

Company No.

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017**

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 30 JUNE 2017

	<u>Note</u>	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
<b>ASSETS</b>			
Cash and short-term funds	15	104,944	148,127
Deposits and placements with banks and other financial institutions	16	226,020	242,196
Financial investments held-to-maturity	17	50,369	20,294
Loans, advances and financing	18	68,526	60,857
Derivative assets	19	56	-
Other assets	20	1,525	896
Statutory deposits with Bank Negara Malaysia		100	100
Plant and equipment		324	831
Intangible assets		121	1,571
<b>TOTAL ASSETS</b>		<u>451,985</u>	<u>474,872</u>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	21	132,728	154,423
Derivative liabilities	22	23	330
Other liabilities	23	1,240	1,090
<b>TOTAL LIABILITIES</b>		<u>133,991</u>	<u>155,843</u>
Share capital	24	330,000	330,000
Accumulated losses		(12,006)	(10,971)
<b>TOTAL EQUITY OF SHAREHOLDERS</b>		<u>317,994</u>	<u>319,029</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>451,985</u>	<u>474,872</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	30	<u>57,594</u>	<u>62,355</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 2016.

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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 HALF YEAR ENDED 30 JUNE 2017

	Note	2 <sup>nd</sup> Quarter Ended		Six Months Ended	
		30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
		RM'000	RM'000	RM'000	RM'000
Interest income	25	4,247	4,493	8,583	8,860
Interest expense	26	(1,034)	(1,206)	(2,179)	(2,381)
Net interest income		3,213	3,287	6,404	6,479
Other operating income	27	267	29	762	908
Net income		3,480	3,316	7,166	7,387
Other operating expenses	28	(4,070)	(4,198)	(8,154)	(8,210)
Loan impairment charges	29	(590) 13	(882) 56	(988) (47)	(823) 101
Loss before tax		(577)	(826)	(1,035)	(722)
Taxation		-	-	-	-
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<b>(577)</b>	<b>(826)</b>	<b>(1,035)</b>	<b>(722)</b>
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>(577)</b>	<b>(826)</b>	<b>(1,035)</b>	<b>(722)</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 2016.

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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 HALF YEAR ENDED 30 JUNE 2017

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 1 Jan 2017	330,000	(10,971)	319,029
Proceeds from shares issued	-	-	-
Total comprehensive loss for the financial period	-	(1,035)	(1,035)
Balance as at 30 Jun 2017	<u>330,000</u>	<u>(12,006)</u>	<u>317,994</u>
Balance as at 1 Jan 2016	330,000	(9,586)	320,414
Proceeds from shares issued	-	-	-
Total comprehensive loss for the financial period	-	(722)	(722)
Balance as at 30 Jun 2016	<u>330,000</u>	<u>(10,308)</u>	<u>319,692</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 2016.

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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 HALF YEAR ENDED 30 JUNE 2017

	1Jan 2017 To 30 Jun 2017	1Jan 2016 To 30 Jun 2016
<u>Note</u>	<u>RM'000</u>	<u>RM'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(1,035)	(722)
Adjustments for:		
Depreciation of plant and equipment	546	662
Amortisation of intangible assets	1,226	1,227
Reversal of work in progress	224	-
Unrealised gain on revaluation of derivative instruments	(363)	(50)
Allowance for bad and doubtful debts and financing	48	(102)
Interest income	(8,583)	(8,860)
Interest expense	2,179	2,381
	<hr/>	<hr/>
Operating loss before working capital changes	(5,758)	(5,464)
Decrease in deposits and placements with financial institution	16,176	5,713
Increase in financial assets held-to-maturity	(75)	(15)
Increase in other assets	(629)	(403)
Decrease/(Increase) in derivative assets	307	(11)
Increase in loans, advances and financing	(7,717)	(86)
Decrease in deposits from customers	(21,695)	(7,623)
(Decrease)/Increase in derivative liabilities	(307)	6
(Decrease)/Increase in other liabilities	150	(587)
	<hr/>	<hr/>
Net cash generated used in operating activities	(19,548)	(8,470)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(40)	(232)
Proceeds of disposal of PPE	1	-
Purchase of financial assets held-to-maturity	(30,000)	(10,248)
Interest received	8,583	8,860
	<hr/>	<hr/>
Net cash generated used in investing activities	(21,456)	(1,620)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	-	-
Interest paid	(2,179)	(2,381)
	<hr/>	<hr/>
Net cash generated used in financing activities	(2,179)	(2,381)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>		
	(43,183)	(12,471)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>		
	148,127	160,428
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	15 104,944	147,957
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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 2016.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017**

