

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 2015**

Company No.

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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 2015

	<u>Note</u>	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
<b>ASSETS</b>			
Cash and short-term funds	15	204,925	142,133
Deposits and placements with banks and other financial institutions	16	166,758	240,738
Financial investments available-for-sale		-	-
Financial investments held-to-maturity	17	19,996	20,152
Loans, advances and financing	18	48,277	46,622
Derivative assets	20	2	1
Other assets	21	1,688	773
Statutory deposits with Bank Negara Malaysia		100	100
Plant and equipment		2,781	3,100
Intangible assets		5,865	6,479
<b>TOTAL ASSETS</b>		<u>450,392</u>	<u>460,098</u>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	22	126,979	134,767
Bills and acceptances payable		-	-
Derivative liabilities	23	118	229
Other liabilities	24	2,027	13,597
<b>TOTAL LIABILITIES</b>		<u>129,124</u>	<u>148,593</u>
Share capital	25	330,000	320,000
Accumulated losses		(8,732)	(8,495)
<b>TOTAL EQUITY OF SHAREHOLDERS</b>		<u>321,268</u>	<u>311,505</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>450,392</u>	<u>460,098</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	31	<u>58,928</u>	<u>61,411</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 2014.

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

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015

	<u>Note</u>	<u>31.03 2015</u> RM'000	<u>31.03. 2014</u> RM'000
Interest income	26	4,389	3,905
Interest expense	27	(1,045)	(1,010)
Net interest income		3,344	2,895
Other operating income	28	326	463
Net income		3,670	3,358
Other operating expenses	29	(3,882)	(4,055)
Loan impairment charges	30	(212) (25)	(697) (172)
Loss before taxation		(237)	(869)
Taxation		-	-
Loss for the financial period		(237)	(869)
Net (loss)/gain on securities available-for-sale		-	-
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for The financial year, Net of tax		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<b>(237)</b>	<b>(869)</b>

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 2014.

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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 30 MARCH 2015

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 1 Jan 2015	320,000	(8,495)	311,505
Proceeds from shares issued	10,000	-	10,000
Total comprehensive loss for the financial period	-	(237)	(237)
Balance as at 31 Mar 2015	<u>330,000</u>	<u>(8,732)</u>	<u>321,268</u>
Balance as at 1 Jan 2014	320,000	(6,445)	313,555
Proceeds from shares issued	-	-	-
Total comprehensive loss for the financial period	-	(869)	(869)
Balance as at 31 Mar 2014	<u>320,000</u>	<u>(7,314)</u>	<u>312,686</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 2014.

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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 2015

	1Jan 2015 To <u>31 Mar 2015</u> RM'000	1Jan 2014 To <u>31 Mar 2014</u> RM'000
<u>Note</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(237)	(869)
Adjustments for:		
Depreciation of plant and equipment	324	324
Amortisation of intangible assets	614	620
Interest income	(4,389)	(3,905)
Interest expense	1,045	1,010
	<hr/>	<hr/>
Operating loss before working capital changes	(2,643)	(2,820)
Decrease/(Increase) in deposits and placements with financial institution	73,980	(25,135)
(Decrease) in financial assets held-to-maturity	156	-
(Increase)/Decrease in other assets	(915)	68
Increase in derivative assets	(1)	(98)
Increase in loans, advances and financing	(1,655)	(11,271)
(Decrease)/Increase in deposits from customers	(7,788)	12,162
Decrease in derivative liabilities	(111)	(83)
(Decrease)/ Increase in other liabilities	(11,570)	1,637
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	49,453	(25,540)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(5)	(40)
Purchase of intangible assets	-	-
Purchase of financial assets held-to-maturity	-	(9,792)
Interest received	4,389	3,905
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	4,384	(5,927)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	10,000	-
Interest paid	(1,045)	(1,010)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	8,955	(1,010)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>		
	62,792	(32,477)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>		
	142,133	216,096
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>		
15	<u>204,925</u>	<u>183,619</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 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 2015**

**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 2014. 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 2015.

