

Company No.

911666	D
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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014

Company No.

911666	D
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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	<u>Note</u>	<u>31.3.2014</u> RM'000	<u>31.12.2013</u> RM'000
ASSETS			
Cash and short-term funds	15	183,619	216,096
Deposits and placements with banks and other financial institutions	16	205,601	180,466
Financial investments available-for-sale	17	-	-
Financial investments held-to-maturity	18	19,968	10,176
Loans, advances and financing	19	52,088	40,817
Derivative assets	21	98	-
Other assets	22	342	410
Statutory deposits with Bank Negara Malaysia		100	100
Plant and equipment		4,032	4,316
Intangible assets		8,391	9,011
TOTAL ASSETS		<u>474,239</u>	<u>461,392</u>
LIABILITIES AND EQUITY			
Deposits from customers	23	157,443	145,281
Deposits and placements of banks and other financial institutions		-	-
Bills and acceptances payable		-	-
Derivative liabilities	24	-	83
Other liabilities	25	4,110	2,473
TOTAL LIABILITIES		<u>161,553</u>	<u>147,837</u>
Share capital		320,000	320,000
Accumulated losses		(7,314)	(6,445)
TOTAL EQUITY OF SHAREHOLDERS		<u>312,686</u>	<u>313,555</u>
TOTAL LIABILITIES AND EQUITY		<u>474,239</u>	<u>461,392</u>
COMMITMENTS AND CONTIGENCIES	31	<u>81,363</u>	<u>83,441</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2013.

Company No.

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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014

	<u>Note</u>	<u>31.03 2014</u> RM'000	<u>31.03. 2013</u> RM'000
Interest income	26	3,905	2,716
Interest expense	27	(1,010)	(429)
		<hr/>	<hr/>
Net interest income		2,895	2,287
Other operating income	28	463	183
		<hr/>	<hr/>
Net income		3,358	2,470
Other operating expenses	29	(4,055)	(2,720)
		<hr/>	<hr/>
Loan impairment charges	30	(697)	(250)
		(172)	(162)
		<hr/>	<hr/>
Loss before taxation		(869)	(412)
Taxation		-	-
		<hr/>	<hr/>
Loss for the financial period		(869)	(412)
Net (loss)/gain on securities available-for-sale		-	-
Income tax relating to components of other comprehensive income		-	-
		<hr/>	<hr/>
Other comprehensive income for The financial year, Net of tax		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(869)</u>	<u>(412)</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2013.

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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 1 January 2014	320,000	(6,445)	313,555
Proceeds from shares issued	-	-	-
Total comprehensive loss for the financial period	-	(869)	(869)
Balance as at 31 March 2014	<u>320,000</u>	<u>(7,314)</u>	<u>312,686</u>
Balance as at 1 January 2013	310,000	(4,246)	305,754
Proceeds from shares issued	-	-	-
Total comprehensive loss for the financial period	-	(412)	(412)
Balance as at 31 March 2013	<u>310,000</u>	<u>(4,658)</u>	<u>305,342</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2013.

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014

	1Jan 2014 To 31 Mar 2014	1Jan 2013 To 31 Mar 2013
<u>Note</u>	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(869)	(412)
Adjustments for:		
Depreciation of plant and equipment	324	317
Amortisation of intangible assets	620	583
Interest income	(3,906)	(2,716)
Interest expense	1,010	429
Operating loss before working capital changes	<u>(2,821)</u>	<u>(1,799)</u>
(Increase) in deposits and placements with financial institution	(25,135)	(17,106)
Decrease/(Increase) in other assets	68	(89)
(Increase) in derivative assets	(98)	-
(Increase) in loans, advances and financing	(11,271)	(10,567)
Increase in deposits from customers	12,162	61,007
(Decrease) in derivative liabilities	(83)	-
Increase in other liabilities	1,637	469
Net cash used in operating activities	<u>(25,541)</u>	<u>31,915</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(40)	(31)
Purchase of intangible assets	-	-
Proceed of disposal of plant and equipment	-	-
Purchase of financial assets held-to-maturity	(9,792)	(10,037)
Interest received	3,906	2,716
Net cash generated from/(used) in investing activities	<u>(5,926)</u>	<u>(7,352)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	-
Interest paid	(1,010)	(429)
Net cash generated from financing activities	<u>(1,010)</u>	<u>(429)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(32,477)	24,134
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>216,096</u>	<u>237,359</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	15 <u>183,619</u>	<u>261,493</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2013.