**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 2016. 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 financial half year ended 30 June 2017.

The unaudited interim condensed financial statements for financial half year ended 30 June 2017 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 2016.

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 2018
- MFRS 15 “Revenue from Contracts with Customers” replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations.
  - MFRS 9 ‘Financial Instruments’ will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.
  - MFRS 16 ‘Leases’ (effective from 1 January 2019) supersedes MFRS 117 ‘Leases’ and the related interpretations.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)**

**2 BASIS OF PREPARATION (CONTINUED)**

The adoption of the above new accounting standards will not have any significant impact on the financial results of the Bank except for MFRS 9. The Bank has initiated the assessment of the potential effect of this standard. Due to the complexity of this standard, the financial impact of its adoption is still being assessed by the Bank. This standard is expected to have pervasive impact on the Bank's financial statements.

**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 2016.

**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 2016.

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

The auditors' report on the financial statements for the financial year ended 31 December 2016 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 half year ended 30 June 2017.

**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 half year ended 30 June 2017.

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**INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)**

**9 ISSUE OF SHARES AND DEBENTURES**

Details of the increase in issued and paid up ordinary share capital is as disclosed in Note 24 of the financial statements.

**10 DIVIDENDS PAID**

No dividends was declared or paid during the financial half year ended 30 June 2017.

**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 financial half year ended 30 June 2017, the Bank recorded a loss of RM 1,035,000 compared to a loss of RM 722,000 in the previous comparative period. The higher loss is attributable to lower other income which was lower by RM 146,000 mainly due to lower foreign exchange income. The other operating expenses is lower by RM56,000 in comparison to previous comparative period due to lower administration and general expenses in current financial period. The loan loss provision is higher by RM148,000 as there was a write back of individual impairment allowance of RM 101,000 in the previous comparative period arising from recovery from an impaired loan.

Deposits from customers were RM 132.73 million and loans and advances were RM 68.53 million as at end of 30 June 2017. Shareholders fund as at end of 30 June 2017 stood at RM 317.99 million.

**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.



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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