The unaudited interim condensed financial statements for first financial quarter ended 31 March 2015 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 2014.

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

- (i) Financial year beginning on/after 1 January 2016
  - Amendment to MFRS 11 ‘Joint arrangements’ (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 ‘Business Combination’ when it acquires an interest in a joint operation that constitutes a business.
  - Amendments to MFRS 10 and MFRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture (effective from 1 January 2016) resolve a current inconsistency between MFRS 10 and MFRS 128.

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**INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MAR 2015 (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)

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

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

(iii) Financial year beginning on/after 1 January 2018

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.

**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 for the year ended 31 December 2014.

**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 for the year ended 31 December 2014.

**5 AUDITOR'S REPORT ON PRECEDING FINANCIAL STATEMENT**

The auditors' report on the financial statements for the financial year ended 31 December 2014 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.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)**

**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 2015.

**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 2015.

**9 ISSUE OF SHARES AND DEBENTURES**

Details of the increase in issued and paid up ordinary share capital is as disclosed in Note 25 of the financial statements.

**10 DIVIDENDS PAID**

No dividends was declared or paid during the financial quarter ended 31 March 2015.

**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 financial quarter ended 31 Mar 2015, the Bank recorded a loss of RM 0.24 million compared to RM 0.87 million in the previous comparative period. The lower loss is attributable to higher revenues and lower operating expenses. Interest income was RM 4.39 million which mainly comprised of interest income from placement with financial institutions of RM 3.43 million, loan and advances of RM 0.79 million and financial investments of RM 0.17 million. Interest expenses for the period amounted to RM 1.05 million.

Deposits from customers were RM 126.98 million and loans and advances were RM 48.28 million as at end of 31 March 2015. Shareholders fund as at end of 31 March 2015 stood at RM 321.27 million.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (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, which will contribute positively towards higher operating income.

15 CASH AND SHORT-TERM FUNDS

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
Cash and balances with banks and other financial institutions	58,270	74,430
Money at call and deposit placements maturing within one month	146,655	71,703
	<u>204,925</u>	<u>142,133</u>

16 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
Licensed banks	166,758	240,738

17 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
<u>At amortised cost</u>		
Money market instruments:		
Malaysian Government Securities	19,996	20,152
Private debt securities	-	-
	<u>19,996</u>	<u>20,152</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING

	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
	RM'000	RM'000
(i) By type		
Overdrafts	18,897	18,753
Term loans/financing		
- Housing loans/financing	-	-
- Other term loans/financing	6,209	6,291
Bills receivable	16,474	14,439
Trust receipt	9,805	10,208
Revolving credit	-	-
Staff loans	-	-
Less : Unearned interest and income	(81)	(67)
	<u>51,304</u>	<u>49,624</u>
Less : Allowance for impaired loans and financing		
- Collective assessment allowance	(740)	(715)
- Individual assessment allowance	(2,287)	(2,287)
Net loans, advances and financing	<u><u>48,277</u></u>	<u><u>46,622</u></u>
(ii) By type of customer		
Domestic business enterprises		
- Small medium enterprises	48,401	46,214
- Others	2,903	3,410
Domestic non-bank financial institutions	-	-
Individuals	-	-
Foreign entities	-	-
Gross loans, advances and financing	<u><u>51,304</u></u>	<u><u>49,624</u></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 2015 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
(iii) By interest rate sensitivity		
Fixed rate	-	-
Variable rate		
- BLR plus/minus	48,755	47,306
- Cost plus	-	-
- Other variable rates	2,549	2,318
	<u>51,304</u>	<u>49,624</u>
(iv) By residual contractual maturity		
Maturity within one year	45,095	43,333
More than one year to three years	-	-
More than three years to five years	-	-
More than five years	6,209	6,291
	<u>51,304</u>	<u>49,624</u>
(v) By geographical distribution		
Malaysia		
- Kuala Lumpur	19,647	17,723
- Selangor	15,517	15,977
- Kedah	6,368	6,315
- Terengganu	9,772	9,609
	<u>51,304</u>	<u>49,624</u>
(vi) By sector		
Manufacturing	20,022	19,559
Electricity, gas and water supply	-	-
Construction	1,541	1,057
Wholesale and retail trade, and restaurants and hotels	25,976	25,711
Transport, storage and communication	-	-
Finance, insurance, real estate and business activities	2,872	2,896
Education, health and others	893	401
	<u>51,304</u>	<u>49,624</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