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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014**

1 CORPORATE INFORMATION

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD (“the Bank”) commenced commercial banking business on 11 July 2012. The principal activities of the Bank are banking and related financial services.

The address of the registered office and principal place of operation of the Bank is at 15, Jalan Raja Chulan, Bangunan Yee Seng, 50200 Kuala Lumpur.

The Bank is a company limited by shares and is a licensed Bank, incorporated and domiciled in Malaysia.

2 BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Bank Negara Malaysia (BNM) guidelines.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Bank as at and for the financial year ended 31 December 2013. The explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the financial position and performance of the Bank for the first financial quarter ended 31 March 2014.

The unaudited interim condensed financial statements for the first financial quarter ended 31 March 2014 have been prepared under the historical cost convention unless otherwise indicated in the summary of the significant accounting policies.

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 2013.

The following are accounting standards and amendments of the MFRS framework that have been issued by MASB but are not yet effective:

Financial year beginning on/after 1 January 2017

- MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” (effective from 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)**

2 BASIS OF PREPARATION (CONTINUED)

The following are accounting standards and amendments of the MFRS framework that have been issued by MASB but are not yet effective (continued)

Financial year beginning on/after 1 January 2017 (continued)

- For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Bank in these condensed interim financial statements are the same as those applied by the Bank in its audited financial statements as at and for the year ended 31 December 2013.

4 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited financial statements as at and for the year ended 31 December 2013.

5 AUDITOR'S REPORT ON PRECEDING FINANCIAL STATEMENT

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

6 SEASONAL OR CYCLICAL FACTORS

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

7 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE AND INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Bank for the financial quarter ended 31 March 2014.

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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)**

8 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts in prior financial year that have a material effect on the financial results and position of the Bank for the financial quarter ended 31 March 2014.

9 ISSUE OF SHARES AND DEBENTURES

There were no new shares issued during the financial quarter ended 31 March 2014.

10 DIVIDENDS PAID

No dividends was declared or paid during the financial quarter ended 31 March 2014.

11 SEGMENT INFORMATION

There is no segmental information as the Bank only has one reportable segment, which is its banking operation in Malaysia.

12 SUBSEQUENT EVENTS

There were no material events subsequent to the statement of financial position date that require disclosure or adjustment.

13 REVIEW OF PERFORMANCE

For the first quarter ended 31 March 2014, the Bank recorded a loss of RM 0.869 million mainly due to higher operating expenses. Interest income was RM 3.905 million which mainly comprised of interest income from placement with financial institutions. Interest expenses for the period amounted to RM 1.010 million and operating expenses were RM 4.055 million.

Deposits from customers amounted to RM 157.44 million and loans and advances amounted to RM 52.09 million as at end of 31 March 2014. Shareholders fund as at end of 31 March 2014 stood at RM 312.69 million.

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

14 BUSINESS PROSPECTS

The Bank is optimistic on its business prospects as there are ample opportunities to provide financing and banking services to both the Malaysian domestic business enterprises and Indian based corporates and business entities operating in Malaysia. Further, the growing bi-lateral trade relationship between India and Malaysia also offers good growth opportunities for the Bank.

The Bank is regularly reviewing its business strategies to suit the changing business environment and catering to the needs of the varied business requirement with prudent risk taking to ensure sustainability of growth going forward.

The loans and advances and trade finance activities are expected to increase further in the current year, which will contribute positively towards higher operating income.