15	CASH AND SHORT-TERM FUNDS		
		<u>30 Jun 2017</u>	<u>31 Dec 2016</u>
		RM'000	RM'000
	Cash and balances with banks and other financial institutions	64,657	92,698
	Money at call and deposit placements maturing within one month	40,287	55,429
		<u>104,944</u>	<u>148,127</u>
16	DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS		
		<u>30 Jun 2017</u>	<u>31 Dec 2016</u>
		RM'000	RM'000
	Licensed banks	<u>226,020</u>	<u>242,196</u>
17	FINANCIAL INVESTMENTS HELD-TO-MATURITY		
		<u>30 Jun 2017</u>	<u>31 Dec 2016</u>
		RM'000	RM'000
	<u>At amortised cost</u>		
	Money market instruments:		
	Malaysian Government Securities	20,286	20,294
	Negotiable Instruments of Deposit	30,083	-
	Private debt securities	-	-
		<u>50,369</u>	<u>20,294</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
(i) By type		
Overdrafts	39,260	37,722
Term loans/financing		
- Housing loans/financing	-	-
- Other term loans/financing	9,204	9,606
Bills receivable	15,742	10,174
Trust receipt	6,907	5,871
Revolving credit	-	-
Staff loans	-	-
Less : Unearned interest and income	(61)	(37)
	<u>71,052</u>	<u>63,336</u>
Less : Allowance for impaired loans and financing		
- Collective assessment allowance	(1,055)	(975)
- Individual assessment allowance	(1,471)	(1,504)
	<u>68,526</u>	<u>60,857</u>
	<u><u>68,526</u></u>	<u><u>60,857</u></u>
(ii) By type of customer		
Domestic business enterprises		
- Small medium enterprises	71,013	60,236
- Others	39	3,100
Domestic non-bank financial institutions	-	-
Individuals	-	-
Foreign entities	-	-
	<u>71,052</u>	<u>63,336</u>
	<u><u>71,052</u></u>	<u><u>63,336</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30 Jun 2017</u>	<u>31 Dec 2016</u>
	RM'000	RM'000
(iii) By interest rate sensitivity		
Fixed rate	-	-
Variable rate		
- BLR plus/minus	70,347	63,067
- Cost plus	-	-
- Other variable rates	705	269
	<u>71,052</u>	<u>63,336</u>
Gross loans, advances and financing	<u><u>71,052</u></u>	<u><u>63,336</u></u>
(iv) By residual contractual maturity		
Maturity within one year	61,848	53,730
More than one year to three years	-	-
More than three years to five years	-	-
More than five years	9,204	9,606
	<u>71,052</u>	<u>63,336</u>
Gross loans, advances and financing	<u><u>71,052</u></u>	<u><u>63,336</u></u>
(v) By geographical distribution		
Malaysia		
- Kuala Lumpur	37,023	35,937
- Selangor	9,560	9,756
- Kedah	6,802	5,061
- Terengganu	12,892	6,246
- Perak	4,775	6,336
	<u>71,052</u>	<u>63,336</u>
Gross loans, advances and financing	<u><u>71,052</u></u>	<u><u>63,336</u></u>
(vi) By sector		
Manufacturing	25,069	18,511
Electricity, gas and water supply	-	-
Construction	948	891
Wholesale and retail trade, and restaurants and hotels	29,661	34,273
Transport, storage and communication	-	-
Finance, insurance, real estate and business activities	11,658	8,951
Education, health and others	3,716	710
	<u>71,052</u>	<u>63,336</u>
Gross loans, advances and financing	<u><u>71,052</u></u>	<u><u>63,336</u></u>

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD  
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
Movements in impaired loans, advances and financing		
At beginning of financial period	4,142	4,999
Classified as impaired during the financial period	-	533
Reclassified as non-impaired during the financial period	-	-
Interest reversal	-	(64)
Amount recovered	(566)	(1,326)
Amount written off	-	-
	<hr/>	<hr/>
At end of financial period	3,576	4,142
Individual impairment provision	(1,471)	(1,504)
	<hr/>	<hr/>
Net Impaired loans and advances	2,105	2,638
	<hr/>	<hr/>
Ratio of net impaired loans and advances to gross loans and advances less individual impairments provisions	3.03%	4.27%
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(viii) Movements in allowance for impaired loans, advances and financing are as following:

