766	11,746,581	7,181,144	98,410,076	6,209,324	3,415,545

With effect from 1 January 2008, the credit equivalent amount and risk weighted amount are arrived at using the credit conversion factors as defined in Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework, Standardised Approach (Basel II).

(19) Commitment and contingencies (continued)

Foreign exchange related contracts, interest rate related contracts and equity related contracts are off balance sheet derivative instruments whose value changes in response to changes in prices or rates of the underlying instruments. Table below shows the Group's and the Bank's derivative financial instruments as at the balance sheet date. The contractual or underlying principal amount of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values as at balance sheet date are as below.

	Jun 2008			Dec 2007		
	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:						
-Forward contracts	33,127,856	273,858	273,885	27,877,861	264,974	245,756
-Cross currency interest rate swaps	6,630,384	462,683	349,675	5,282,498	255,461	138,331
-Options	6,951,810	286,957	228,213	1,600,153	119,460	117,481
Interest rate contracts						
-Futures	13,045,460	-	-	15,791,406	-	-
-Swaps	27,122,435	227,683	242,250	22,911,521	173,901	241,924
-Options	18,430	195	5,907	14,250	50	1,035
Equity related contracts	893,527	73,000	73,422	574,558	44,783	44,813
Others	184,633	7,901	7,439	-	-	-
	<u>87,974,535</u>	<u>1,332,277</u>	<u>1,180,790</u>	<u>74,052,247</u>	<u>858,629</u>	<u>789,340</u>
		Note 8	Note 11		Note 8	Note 11

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

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

	Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Tier I capital		
Paid-up share capital	121,697	121,697
Share premium	380,303	380,303
Retained earnings	1,895,500	1,895,500
Other reserves	118,924	118,924
	<u>2,516,424</u>	<u>2,516,424</u>
Less : Deferred tax assets	(48,334)	(48,334)
Total Tier-I capital	<u>2,468,090</u>	<u>2,468,090</u>
Tier II capital		
Subordinated loans	400,000	400,000
General allowance for bad and doubtful debts and financing	314,312	314,312
	<u>714,312</u>	<u>714,312</u>
Total Tier II capital	<u>714,312</u>	<u>714,312</u>
Total Capital	3,182,402	3,182,402
Less: Investments in subsidiaries	(20)	(20)
	<u>3,182,382</u>	<u>3,182,382</u>
Capital base	<u>3,182,382</u>	<u>3,182,382</u>
Core capital ratio	8.70%	10.06%
Risk weighted capital ratio	11.22%	12.97%

Breakdown of gross risk-weighted assets in the various categories of risk-weights:-

	Bank			
	Jun 2008		Dec 2007	
	Principal RM'000	Risk weighted RM'000	Principal RM'000	Risk weighted RM'000
0%	8,473,052	-	6,406,411	-
10%	-	-	-	-
20%	17,009,037	3,401,807	19,361,828	3,872,366
35%	9,049,380	3,167,283	-	-
50%	2,411,194	1,205,597	12,534,592	6,267,296
75%	8,955,043	6,716,282	-	-
100%	8,353,831	8,353,831	12,918,282	12,918,282
150%	222,910	334,365	-	-
	<u>54,474,446</u>	<u>23,179,165</u>	<u>51,221,113</u>	<u>23,057,944</u>
Total credit risk weighted assets				
Market risk adjusted assets		2,161,514		1,483,005
Operational Risk adjusted assets		3,018,059		-
Total Risk Weighted Assets		<u>28,358,738</u>		<u>24,540,949</u>

**CITIBANK BERHAD
AND ITS SUBSIDIARIES
Company No. 297089 M**

Interest/profit rate risk

The group and the Bank are exposed to various risks associated with the effects of the fluctuations in the prevailing market interest rates on its financial positions and cash flows. The following table indicated the effective interest rate at the Balance Sheet date and the periods in which the financial instruments reprice or mature whichever is earlier.