15 CASH AND SHORT-TERM FUNDS

	<u>31.03.2014</u>	<u>31.12.2013</u>
	RM'000	RM'000
Cash and balances with banks and other financial institutions	59,359	74,853
Money at call and deposit placements maturing within one month	124,260	141,243
	<u>183,619</u>	<u>216,096</u>

16 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.03.2014</u>	<u>31.12.2013</u>
	RM'000	RM'000
Licensed banks	<u>205,601</u>	<u>180,466</u>

17 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	<u>31.03.2014</u>	<u>31.12.2013</u>
	RM'000	RM'000
<u>At fair value</u>		
Quoted money market instruments:		
Malaysian Government Securities	-	-
Private debt securities	-	-
	<u>-</u>	<u>-</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

18 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
<u>At amortised cost</u>		
Money market instruments:		
Malaysian Government Securities	19,968	10,176
Private debt securities	-	-
	<u>19,968</u>	<u>10,176</u>

19 LOANS, ADVANCES AND FINANCING

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
(i) By type		
Overdrafts	18,410	17,405
Term loans/financing		
- Housing loans/financing	-	-
- Other term loans/financing	4,845	3,835
Bills receivable	17,410	10,965
Trust receipt	12,223	9,240
Revolving credit	-	-
Staff loans	-	-
Less : Unearned interest and income	-	-
	<u>52,888</u>	<u>41,445</u>
Less : Allowance for impaired loans and financing		
- Collective assessment allowance	(800)	(628)
- Individual assessment allowance	-	-
Net loans, advances and financing	<u>52,088</u>	<u>40,817</u>
(ii) By type of customer		
Domestic business enterprises		
- Small medium enterprises	44,917	33,454
- Others	7,971	7,991
Domestic non-bank financial institutions	-	-
Individuals	-	-
Foreign entities	-	-
Gross loans, advances and financing	<u>52,888</u>	<u>41,445</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

19 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
(iii) By interest rate sensitivity		
Fixed rate	-	-
Variable rate		
- BLR plus/minus	50,379	39,904
- Cost plus	-	-
- Other variable rates	2,509	1,541
	<u>52,888</u>	<u>41,445</u>
(iv) By residual contractual maturity		
Maturity within one year	48,044	37,610
More than one year to three years	-	-
More than three years to five years	-	-
More than five years	4,844	3,835
	<u>52,888</u>	<u>41,445</u>
(v) By geographical distribution		
Malaysia		
- Kuala Lumpur	15,499	15,520
- Selangor	7,234	13,143
- Kedah	11,123	6,212
- Terengganu	19,032	6,570
	<u>52,888</u>	<u>41,445</u>
(vi) By sector		
Primary agriculture	-	-
Mining and quarrying	-	-
Manufacturing	31,610	23,553
Electricity, gas and water supply	-	-
Construction	4,007	817
Wholesale and retail trade, and restaurants and hotels	14,115	14,253
Transport, storage and communication	-	-
Computer and related activities	-	-
Finance, insurance, real estate and business activities	2,952	1,920
Education, health and others	204	902
	<u>52,888</u>	<u>41,445</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

20 IMPAIRED LOANS, ADVANCES AND FINANCING

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
(i) Movements in impaired loans, advances and financing		
At beginning of financial period	-	-
Classified as impaired during the financial period	-	-
Reclassified as non-impaired during the financial period	-	-
Amount recovered	-	-
Amount written off	-	-
	<hr/>	<hr/>
At end of financial period	-	-
Individual impairment provision	-	-
	<hr/>	<hr/>
Net Impaired loans and advances	-	-
	<hr/>	<hr/>
Ratio of net impaired loans and advances to gross loans and advances less individual impairments provisions	-	-
	<hr/> <hr/>	<hr/> <hr/>
(ii) Movements in impairment allowances for loans and advances		
Individual impairments allowances		
At 1 Jan	-	-
Allowance made during the period	-	-
Amount written back	-	-
	<hr/>	<hr/>
At end of the period	-	-
	<hr/> <hr/>	<hr/> <hr/>
Collective impairments allowances		
At 1 Jan	628	-
Allowance made during the period	172	628
Amount written back	-	-
	<hr/>	<hr/>
At end of the period	800	628
	<hr/> <hr/>	<hr/> <hr/>
As % of gross loans and advances less individual impairment provisions	1.5%	1.5%
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