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
<u>Individual assessment allowance</u>		
At 1 Jan	1,504	1,644
Allowance made during the period	-	-
Write back made during the period	(33)	(140)
Write off made during the period	-	-
	<hr/>	<hr/>
At end of the period	1,471	1,504
	<hr/> <hr/>	<hr/> <hr/>
<u>Collective impairments allowances</u>		
At 1 Jan	975	790
Allowance made during the period	80	185
Write back made during the period	-	-
	<hr/>	<hr/>
At end of the period	1,055	975
	<hr/> <hr/>	<hr/> <hr/>
As % of gross loans and advances less individual impairment provisions	1.52 %	1.58%
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
(ix) Impaired loans, advances and financing analysed by geographical distribution		
Malaysia		
- Kuala Lumpur	3,576	4,142
- Selangor	-	-
- Kedah	-	-
- Terengganu	-	-
- Perak	-	-
	<hr/>	<hr/>
Gross loans, advances and financing	<u>3,576</u>	<u>4,142</u>
(x) Impaired loans, advances and financing analysed by sector		
Manufacturing	-	-
Electricity, gas and water supply	-	-
Construction	-	-
Wholesale and retail trade, and restaurants and hotels	3,576	4,142
Transport, storage and communication	-	-
Finance, insurance, real estate and business activities	-	-
Education, health and others	-	-
	<hr/>	<hr/>
Gross loans, advances and financing	<u>3,576</u>	<u>4,142</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

19 DERIVATIVE ASSETS

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
Derivative assets:		
Foreign exchange forwards	56	-
	<u>56</u>	<u>-</u>
	Contract or underlying <u>principal amount</u> RM'000	Positive <u>fair value</u> RM'000
<u>30 Jun 2017</u>		
Foreign exchange related contracts:		
- Forwards	7,535	56
	<u>7,535</u>	<u>56</u>
<u>31 Dec 2016</u>		
Foreign exchange related contracts:		
- Forwards	1,202	-
	<u>1,202</u>	<u>-</u>

20 OTHER ASSETS

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
Deposits	220	220
Prepayments	1,190	522
Other receivables	115	154
	<u>1,525</u>	<u>896</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

21	DEPOSITS FROM CUSTOMERS	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
(i)	By type of deposits		
	Demand deposits	16,796	20,188
	Savings deposits	1,053	902
	Fixed deposits	114,879	133,333
		<u>132,728</u>	<u>154,423</u>
(ii)	Maturity structure of fixed deposits is as follows:		
	Due within six months	98,160	83,185
	Six months to one year	13,000	50,143
	One year to three years	3,719	5
		<u>114,879</u>	<u>133,333</u>
(iii)	The deposits are sourced from the following types of customers:		
	Business enterprises	28,739	54,552
	Individuals	8,494	7,390
	Foreign entities	95,495	92,481
		<u>132,728</u>	<u>154,423</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

22 DERIVATIVE LIABILITIES

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
Derivative liabilities:		
Foreign exchange forwards	23	330
	<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>30 Jun 2017</u>		
Foreign exchange related contracts:		
- Forwards	11,488	23
	<u>          </u>	<u>          </u>
<u>31 Dec 2016</u>		
Foreign exchange related contracts:		
- Forwards	14,898	330
	<u>          </u>	<u>          </u>

23 OTHER LIABILITIES

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
Accruals	1,151	692
Other payables	89	398
	<u>          </u>	<u>          </u>
	1,240	1,090
	<u>          </u>	<u>          </u>

24 SHARE CAPITAL

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
<u>Issued and fully paid:</u>		
Balance as at beginning of the financial year	330,000	330,000
Issued during the financial period	-	-
	<u>          </u>	<u>          </u>
Balance as at end of the financial period	330,000	330,000
	<u>          </u>	<u>          </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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25 INTEREST INCOME

	2 <sup>nd</sup> Quarter Ended		Six Months Ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
Loans and advances	1,071	912	2,135	1,659
Money at call and deposit placements with financial institutions	3,003	3,409	6,105	6,864
Financial Investments – Held-for-maturity	173	172	343	337
<b>Total Interest Income</b>	<b>4,247</b>	<b>4,493</b>	<b>8,583</b>	<b>8,860</b>

26 INTEREST EXPENSE

	2 <sup>nd</sup> Quarter Ended		Six Months Ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2015
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	2	35	62	36
Deposits from customers	1,032	1,171	2,117	2,345
	<b>1,034</b>	<b>1,206</b>	<b>2,179</b>	<b>2,381</b>