19 IMPAIRED LOANS, ADVANCES AND FINANCING

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
(i) Movements in impaired loans, advances and financing		
At beginning of financial period	3,130	-
Classified as impaired during the financial period	-	5,170
Reclassified as non-impaired during the financial period	-	-
Amount recovered	-	(2,040)
Amount written off	-	-
	<hr/>	<hr/>
At end of financial period	3,130	3,130
Individual impairment provision	(2,287)	(2,287)
	<hr/>	<hr/>
Net Impaired loans and advances	843	843
	<hr/>	<hr/>
Ratio of net impaired loans and advances to gross loans and advances less individual impairments provisions	1.72%	1.78%
	<hr/> <hr/>	<hr/> <hr/>
(ii) Movements in impairment allowances for loans and advances		
Individual impairments allowances		
At 1 Jan	2,287	-
Allowance made during the period	-	2,287
Amount written back	-	-
	<hr/>	<hr/>
At end of the period	2,287	2,287
	<hr/> <hr/>	<hr/> <hr/>
Collective impairments allowances		
At 1 Jan	715	628
Allowance made during the period	25	87
Amount written back	-	-
	<hr/>	<hr/>
At end of the period	740	715
	<hr/> <hr/>	<hr/> <hr/>
As % of gross loans and advances less individual impairment provisions	1.51 %	1.51%
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

20 DERIVATIVE ASSETS

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
Derivative assets:		
Foreign exchange forwards	2	1
	<u>          </u>	<u>          </u>
	<u>Contract or</u> <u>underlying</u> <u>principal amount</u> RM'000	<u>Positive</u> <u>fair value</u> RM'000
<u>31 Mar 2015</u>		
Foreign exchange related contracts:		
- Forwards	3,365	2
	<u>          </u>	<u>          </u>
<u>31 Dec 2014</u>		
Foreign exchange related contracts:		
- Forwards	1,188	1
	<u>          </u>	<u>          </u>

21 OTHER ASSETS

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
Deposits	216	253
Prepayments	1,472	520
	<u>          </u>	<u>          </u>
	<u>1,688</u>	<u>773</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

22 DEPOSITS FROM CUSTOMERS

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
(i) By type of deposits		
Demand deposits	8,793	11,870
Savings deposits	1,221	1,178
Fixed deposits	116,965	121,719
	<u>126,979</u>	<u>134,767</u>
(ii) Maturity structure of fixed deposits is as follows:		
Due within six months	99,248	100,059
Six months to one year	14,483	21,571
One year to three years	3,234	89
	<u>116,965</u>	<u>121,719</u>
(iii) The deposits are sourced from the following types of customers:		
Business enterprises	56,354	59,842
Individuals	5,245	3,768
Foreign entities	65,380	71,157
	<u>126,979</u>	<u>134,767</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

23 DERIVATIVE LIABILITIES

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
Derivative liabilities:		
Foreign exchange forwards	118	229
	<u>          </u>	<u>          </u>
	<u>Contract or</u> <u>underlying</u> <u>principal amount</u> RM'000	<u>Negative</u> <u>fair value</u> RM'000
<u>31 Mar 2015</u>		
Foreign exchange related contracts:		
- Forwards	13,404	118
	<u>          </u>	<u>          </u>
<u>31 Dec 2014</u>		
Foreign exchange related contracts:		
- Forwards	15,552	229
	<u>          </u>	<u>          </u>

24 OTHER LIABILITIES

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
Other payables	532	2,222
Amount due to shareholders	-	10,000
Accruals	1,495	1,375
	<u>          </u>	<u>          </u>
	<u>2,027</u>	<u>13,597</u>