21 DERIVATIVE ASSETS

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
Derivative assets:		
Foreign exchange forwards	98	-
	<u>98</u>	<u>-</u>
	Contract or underlying <u>principal amount</u> RM'000	Year end positive <u>fair value</u> RM'000
<u>31.03.2014</u>		
Foreign exchange related contracts:		
- Forwards	18,045	98
	<u>18,045</u>	<u>98</u>
<u>31.12.2013</u>		
Foreign exchange related contracts:		
- Forwards	-	-
	<u>-</u>	<u>-</u>

22 OTHER ASSETS

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
Other receivables	-	-
Deposits	203	214
Prepayments	139	196
	<u>342</u>	<u>410</u>
	<u>342</u>	<u>410</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

23 DEPOSITS FROM CUSTOMERS

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
(i) By type of deposits		
Demand deposits	4,993	10,688
Savings deposits	1,124	896
Fixed deposits	151,326	133,697
	<u>157,443</u>	<u>145,281</u>
(ii) Maturity structure of fixed deposits is as follows:		
Due within six months	120,515	102,136
Six months to one year	28,309	21,780
One year to three years	2,485	9,764
Three years to five years	17	17
	<u>151,326</u>	<u>133,697</u>
(iii) The deposits are sourced from the following types of customers:		
Business enterprises	70,656	62,346
Individuals	3,441	3,552
Foreign entities	83,346	79,383
	<u>157,443</u>	<u>145,281</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

24 DERIVATIVE LIABILITIES

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
Derivative liabilities:		
Foreign exchange forwards	-	83
	<u> </u>	<u> </u>
	<u>Contract or</u> <u>underlying</u> <u>principal amount</u> RM'000	<u>Year end</u> <u>negative</u> <u>fair value</u> RM'000
<u>31.03.2014</u>		
Foreign exchange related contracts:		
- Forwards	-	-
	<u> </u>	<u> </u>
<u>31.12.2013</u>		
Foreign exchange related contracts:		
- Forwards	8,346	83
	<u> </u>	<u> </u>

25 OTHER LIABILITIES

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
Other payables	1,770	1,207
Accruals	2,340	1,266
	<u> </u>	<u> </u>
	<u>4,110</u>	<u>2,473</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

26 INTEREST INCOME

	<u>31.03.2014</u> RM'000	<u>31.03.2013</u> RM'000
Loans and advances	869	61
Money at call and deposit placements with financial institutions	2,899	2,632
Financial investments – held-to-maturity	137	23
Total interest income	<u>3,905</u>	<u>2,716</u>

27 INTEREST EXPENSE

	<u>31.03.2014</u> RM'000	<u>31.03.2013</u> RM'000
Deposits and placements of banks and other financial institutions	3	-
Deposits from customers	1,007	429
Total interest expenses	<u>1,010</u>	<u>429</u>

28 OTHER OPERATING INCOME

	<u>31.03.2014</u> RM'000	<u>31.03.2013</u> RM'000
<u>Commission and fee income:</u>		
Commission	79	3
Service charges and fees	39	143
	<u>118</u>	<u>146</u>
<u>Other income:</u>		
Foreign exchange gain	164	37
Unrealised gain (loss) on revaluation of derivative instruments	181	-
Total	<u>463</u>	<u>183</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