27 OTHER OPERATING INCOME

	2 <sup>nd</sup> Quarter Ended		Six Months Ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
<u>Commission and fee income:</u>				
Commission	79	62	185	144
Service charges and fees	60	125	125	174
Other income	26	19	44	34
	<b>165</b>	<b>206</b>	<b>354</b>	<b>352</b>
<u>Other income:</u>				
Foreign exchange gain/(loss)	147	294	45	506
Unrealised gain (loss) on revaluation of derivative instruments	(45)	(471)	363	50
	<b>267</b>	<b>29</b>	<b>762</b>	<b>908</b>

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28 OPERATING EXPENSES

	2 <sup>nd</sup> Quarter Ended		Six Months Ended	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
Personnel costs (Note a)	1,226	1,349	2,572	2,501
Marketing expenses (Note b)	13	30	23	50
Establishments costs (Note c)	2,262	2,223	4,490	4,474
Administration and general expenses (Note d)	569	596	1,069	1,185
	<u>4,070</u>	<u>4,198</u>	<u>8,154</u>	<u>8,210</u>
(a) <u>Personnel costs:</u>				
- Salaries and allowances	939	879	1,880	1,719
- Pension fund contributions	117	118	238	228
- Other staff costs	170	352	454	554
	<u>1,226</u>	<u>1,349</u>	<u>2,572</u>	<u>2,501</u>
b) <u>Marketing expenses:</u>				
- Advertising and promotion	13	30	23	50
	<u>13</u>	<u>30</u>	<u>23</u>	<u>50</u>
(c) <u>Establishments costs:</u>				
- Depreciation of plant and equipment	272	312	546	662
- Amortisation of intangible assets	613	614	1,226	1,227
- Rental - Office premises	116	103	228	206
- Rental - Data centre and data recovery sites	75	75	151	151
- Repair and maintenance	14	18	36	31
- Information technology expenses	1,017	922	1,972	1,839
- Telecommunication charges	126	148	272	298
- Others	29	31	59	60
	<u>2,262</u>	<u>2,223</u>	<u>4,490</u>	<u>4,474</u>
(d) <u>Administration and general expenses:</u>				
- Legal and professional fees	57	70	106	141
- Auditor's fees	85	52	125	103
- Directors' fees	38	36	61	70
- Subscriptions	80	103	157	207
- Others	309	335	620	664
	<u>569</u>	<u>596</u>	<u>1,069</u>	<u>1,185</u>

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**INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD**  
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)**

29 LOAN IMPAIRMENT CHARGES

	<u>30 Jun 2017</u> RM'000	<u>30 Jun 2016</u> RM'000
Allowance for losses on loans and advances		
Individual assessment allowance:		
- Made during the financial year	-	-
- Written back during the financial year	(33)	(101)
Collective assessment allowance:		
- Made during the financial year	80	-
- Written back during the financial year	-	-
	<u>47</u>	<u>(101)</u>

30 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>30 June 2017</u>				
Direct credit substitutes	12,383	-	12,383	11,149
Transaction-related contingent items	752	-	376	362
Short-term self-liquidating trade-related contingencies	476	-	95	91
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	1,036	-	518	511
- Not exceeding one year	23,924	-	4,785	3,202
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	19,023	56	133	27
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>57,594</u>	<u>56</u>	<u>18,290</u>	<u>15,342</u>

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FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

30 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 2016</u>				
Direct credit substitutes				
Transaction-related contingent items	12,746	-	12,746	10,814
Short-term self-liquidating trade-related contingencies	1,316	-	227	227
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	-	-	-	-
- Not exceeding one year	32,373	-	6,475	6,416
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	16,100	-	91	18
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>62,355</u>	<u>-</u>	<u>19,539</u>	<u>17,475</u>