Group	Up to	> 1 - 3	> 3 - 12	> 1 - 5	over 5	Non-interest	Trading	Total	Effective interest
Jun 2008	1 mth	months	months	years	years	sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<u>ASSETS</u>									
Cash and short term funds	12,859,888	-	-	-	-	252,861	-	13,112,749	3.22%
Deposits and placements with banks and other financial institutions	-	2,952,662	898,223	685,354	-	-	-	4,536,239	3.27%
Securities purchased under resale agreements	654,142	30,030	-	-	-	-	-	684,173	3.51%
Securities held for trading	-	-	-	-	-	-	342,113	342,113	4.02%
Securities available-for-sale	102,000	-	99,505	2,478,695	-	-	-	2,680,200	3.97%
Securities held-to-maturity	-	-	-	-	-	7,499	-	7,499	0.00%
Loans, advances and financing									
- performing	14,700,067	1,105,000	828,205	2,960,764	920,144	60,875	-	20,575,055	7.28%
- non-performing *	-	-	-	-	-	(61,470)	-	(61,470)	
Other asset	-	-	-	-	-	1,657,825	-	1,657,825	
Statutory deposits with BNM	-	-	-	-	-	771,443	-	771,443	
Deferred tax	-	-	-	-	-	58,378	-	58,378	
Property, plant and equipment	-	-	-	-	-	60,978	-	60,978	
TOTAL ASSETS	28,316,097	4,087,692	1,825,933	6,124,813	920,144	2,808,390	342,113	44,425,183	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>									
Deposits from customers	16,273,606	2,307,552	5,333,815	1,516,317	86,390	3,253,715	-	28,771,395	2.29%
Deposits and placements of banks and other financial institutions	7,670,010	1,336,429	381,419	270,509	-	-	-	9,658,367	3.13%
Obligation on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	
Bills and acceptance payable	-	-	-	-	-	36,151	-	36,151	
Recourse obligation on loans sold to Cagamas	-	-	171,881	-	-	-	-	171,881	3.57%
Other liabilities	-	-	-	-	-	2,488,857	-	2,488,857	
Subordinated loan	-	-	-	-	400,000	-	-	400,000	4.57%
Total Liabilities	23,943,617	3,643,982	5,887,115	1,786,825	486,390	5,778,723	-	41,526,651	
Shareholders' equity	-	-	-	-	-	2,898,532	-	2,898,532	
Total Liabilities and Shareholders' equity	23,943,617	3,643,982	5,887,115	1,786,825	486,390	8,677,255	-	44,425,183	
On Balance Sheet interest sensitivity gap	4,372,481	443,711	(4,061,181)	4,337,988	433,754	(5,868,865)	342,113		
Off Balance Sheet interest sensitivity gap	(534,484)	1,682,175	(447,951)	(355,418)	(310,740)	-	-		
	3,837,997	2,125,885	(4,509,132)	3,982,570	123,014	(5,868,865)	342,113		

**CITIBANK BERHAD
AND ITS SUBSIDIARIES
Company No. 297089 M**

Interest/profit rate risk

Group	Up to	> 1 - 3	> 3 - 12	> 1 - 5	over 5	Non-interest	Trading	Total	Effective interest
Dec 2007	1 mth	months	months	years	years	sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<u>ASSETS</u>									
Cash and short term funds	16,707,281	-	-	-	-	37,001	-	16,744,282	4.31%
Deposits and placements with banks and other financial institutions	-	392,467	821,314	381,395	-	-	-	1,595,176	4.72%
Securities purchased under resale agreements	255,032	190,437	-	-	-	-	-	445,469	3.51%
Securities held for trading	-	-	-	-	-	-	1,352,741	1,352,741	3.89%
Securities available-for-sale	134,997	225,863	266,781	1,985,109	284,841	-	-	2,897,591	3.61%
Securities held-to-maturity	-	-	-	-	-	7,499	-	7,499	0.00%
Loans, advances and financing									
- performing	14,248,686	1,121,209	1,124,115	3,006,663	1,004,311	(348,742)	-	20,156,242	7.84%
- non-performing *	-	-	-	-	-	347,971	-	347,971	
Other asset	-	-	-	-	-	1,234,322	-	1,234,322	
Statutory deposits with BNM	-	-	-	-	-	845,408	-	845,408	
Deferred tax	-	-	-	-	-	48,334	-	48,334	
Property, plant and equipment	-	-	-	-	-	72,227	-	72,227	
TOTAL ASSETS	31,345,996	1,929,976	2,212,210	5,373,167	1,289,152	2,244,020	1,352,741	45,747,262	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>									
Deposits from customers	14,661,830	2,812,691	5,358,013	1,198,100	79,775	4,754,645	-	28,865,054	3.37%
Deposits and placements of banks and other financial institutions	10,812,777	324	259,547	32,447	-	-	-	11,105,095	4.51%
Obligation on securities sold under repurchase agreements	-	-	-	-	-	-	-	-	
Bills and acceptance payable	-	-	-	-	-	97,054	-	97,054	
Recourse obligation on loans sold to Cagamas	-	47,209	376,320	-	-	-	-	423,529	3.62%
Other liabilities	-	-	-	-	-	2,340,106	-	2,340,106	
Subordinated loan	-	-	-	-	400,000	-	-	400,000	4.66%
Total Liabilities	25,474,607	2,860,224	5,993,880	1,230,547	479,775	7,191,805	-	43,230,838	
Shareholders' equity	-	-	-	-	-	2,516,424	-	2,516,424	
Total Liabilities and Shareholders' equity	25,474,607	2,860,224	5,993,880	1,230,547	479,775	9,708,229	-	45,747,262	
On Balance Sheet interest sensitivity gap	5,871,389	(930,248)	(3,781,670)	4,142,620	809,377	(7,464,209)	1,352,741		
Off Balance Sheet interest sensitivity gap	634,780	(5,147,102)	5,507,990	(245,442)	(690,334)	-	-		
	6,506,169	(6,077,350)	1,726,320	3,897,178	119,043	(7,464,209)	1,352,741		