29 OTHER OPERATING EXPENSES	<u>31.03.2014</u> RM'000	<u>31.03.2013</u> RM'000
Personnel costs (Note a)	955	653
Marketing expenses (Note b)	32	20
Establishments costs (Note c)	2,106	1,535
Administration and general expenses (Note d)	962	512
	<u>4,055</u>	<u>2,720</u>
(a) <u>Personnel costs:</u>		
- Salaries and allowances	658	467
- Pension fund contributions	59	43
- Other staff costs	238	143
	<u>955</u>	<u>653</u>
(b) <u>Marketing expenses:</u>		
- Advertising and promotion	32	20
	<u>32</u>	<u>20</u>
(c) <u>Establishments costs:</u>		
- Depreciation of plant and equipment	324	317
- Amortisation of intangible assets	620	583
- Rental - Office premises	85	79
- Rental - Data centre and data recovery sites	76	51
- Repair and maintenance	46	19
- Information technology expenses	787	305
- Telecommunication charges	146	150
- Others	22	31
	<u>2,106</u>	<u>1,535</u>
(d) <u>Administration and general expenses:</u>		
- Legal and professional fees	50	191
- Auditor's fees	30	30
- Directors' fees	-	1
- Banking Licence Fee	30	30
- Deposits Insurance	54	63
- Subscriptions	96	58
- Transport and travelling	25	28
- Others	677	111
	<u>962</u>	<u>512</u>

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

30 LOAN IMPAIRMENT CHARGES

	<u>31.03.2014</u>	<u>31.03.2013</u>
	RM'000	RM'000
Allowance for losses on loans and advances		
Individual assessment allowance:		
- Made during the financial year	-	-
- Written back during the financial year	-	-
Collective assessment allowance:		
- Made during the financial year	172	162
- Written back during the financial year	-	-
	<u>172</u>	<u>162</u>

31 COMMITMENTS 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:

	<u>Principal amount</u>	<u>Positive fair value of derivate contracts</u>	<u>Credit equivalent amount</u>	<u>Risk- weighted assets</u>
	RM'000	RM'000	RM'000	RM'000
<u>31 March 2014</u>				
Direct credit substitutes	13,171	-	13,171	11,659
Transaction-related contingent items	-	-	-	-
Short-term self-liquidating trade-related contingencies	894	-	179	179
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	20,850	-	10,425	10,425
- Not exceeding one year	28,403	-	5,680	5,680
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	18,045	103	250	50
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>81,363</u>	<u>103</u>	<u>29,705</u>	<u>27,993</u>

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31 COMMITMENTS AND CONTINGENCIES (CONTINUED)

	<u>Principal amount</u> RM'000	<u>Positive fair value of derivate contracts</u> RM'000	<u>Credit equivalent amount</u> RM'000	<u>Risk- weighted assets</u> RM'000
<u>31 December 2013</u>				
Direct credit substitutes	14,340	-	14,340	11,659
Transaction-related contingent items	-	-	-	-
Short-term self-liquidating trade-related contingencies	1,463	-	293	293
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	21,912	-	10,956	10,956
- Not exceeding one year	37,380	-	7,476	7,476
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	8,346	11	134	27
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>83,441</u>	<u>11</u>	<u>33,199</u>	<u>30,411</u>

32 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party balances

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
<u>Amounts due from:</u>		
Bank balances and short-term funds with:		
- Bank of Baroda	1,115	3,688
- Indian Overseas Bank	9	10
- Andhra Bank	1	1
Total	<u>1,125</u>	<u>3,699</u>

All the transactions above have been entered at agreed terms between the two parties.

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33 CAPITAL ADEQUACY

The capital adequacy ratio of the Bank are as follows:

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
<u>Common Equity Tier 1 Capital</u>		
Paid-up share capital	320,000	320,000
Accumulated losses	(7,314)	(6,445)
Less: Deferred tax assets	-	-
Total Common Equity Tier 1 Capital	<u>312,686</u>	<u>313,555</u>
<u>Tier 1 capital</u>		
Additional Tier 1 Capital Instruments	-	-
Share Premium	-	-
Total Tier 1 capital	<u>-</u>	<u>-</u>
<u>Tier 2 capital</u>		
Collective impairment allowance	800	628
Total Tier 2 capital	<u>800</u>	<u>628</u>
Total capital base	<u>313,486</u>	<u>314,183</u>
Capital ratios		
Core capital ratio	170.5%	174.0%
Risk-weighted capital ratio	170.9%	174.4%