31 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party balances

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
<u>Amounts due from:</u>		
Bank balances and short-term funds with:		
- Bank of Baroda	7,899	11,430
- Indian Overseas Bank	23	14
- Andhra Bank	1	1
Total	<u>7,923</u>	<u>11,445</u>

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

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32 CAPITAL ADEQUACY

The capital adequacy ratio of the Bank are as follows:

	<u>30 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
<u>Common Equity Tier 1 Capital</u>		
Paid-up share capital	330,000	330,000
Accumulated losses	(12,006)	(10,971)
Less: Deferred tax assets	-	-
	<hr/>	<hr/>
Total Common Equity Tier 1 Capital	317,994	319,029
	<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	1,055	975
	<hr/>	<hr/>
Total Tier 2 capital	1,055	975
	<hr/>	<hr/>
Total capital base	319,049	320,004
	<hr/> <hr/>	<hr/> <hr/>
Capital ratios		
Core capital ratio	177.2%	176.1%
Risk-weighted capital ratio	177.8%	176.6%

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 Jun 2017</u> RM'000	<u>31 Dec 2016</u> RM'000
Credit risk	149,724	150,144
Market risk	2,436	4,120
Operational risk	27,322	26,947
	<hr/>	<hr/>
Total risk-weighted assets	179,482	181,211
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

33 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 30 June 2017:

<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	21,471	21,471	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	359,410	359,410	71,882	5,751
Corporates	66,421	58,426	58,426	4,674
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	2,578	2,578	1,970	158
Defaulted exposures	2,105	2,105	2,105	168
Total on-balance sheet exposures	451,985	443,990	134,383	10,751
<i><u>Off-balance sheet exposures</u></i>				
Over-the-counter ("OTC")				
Derivatives	133	133	27	2
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	18,157	15,315	15,315	1,225
Total off-balance sheet exposures	18,290	15,448	15,342	1,227
Total on and off-balance sheet exposures	470,275	459,438	149,725	11,978
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	2,436	-	2,436	195
(c) Operational risk			27,322	2,186
Total risk weighted assets and capital requirements			179,483	14,359

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2017 (CONTINUED)

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>30 Jun 2017</u>										
<u>Risk weighted</u>										
0%	21,471	-	-	-	-	-	608	-	22,078	-
20%	-	-	359,543	-	-	-	-	-	359,543	71,909
50%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	75,846	-	-	1,970	-	77,816	77,816
<b>Total exposures</b>	<b>21,471</b>	<b>-</b>	<b>359,543</b>	<b>75,846</b>	<b>-</b>	<b>-</b>	<b>2,578</b>	<b>-</b>	<b>459,438</b>	<b>149,725</b>
<b>Risk weighted assets by exposure</b>	<b>-</b>	<b>-</b>	<b>71,909</b>	<b>75,846</b>	<b>-</b>	<b>-</b>	<b>1,970</b>	<b>-</b>		<b>149,725</b>
<b>Average risk weight</b>	<b>0.00%</b>	<b>0.00%</b>	<b>20.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>76.42%</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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33 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 2016:

<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	21,638	21,638	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	388,714	388,714	77,743	6,219
Corporates	58,219	48,723	48,723	3,898
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	3,663	3,663	3,298	264
Defaulted exposures	2,638	2,638	2,905	232
Total on-balance sheet Exposures	<u>474,872</u>	<u>465,376</u>	<u>132,669</u>	<u>10,613</u>
<i><u>Off-balance sheet exposures</u></i>				
Over-the-counter ("OTC")				
Derivatives	91	91	18	1
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	19,448	17,457	17,457	1,397
Total off-balance sheet exposures	<u>19,539</u>	<u>17,548</u>	<u>17,475</u>	<u>1,398</u>
Total on and off-balance sheet Exposures	<u>494,411</u>	<u>482,924</u>	<u>150,144</u>	<u>12,011</u>
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	4,120	-	4,120	330
(c) Operational risk			26,947	2,156
Total risk weighted assets and capital requirements			<u>181,211</u>	<u>14,497</u>