**CITIBANK BERHAD
AND ITS SUBSIDIARY COMPANIES
ISLAMIC BANKING OPERATIONS
(Company No. 297089 M)
(Incorporated in Malaysia)
UNAUDITED BALANCE SHEET AT 30 JUNE 2008**

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Assets		
Cash and short term funds	(a) 2,785	954
Deposits and placements with banks and other financial institutions	(b) 749,000	806,000
Securities held-for-trading	(c) 5,107	16
Securities available-for-sale	(d) 294,038	301,733
Financing, advances and other loans	(e) 267,747	175,497
Deferred tax assets	2,085	1,505
Other assets	(g) 156,561	112,048
	<hr/>	<hr/>
Total assets	<u>1,477,322</u>	<u>1,397,753</u>
Liabilities		
Deposits from customers	(h) 920,248	1,096,093
Deposits and placements of banks and other financial institutions	(i) 46,849	-
Bills and acceptances payable	-	-
Other liabilities	(j) 370,284	187,514
	<hr/>	<hr/>
Total liabilities	<u>1,337,381</u>	<u>1,283,607</u>
Islamic banking funds	(k) 139,941	114,146
	<hr/>	<hr/>
Total liabilities and Islamic banking funds	<u>1,477,322</u>	<u>1,397,753</u>
Commitments and contingencies	<u>1,608,112</u>	<u>1,318,179</u>

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

**UNAUDITED INCOME STATEMENTS OF THE GROUP AND BANK
FOR THE FINANCIAL PERIOD SIX MONTHS ENDED 30 JUNE 2008**

		Group and Bank	
		Jun 2008 RM'000	Jun 2007 RM'000
Income derived from investments of depositors' funds and others	(l)	23,380	20,779
Allowances for losses on financing	(m)	(1,560)	(598)
Transfer from / (to) profit equalisation reserve	(n)	<u>1,729</u>	<u>(901)</u>
Total attributable income		23,549	19,280
Income attributable to depositors	(o)	<u>(10,935)</u>	<u>(7,585)</u>
Total attributable to the Bank		12,614	11,695
Income derived from investment of Banking Capital funds	(p)	<u>22,566</u>	<u>13,161</u>
Total net income		35,180	24,856
Other operating expenses	(q)	(2,418)	(1,832)
Profit Before Taxation		<u>32,762</u>	<u>23,024</u>
Taxation		(6,310)	(2,304)
Profit after taxation		<u><u>26,452</u></u>	<u><u>20,720</u></u>

**CITIBANK BERHAD
AND ITS SUBSIDIARIES
ISLAMIC BANKING OPERATION
(Company No. 297089)
(Incorporated in Malaysia)**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008**