The Bank does not have any innovative, non-innovative, complex or hybrid capital instruments.
The breakdown of risk-weighted assets by major category is as follows:

	<u>31.03.2014</u> RM'000	<u>31.12.2013</u> RM'000
Credit risk	168,849	160,232
Market risk	1,659	3,700
Operational risk	12,927	16,241
Total risk-weighted assets	<u>183,435</u>	<u>180,173</u>

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33 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 March 2014:

<u>Exposure Class</u>	<u>Gross exposures</u> RM'000	<u>Net exposures</u> RM'000	<u>Risk weighted assets</u> RM'000	<u>Capital requirements</u> RM'000
(a) Credit Risk				
<i><u>On-balance sheet exposures</u></i>				
Sovereigns/central banks	20,476	20,476	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	388,417	388,417	90,068	7,205
Corporates	52,888	52,888	38,023	3,042
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	13,258	13,258	12,764	1,021
Defaulted exposures	-	-	-	-
Total on-balance sheet exposures	475,039	475,039	140,855	11,268
<i><u>Off-balance sheet exposures</u></i>				
Over-the-counter ("OTC")				
Derivatives	250	250	50	4
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	29,455	29,455	27,944	2,236
	-	-	-	-
Total off-balance sheet exposures	29,705	29,705	27,994	2,240
Total on and off-balance sheet exposures	504,744	504,744	168,849	13,508
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	1,659	-	1,659	133
(c) Operational risk			12,927	1,034
Total risk weighted assets and capital requirements			183,435	14,675

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33 CAPITAL ADEQUACY (CONTINUED)

The breakdown of the Bank's credit risk exposures by risk weights is as follows:

	Exposures after netting and credit risk mitigation (RM'000)									
	Sovereigns/ Central banks	Public sector entities	Banks, Development Financial Institutions and MDBs	Corporates	Residential mortgages	Higher risk assets	Other assets	Equity	Total exposures after netting and credit risk mitigation	Total risk weighted assets
<u>31.03.2014</u>										
<u>Risk weighted</u>										
0%	20,476	-	-	14,635	-	-	494	-	35,605	-
20%	-	-	347,386	-	-	-	-	-	347,386	69,477
50%	-	-	41,281	3,482	-	-	-	-	44,763	22,382
100%	-	-	-	64,226	-	-	12,764	-	76,990	76,990
Total exposures	20,476	-	388,667	82,343	-	-	13,258	-	504,744	168,849
Risk weighted assets by exposure	-	-	90,118	65,967	-	-	12,764	-	-	168,849
Average risk weight	0.00%	0.00%	23.19%	80.11%	0.00%	0.00%	96.27%	0.00%		
Deduction from capital base	-	-	-	-	-	-	-	-		

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33 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 2013:

<u>Exposure Class</u>	<u>Gross exposures</u> RM'000	<u>Risk Net exposures</u> RM'000	<u>weighted assets</u> RM'000	<u>Capital requirements</u> RM'000
(a) Credit Risk				
<i><u>On-balance sheet exposures</u></i>				
Sovereigns/central banks	10,790	10,790	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	395,599	395,599	86,247	6,900
Corporates	41,445	41,445	29,837	2,387
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	14,185	14,185	13,737	1,099
Defaulted exposures	-	-	-	-
Total on-balance sheet exposures	462,019	462,019	129,821	10,386
<i><u>Off-balance sheet exposures</u></i>				
Over-the-counter ("OTC")				
Derivatives	134	134	27	2
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	33,065	33,065	30,384	2,431
	-	-	-	-
Total off-balance sheet exposures	33,199	33,199	30,411	2,433
Total on and off-balance sheet exposures	495,218	495,218	160,232	12,819
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	3,700	-	3,700	296
(c) Operational risk			16,241	1,299
Total risk weighted assets and capital requirements			180,173	14,414

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33 CAPITAL ADEQUACY (CONTINUED)

The breakdown of the Bank's credit risk exposures by risk weights is as follows:

	Exposures after netting and credit risk mitigation (RM'000)								Total exposures after netting and credit risk mitigation	Total risk weighted assets
	Sovereigns/ Central banks	Public sector entities	Banks, Development Financial Institutions and MDBs	Corporates	Residential mortgages	Higher risk assets	Other assets	Equity		
<u>31.12.2013</u>										
<u>Risk weighted</u>										
0%	10,790	-	-	13,163	-	-	448	-	24,401	-
20%	-	-	371,975	-	-	-	-	-	371,975	74,395
50%	-	-	23,758	2,252	-	-	-	-	26,010	13,005
100%	-	-	-	59,095	-	-	13,737	-	72,832	72,832
Total exposures	10,790	-	395,733	74,510	-	-	14,185	-	495,218	160,232
Risk weighted assets by exposure	-	-	86,274	60,221	-	-	13,737	-	-	160,232
Average risk weight	0.00%	0.00%	21.80%	80.82%	0.00%	0.00%	96.84%	0.00%	-	-
Deduction from capital base	-	-	-	-	-	-	-	-	-	-

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FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2014 (CONTINUED)

34 INTEREST RATE RISK

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 March 2014:

	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
<u>31 March 2014</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	-	-	-	-	-	59,359	-	59,359	3.00
Money at call and deposit placements maturing within one month	124,260	-	-	-	-	-	-	124,260	3.22
Deposits and placements with banks and other financial institutions	-	205,601	-	-	-	-	-	205,601	3.27
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	19,968	-	-	-	19,968	3.17
Loans, advances and financing	17,276	12,357	18,411	-	4,844	(800)	-	52,088	7.01
Derivatives assets	-	-	-	-	-	-	98	98	-
Other assets	-	-	-	-	-	342	-	342	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	4,032	-	4,032	-
Intangible assets	-	-	-	-	-	8,391	-	8,391	-
Total assets	141,536	217,958	18,411	19,968	4,844	71,424	98	474,239	

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34 INTEREST RATE RISK (CONTINUED)

	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
<u>31 March 2014</u>									
<u>Liabilities</u>									
Deposits from customers	46,739	64,113	44,088	2,503	-	-	-	157,443	3.23
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	4,110	-	4,110	-
Total liabilities	<u>46,739</u>	<u>64,113</u>	<u>44,088</u>	<u>2,503</u>	<u>-</u>	<u>4,110</u>	<u>-</u>	<u>161,553</u>	
On balance sheet-interest rate gap	<u>94,797</u>	<u>153,845</u>	<u>(25,677)</u>	<u>17,465</u>	<u>4,844</u>	<u>67,314</u>	<u>98</u>	<u>312,686</u>	

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34 INTEREST RATE RISK (CONTINUED)

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 December 2013:

	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
<u>31 December 2013</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	-	-	-	-	-	74,853	-	74,853	3.00
Money at call and deposit placements maturing within one month	141,243	-	-	-	-	-	-	141,243	3.22
Deposits and placements with banks and other financial institutions	-	180,466	-	-	-	-	-	180,466	3.20
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	10,176	-	-	-	10,176	3.17
Loans, advances and financing	34,635	2,495	480	-	3,835	(628)	-	40,817	7.08
Other assets	-	-	-	-	-	410	-	410	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	4,316	-	4,316	-
Intangible assets	-	-	-	-	-	9,011	-	9,011	-
Total assets	175,878	182,961	480	10,176	3,835	88,062	-	461,392	

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34 INTEREST RATE RISK (CONTINUED)

	Non-trading book						Trading book	Total	Effective interest rate
	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest sensitive			
31 December 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<u>Liabilities</u>									
Deposits from customers	69,024	35,485	30,991	9,781	-	-	-	145,281	3.06
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-	83	83	-
Other liabilities	-	-	-	-	-	2,473	-	2,473	-
Total liabilities	69,024	35,485	30,991	9,781	-	2,473	83	147,837	
On balance sheet-interest rate gap	106,854	147,476	(30,511)	395	3,835	85,589	(83)	313,555	