25 SHARE CAPITAL

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
<u>Authorised:</u>		
50,000,000 ordinary shares of RM10 each	500,000	500,000
<u>Issued and fully paid:</u>		
Balance as at beginning of the financial year	320,000	320,000
Issued during the financial year	10,000	-
	<u>          </u>	<u>          </u>
Balance as at end of the financial year	<u>330,000</u>	<u>320,000</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

26	INTEREST INCOME	<u>31 Mar 2015</u> RM'000	<u>31 Mar 2014</u> RM'000
	Loans and advances	795	869
	Money at call and deposit placements with financial institutions	3,429	2,899
	Financial investments – held-to-maturity	165	137
	Total interest income	<u>4,389</u>	<u>3,905</u>
27	INTEREST EXPENSE	<u>31 Mar 2015</u> RM'000	<u>31 Mar 2014</u> RM'000
	Deposits and placements of banks and other financial institutions	-	3
	Deposits from customers	1,045	1,007
	Total interest expenses	<u>1,045</u>	<u>1,010</u>
28	OTHER OPERATING INCOME	<u>31 Mar 2015</u> RM'000	<u>31 Mar 2014</u> RM'000
	<u>Commission and fee income:</u>		
	Commission	81	79
	Service charges and fees	70	39
		<u>151</u>	<u>118</u>
	<u>Other income:</u>		
	Foreign exchange gain	62	164
	Unrealised gain (loss) on revaluation of derivative instruments	113	181
	Total	<u>326</u>	<u>463</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

29 OTHER OPERATING EXPENSES

	<u>31 Mar 2015</u> RM'000	<u>31 Mar 2014</u> RM'000
Personnel costs (Note a)	1,174	955
Marketing expenses (Note b)	27	32
Establishments costs (Note c)	2,154	2,106
Administration and general expenses (Note d)	527	962
	<u>3,882</u>	<u>4,055</u>
(a) <u>Personnel costs:</u>		
- Salaries and allowances	806	658
- Pension fund contributions	94	59
- Other staff costs	274	238
	<u>1,174</u>	<u>955</u>
(b) <u>Marketing expenses:</u>		
- Advertising and promotion	27	32
	<u>27</u>	<u>32</u>
(c) <u>Establishments costs:</u>		
- Depreciation of plant and equipment	324	324
- Amortisation of intangible assets	614	620
- Rental - Office premises	88	85
- Rental - Data centre and data recovery sites	76	76
- Repair and maintenance	7	46
- Information technology expenses	850	787
- Telecommunication charges	165	146
- Others	30	22
	<u>2,154</u>	<u>2,106</u>
(d) <u>Administration and general expenses:</u>		
- Legal and professional fees	136	50
- Auditor's fees	24	30
- Directors' fees	32	-
- Subscriptions	124	96
- Transport and travelling	4	25
- Others	207	761
	<u>527</u>	<u>962</u>

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**INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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30 LOAN IMPAIRMENT CHARGES

	<u>31 Mar 2015</u> RM'000	<u>31 Mar 2014</u> 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	25	172
- Written back during the financial year	-	-
	<u>25</u>	<u>172</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> 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 Mar 2015</u>				
Direct credit substitutes	13,666	-	13,666	12,043
Transaction-related contingent items	-	-	-	-
Short-term self-liquidating trade-related contingencies	910	-	182	182
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	10,000	-	5,000	5,000
- Not exceeding one year	17,583	-	3,517	3,517
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	16,769	2	136	27
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>58,928</u>	<u>2</u>	<u>22,501</u>	<u>20,769</u>

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FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

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 Dec 2014</u>				
Direct credit substitutes				
Transaction-related contingent items	13,757	-	13,757	12,046
Short-term self-liquidating trade-related contingencies	1,386	-	277	277
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	10,000	-	5,000	5,000
- Not exceeding one year	19,529	-	3,906	3,906
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	16,739	1	111	22
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>61,411</u>	<u>1</u>	<u>23,051</u>	<u>21,251</u>