	Group and Bank			
	Capital Funds RM'000	Other Reserve RM'000	Profit RM'000	Total RM'000
At 1 January 2007	20,000	4,041	66,811	90,852
Profit after taxation	-	-	28,726	28,726
Unrealised net gain/loss on revaluation of securities available for sale	-	(5,432)	-	(5,432)
At 31 December 2007	<u>20,000</u>	<u>(1,391)</u>	<u>95,537</u>	<u>114,146</u>
At 1 January 2008	20,000	(1,391)	95,537	114,146
Profit after taxation	-	-	26,452	26,452
Unrealised net gain/loss on revaluation of securities available for sale	-	(658)	-	(658)
At 30 June 2008	<u>20,000</u>	<u>(2,049)</u>	<u>121,989</u>	<u>139,941</u>

Note (k)

(a) Cash and short term funds

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Cash and balances with banks and other financial institutions	2,785	954
Money at call and deposit placements maturing within one month	-	-
	<u>2,785</u>	<u>954</u>

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

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Bank Negara Malaysia	<u>749,000</u>	<u>806,000</u>

(c) Securities held for trading

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
At fair value		
BNM Bills	<u>5,107</u>	<u>16</u>

(d) Securities available for sale

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
At fair value		
Malaysian Government Investment Issues	158,361	104,070
Islamic Khazanah Bonds	135,677	197,663
	<u>294,038</u>	<u>301,733</u>

(e) Financing, Advances and other loans

(i) By type

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Term financing		
-House financing	302,795	194,821
-Hire purchase receivables	26,149	31,235
-Lease receivables	16,900	22,202
	<hr/>	<hr/>
	345,844	248,258
Unearned income	(68,457)	(64,711)
	<hr/>	<hr/>
	277,387	183,547
Allowance for bad and doubtful financing		
- general	(4,132)	(2,683)
- specific	(5,508)	(5,367)
	<hr/>	<hr/>
Total net financing, advances and other loans	<u>267,747</u>	<u>175,497</u>

(ii) By contract

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Bai' Bithamin Ajil	69,867	73,835
Ijarah Muntahia Bittamilik	40,027	49,950
Diminishing Musharakah	167,493	59,762
	<hr/>	<hr/>
	<u>277,387</u>	<u>183,547</u>

(iii) By type of customer

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Domestic business enterprises		
-Small and medium enterprises	29,280	31,404
-Others	13,885	18,546
Individuals	234,222	133,597
	<hr/>	<hr/>
	<u>277,387</u>	<u>183,547</u>

(e) Financing, Advances and other loans (continued)

(iv) By profit rate sensitivity

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Fixed rate		
-House financing	237,360	133,597
-Hire purchase receivables	24,750	29,896
-Other fixed rate loan/financing	15,277	20,054
	<u>277,387</u>	<u>183,547</u>

(v) By sector

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Mining & quarrying	50	199
Manufacturing(including agriculture based)	22,151	24,758
Wholesale, retail trade, restaurants and hotels	1,537	2,051
Transport, storage and communication	12,599	18,505
Finance, insurance, real estate and bussiness services	3,690	4,437
Household		
- residential	237,360	133,597
	<u>277,387</u>	<u>183,547</u>

(vi) By purpose

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Purchase of landed property	237,360	133,597
Purchase fixed assets excluding land and building	40,027	49,950
	<u>277,387</u>	<u>183,547</u>

CITIBANK BERHAD
AND ITS SUBSIDIARIES
 Company No. 297089 M

(f) Non-performing loans (NPL)

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

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
At 1 January	9,983	6,605
Classified as non-performing during the year	1,061	5,287
Reclassified as performing during the year	(349)	-
Amount recovered	(1,708)	(1,909)
	<hr/>	<hr/>
At 30 June / 31 December	8,987	9,983
Specific allowance	(5,508)	(5,367)
	<hr/>	<hr/>
Net non performing financing, advances and other loans	<u>3,479</u>	<u>4,616</u>
Ratio of net non-performing financing, advances and other loans to total gross financing, advances and other loans less specific allowance	1.28%	2.59%