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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 Dec 2016</u>										
<u>Risk weighted</u>										
0%	21,638	-	-	-	-	-	365	-	22,003	-
20%	-	-	388,805	-	-	-	-	-	388,805	77,761
50%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	68,285	-	-	3,298	-	71,583	71,583
150%	-	-	-	533	-	-	-	-	533	800
Total exposures	21,638	-	388,805	68,818	-	-	3,663	-	482,924	150,144
Risk weighted assets by exposure	-	-	77,761	69,085	-	-	3,298	-	-	150,144
Average risk weight	0.00%	0.00%	20.00%	100.39%	0.00%	0.00%	90.04%	0.00%	-	-
Deduction from capital base	-	-	-	-	-	-	-	-	-	-

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34 INTEREST RATE RISK

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 30 June 2017:

	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>30 Jun 2017</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	-	-	-	-	-	64,657	-	64,657	3.00
Money at call and deposit placements maturing within one month	40,000	-	-	-	-	287	-	40,287	3.56
Deposits and placements with banks and other financial institutions	-	226,020	-	-	-	-	-	226,020	3.47
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	30,083	9,992	10,294	-	-	-	50,369	3.43
Loans, advances and financing	30,853	11,090	19,905	-	9,204	(2,526)	-	68,526	6.55
Derivatives assets	-	-	-	-	-	-	56	56	-
Other assets	-	-	-	-	-	1,525	-	1,525	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	324	-	324	-
Intangible assets	-	-	-	-	-	121	-	121	-
<b>Total assets</b>	<b>70,853</b>	<b>267,193</b>	<b>29,897</b>	<b>10,294</b>	<b>9,204</b>	<b>64,488</b>	<b>56</b>	<b>451,985</b>	

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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>30 Jun 2017</u>									
<u>Liabilities</u>									
Deposits from customers	50,496	17,460	61,053	3,719	-	-	-	132,728	3.24
Derivative liabilities	-	-	-	-	-	-	23	23	-
Other liabilities	-	-	-	-	-	1,240	-	1,240	-
Total liabilities	50,496	17,460	61,053	3,719	-	1,240	23	133,991	
On balance sheet-interest rate gap	20,357	249,733	(31,156)	6,575	9,204	63,248	33	317,994	

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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 2016:

	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 Dec 2016</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	-	-	-	-	-	92,698	-	92,698	3.00
Money at call and deposit placements maturing within one month	55,000	-	-	-	-	429	-	55,429	3.32
Deposits and placements with banks and other financial institutions	-	68,615	173,581	-	-	-	-	242,196	3.48
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	20,294	-	-	-	20,294	3.51
Loans, advances and financing	28,228	10,449	15,053	-	9,606	(2,479)	-	60,857	6.39
Derivative assets	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	896	-	896	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	831	-	831	-
Intangible assets	-	-	-	-	-	1,571	-	1,571	-
<b>Total assets</b>	<b>83,228</b>	<b>79,064</b>	<b>188,634</b>	<b>20,294</b>	<b>9,606</b>	<b>94,046</b>	<b>-</b>	<b>474,872</b>	

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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 Dec 2016</u>									
<u>Liabilities</u>									
Deposits from customers	54,564	42,210	57,644	5	-	-	-	154,423	3.18
Derivative liabilities	-	-	-	-	-	-	330	330	-
Other liabilities	-	-	-	-	-	1,090	-	1,090	-
Total liabilities	<u>54,564</u>	<u>42,210</u>	<u>57,644</u>	<u>5</u>	<u>-</u>	<u>1,090</u>	<u>330</u>	<u>155,843</u>	
On balance sheet-interest rate gap	<u>28,664</u>	<u>36,854</u>	<u>130,990</u>	<u>20,289</u>	<u>9,606</u>	<u>92,956</u>	<u>(330)</u>	<u>319,029</u>	