32 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party balances

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
<u>Amounts due from:</u>		
Bank balances and short-term funds with:		
- Bank of Baroda	1,541	2,461
- Indian Overseas Bank	18	6
- Andhra Bank	1	1
Total	<u>1,560</u>	<u>2,468</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>30 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
<u>Common Equity Tier 1 Capital</u>		
Paid-up share capital	330,000	320,000
Accumulated losses	(8,732)	(8,495)
Less: Deferred tax assets	-	-
	<hr/>	<hr/>
Total Common Equity Tier 1 Capital	321,268	311,505
	<hr/>	<hr/>
<u>Tier 1 capital</u>		
Additional Tier 1 Capital Instruments	-	-
Share Premium	-	-
	<hr/>	<hr/>
Total Tier 1 capital	-	-
	<hr/>	<hr/>
<u>Tier 2 capital</u>		
Collective impairment allowance	740	715
	<hr/>	<hr/>
Total Tier 2 capital	740	715
	<hr/>	<hr/>
Total capital base	322,008	312,220
	<hr/> <hr/>	<hr/> <hr/>
Capital ratios		
Core capital ratio	199.0%	192.7%
Risk-weighted capital ratio	199.5%	193.1%

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>30 Mar 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
Credit risk	139,976	141,902
Market risk	1,019	367
Operational risk	20,412	19,392
	<hr/>	<hr/>
Total risk-weighted assets	161,407	161,661
	<hr/> <hr/>	<hr/> <hr/>

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD  
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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34 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 Mar 2015:

<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	21,072	21,072	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	370,092	370,092	74,019	5,922
Corporates	47,434	34,433	34,433	2,753
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	10,951	10,951	10,334	827
Defaulted exposures	843	843	421	33
Total on-balance sheet exposures	450,392	437,391	119,207	9,535
<i><u>Off-balance sheet exposures</u></i>				
Over-the-counter ("OTC")				
Derivatives	136	136	27	2
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	22,365	20,742	20,742	1,665
Total off-balance sheet exposures	22,501	20,878	20,769	1,667
Total on and off-balance sheet exposures	472,893	458,269	139,976	11,198
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	-	1,019	1,019	82
(c) Operational risk			20,412	1,633
Total risk weighted assets and capital requirements			161,407	12,913

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

34 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 Mar 2015</u>										
<u>Risk weighted</u>										
0%	21,072	-	-	-	-	-	617	-	21,689	-
20%	-	-	370,229	-	-	-	-	-	370,229	74,046
50%	-	-	-	842	-	-	-	-	842	421
100%	-	-	-	55,175	-	-	10,334	-	65,509	65,509
<b>Total exposures</b>	<b>21,072</b>	<b>-</b>	<b>370,229</b>	<b>56,017</b>	<b>-</b>	<b>-</b>	<b>10,951</b>	<b>-</b>	<b>458,269</b>	<b>139,976</b>
<b>Risk weighted assets by exposure</b>	<b>-</b>	<b>-</b>	<b>74,046</b>	<b>55,596</b>	<b>-</b>	<b>-</b>	<b>10,334</b>	<b>-</b>		<b>139,976</b>
<b>Average risk weight</b>	<b>0.00%</b>	<b>0.00%</b>	<b>20.00%</b>	<b>99.25%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>94.00%</b>	<b>0.00%</b>		
<b>Deduction from capital base</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

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FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

34 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 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				
<u>On-balance sheet exposures</u>				
Sovereigns/central banks	22,099	22,099	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	380,272	380,272	76,054	6,084
Corporates	45,779	33,823	33,823	2,706
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	11,105	11,105	10,352	828
Defaulted exposures	843	843	422	34
Total on-balance sheet exposures	460,098	448,142	120,651	9,652
<u>Off-balance sheet exposures</u>				
Over-the-counter ("OTC")				
Derivatives	111	111	22	2
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	22,940	21,229	21,229	1,698
Total off-balance sheet exposures	23,051	21,340	21,251	1,700
Total on and off-balance sheet exposures	483,149	469,482	141,902	11,352
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	367	-	367	29
(c) Operational risk			19,392	1,552
Total risk weighted assets and capital requirements			161,661	12,933