(ii) Movements in allowance for bad and doubtful financing are as follows:-

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
<u>General allowance</u>		
At 1 January	2,683	3,099
(Written back)/Allowance made during the year	1,449	(416)
	<hr/>	<hr/>
At 30 June / 31 December	<u>4,132</u>	<u>2,683</u>
As % of total financing less specific allowance	1.52%	1.51%
<u>Specific allowance</u>		
At 1 January	5,367	5,468
Allowance made during the year	111	14
Amount written back	30	(115)
	<hr/>	<hr/>
At 30 June / 31 December	<u>5,508</u>	<u>5,367</u>

CITIBANK BERHAD
AND ITS SUBSIDIARIES
 Company No. 297089 M

(f) Non-performing loans (NPL) (continued)

(iii) Non performing financing by sector

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Manufacturing (including agriculture based)	4,772	4,751
Wholesale, retail trade, restaurants and hotel	571	636
Transport, storage and communication	996	2,467
Finance, insurance, real estate and business services	1,035	1,035
Household		
- residential	1,613	1,094
	<hr/>	<hr/>
	<u>8,987</u>	<u>9,983</u>

(g) Other assets

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Profit receivable	979	1,197
Other debtors, deposits and prepayments	11,652	15,998
Revaluation gain on profit rate undertaking contracts (Note t)	143,930	94,853
	<hr/>	<hr/>
	<u>156,561</u>	<u>112,048</u>

(h) Deposits from customers

(i) By type of deposit

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Non-Mudharabah Fund		
Demand deposits	497,414	834,138
Saving deposits	165,070	116,722
Other deposits	221,300	100,521
Mudharabah fund		
General investment deposits	36,465	44,712
	<u>920,248</u>	<u>1,096,093</u>

(ii) By type of customers

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Business enterprises	521,701	960,029
Individuals	183,269	136,063
Others	215,278	-
	<u>920,248</u>	<u>1,096,093</u>

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

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Licensed banks	-	-
Bank Negara Malaysia	46,849	-
	<u>46,849</u>	<u>-</u>

(j) Other liabilities

	Group and Bank	
	Jun 2007 RM'000	Dec 2007 RM'000
Profit payable	160	247
Other creditors and accruals	236,939	92,051
Profit Equalisation Reserve (note n)	100	1,829
Revaluation loss on profit rate undertaking contracts (note t)	133,085	93,386
	<hr/>	<hr/>
	<u>370,284</u>	<u>187,514</u>

(k) Islamic Banking Fund

	Group and Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Fund allocated	20,000	20,000
Other Reserve	(2,049)	(1,391)
Retained earnings	121,990	95,537
	<hr/>	<hr/>
	<u>139,941</u>	<u>114,146</u>

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

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Income derived from investment of:		
(i) General investment deposits	21,410	20,779
(ii) Other deposits	1,970	-
	<hr/>	<hr/>
	<u>23,380</u>	<u>20,779</u>

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

(i) Income derived from investment of general investment deposits

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Finance income and hibah		
Financing, advances and other loans	5,240	5,142
Money at call and placements with financial institutions	9,805	8,824
Income from securities available-for-sale	1,505	4,134
	16,550	18,100
Accretion of discount less amortisation of premium	4,775	2,622
Total finance income and hibah	21,325	20,722
Other operating income		
Fee income	85	57
	21,410	20,779

(ii) Income derived from investment of other deposits

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Finance income and hibah		
Financing, advances and other loans	484	-
Money at call and placements with financial institutions	906	-
Income from securities available-for-sale	139	-
	1,529	-
Accretion of discount less amortisation of premium	441	-
Total finance income and hibah	1,970	-

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(m) Allowances for loss on financing

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Allowance for bad and doubtful debts and financing:-		
Specific allowance		
- made in the financial year	111	-
- written back in the financial year	-	(98)
General allowance		
- (written back)/made in the year	1,449	696
	1,560	598
	1,560	598

(n) Profit equalisation reserve

The movement in profit equalisation reserve are as follows:

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
At 1 January	1,829	16,302
Movement in the financial year	(1,729)	(14,473)
	100	1,829
	100	1,829

(o) Income attributable to depositors

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Deposits from customers		
- Mudharabah funds	1,167	2,345
- Non-Mudharabah funds	9,716	3,885
Deposits and placements of banks and other financial institutions		
- Mudharabah funds	-	1,031
- Non-Mudharabah funds	42	31
Others	10	293
	10,935	7,585
	10,935	7,585