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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34 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 Dec 2014</u>										
<u>Risk weighted</u>										
0%	22,099	-	-	-	-	-	753	-	22,852	-
20%	-	-	380,383	-	-	-	-	-	380,383	76,076
50%	-	-	-	843	-	-	-	-	843	422
100%	-	-	-	55,052	-	-	10,352	-	65,404	65,404
Total exposures	22,099	-	380,383	55,895	-	-	11,105	-	469,482	141,902
Risk weighted assets by exposure	-	-	76,076	55,474	-	-	10,352	-	-	141,902
Average risk weight	0.00%	0.00%	20.00%	99.25%	0.00%	0.00%	93.22%	0.00%	-	-
Deduction from capital base	-	-	-	-	-	-	-	-	-	-

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2015 (CONTINUED)

35 INTEREST RATE RISK

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 Mar 2015:

	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 Mar 2015</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	-	-	-	-	-	58,270	-	58,270	3.25
Money at call and deposit placements maturing within one month	145,000	-	-	-	-	1,655	-	146,655	3.83
Deposits and placements with banks and other financial institutions	-	55,369	111,389	-	-	-	-	166,758	3.85
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	19,996	-	-	-	19,996	3.22
Loans, advances and financing	21,371	10,037	3,080	10,607	6,209	(3,027)	-	48,277	7.33
Derivatives assets	-	-	-	-	-	-	2	2	-
Other assets	-	-	-	-	-	1,688	-	1,688	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	2,781	-	2,781	-
Intangible assets	-	-	-	-	-	5,865	-	5,865	-
<b>Total assets</b>	<b>166,371</b>	<b>65,406</b>	<b>114,469</b>	<b>30,603</b>	<b>6,209</b>	<b>67,332</b>	<b>2</b>	<b>450,392</b>	

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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35 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 Mar 2015</u>									
<u>Liabilities</u>									
Deposits from customers	46,158	49,031	28,555	3,235	-	-	-	126,979	3.36
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-	118	118	-
Other liabilities	-	-	-	-	-	2,027	-	2,027	-
Total liabilities	46,158	49,031	28,555	3,235	-	2,027	118	129,124	
On balance sheet-interest rate gap	120,213	16,375	85,914	27,368	6,209	65,305	(116)	321,268	

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35 INTEREST RATE RISK (CONTINUED)

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 December 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 December 2014</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	-	-	-	-	-	70,430	-	70,430	3.25
Money at call and deposit placements maturing within one month	71,101	-	-	-	-	602	-	71,703	3.73
Deposits and placements with banks and other financial institutions	-	85,407	155,331	-	-	-	-	240,738	3.83
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	20,152	-	-	-	20,152	3.22
Loans, advances and financing	20,697	9,875	12,762	-	6,290	(3,002)	-	46,622	7.33
Derivative assets	-	-	-	-	-	-	1	1	-
Other assets	-	-	-	-	-	773	-	773	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	3,100	-	3,100	-
Intangible assets	-	-	-	-	-	6,479	-	6,479	-
<b>Total assets</b>	<b>91,798</b>	<b>95,282</b>	<b>168,093</b>	<b>20,152</b>	<b>6,290</b>	<b>78,482</b>	<b>1</b>	<b>460,098</b>	

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35 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 December 2014</u>									
<u>Liabilities</u>									
Deposits from customers	47,529	50,583	36,566	89	-	-	-	134,767	3.25
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-	229	229	-
Other liabilities	-	-	-	-	-	13,597	-	13,597	-
Total liabilities	<u>47,529</u>	<u>50,583</u>	<u>36,566</u>	<u>89</u>	<u>-</u>	<u>13,597</u>	<u>229</u>	<u>148,593</u>	
On balance sheet-interest rate gap	<u>44,269</u>	<u>44,699</u>	<u>131,527</u>	<u>20,063</u>	<u>6,290</u>	<u>64,885</u>	<u>(228)</u>	<u>311,505</u>	