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

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Finance income and hibah		
Financing, advances and other loans	326	326
Money at call and placements with financial institutions	609	559
Income from securities available-for-sale	94	262
	<hr/> 1,029	<hr/> 1,147
Accretion of discount less amortisation of premium	297	166
Total finance income and hibah	<hr/> 1,326	<hr/> 1,313
Other operating income		
Gain /(loss) from securities held-for-trading	121	(93)
Gain from securities available-for-sale	29	4,152
Fee income	8,037	13
Income from trading activities	13,053	7,776
	<hr/> 21,240	<hr/> 11,848
	<hr/> <hr/> 22,566	<hr/> <hr/> 13,161

(q) Other operating expenses

	Group and Bank	
	Jun 2008 RM'000	Jun 2007 RM'000
Personnel costs	227	243
Establishment costs	28	25
Marketing expenses	-	3
Administration and general expenses	2,163	1,561
	<hr/> 2,418	<hr/> 1,832
	<hr/> <hr/> 2,418	<hr/> <hr/> 1,832

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(r) Income from Islamic banking operations

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

		Group and Bank	
		Jun 2008 RM'000	Jun 2007 RM'000
Income derived from investment of depositors' funds and others	(l)	23,380	20,779
Profit Equalisation Reserve	(n)	1,729	(901)
Income attributable to depositors	(o)	(10,935)	(7,585)
Income derived from investment of Islamic Banking Funds	(p)	22,566	13,161
		<hr/>	<hr/>
		<u>36,740</u>	<u>25,454</u>

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(s) Capital adequacy

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

	Bank	
	Jun 2008 RM'000	Dec 2007 RM'000
Tier 1 capital		
Paid-up share capital	20,000	20,000
Retained profits	95,537	95,537
Other reserves	(1,391)	(1,391)
	114,146	114,146
Less: Deferred tax assets	(1,505)	(1,505)
Total Tier-I capital	112,641	112,641
Tier-II capital		
General allowance for bad and doubtful debts and financing	2,683	2,683
	115,324	115,324
Capital base		
Core capital ratio	18.37%	45.80%
Risk weighted capital ratio	18.81%	46.89%

Breakdown of gross risk weighted assets in the various categories of risk weights:

	Bank			
	Jun 2008		Dec 2007	
	Principal RM'000	Risk weighted RM'000	Principal RM'000	Risk weighted RM'000
0%	970,886	-	1,108,711	-
10%	-	-	-	-
20%	135,677	27,135	9,390	1,878
35%	214,445	75,056	-	-
50%	104,717	52,359	268,707	134,353
75%	8,534	6,401	-	-
100%	373,131	373,131	109,734	109,734
150%	965	1,448	-	-
Total credit risk weighted assets	1,808,355	535,529	1,496,542	245,965
Market risk adjusted assets		10,745		-
Operational Risk adjusted assets		66,941		-
Total Risk Weighted Assets		613,215		245,965

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(t) Commitment and contingencies

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. The commitments and contingencies constitute the following:

	Jun 2008			Dec 2007		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk weighted amount RM'000	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk weighted amount RM'000
Other assets sold with recourse and commitment with certain drawdown	184,928	184,928	125,167	29,720	29,720	29,720
Irrevocable commitments to extend credit						
- maturity not exceeding one year	3,350	670	670	12,332	-	-
- maturity exceeding one year	133,756	66,878	23,341	70,665	35,333	35,333
Foreign exchange related contracts:						
-One year to less than 5 years	828,235	217,690	217,690	743,669	81,804	40,902
Profit rate related contracts	457,843	24,607	14,508	461,793	13,854	4,110
Total	1,608,112	494,773	381,376	1,318,179	160,711	110,065

With effect from 1 January 2008, the credit equivalent amount and risk weighted amount are arrived at using the credit conversion factors as defined in Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework, Standardised Approach (Basel II).

	Jun 2008			Dec 2007		
	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 undertaking	828,235	126,584	126,584	743,669	87,723	87,723
Profit rate related contracts:						
- Islamic profit rate undertaking	457,843	17,345	6,501	461,793	7,130	5,663
	1,286,078	143,930	133,085	1,205,462	94,853	93,386
		Note (g)	Note (j)		Note (g)	Note (j)