

Company No.

911666	D
--------	---

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018

Company No.

911666	D
--------	---

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	<u>Note</u>	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
ASSETS			
Cash and short-term funds	16	143,577	194,533
Deposits and placements with banks and other financial institutions	17	149,375	121,636
Financial investments	18	100,624	75,814
Loans, advances and financing	19	45,523	51,745
Derivative assets	20	26	8
Other assets	21	2,685	1,267
Statutory deposits with Bank Negara Malaysia		100	100
Plant and equipment		253	274
Intangible assets		101	114
TOTAL ASSETS		<u>442,264</u>	<u>445,491</u>
LIABILITIES AND EQUITY			
Deposits from customers	22	114,974	120,625
Deposits and placements of banks and other financial institutions	23	5,795	4,063
Derivative liabilities	24	4	4
Other liabilities	25	1,084	1,188
TOTAL LIABILITIES		<u>121,857</u>	<u>125,880</u>
Share capital	26	330,000	330,000
Regulatory reserves		1,244	-
Accumulated losses		(10,837)	(10,389)
TOTAL EQUITY OF SHAREHOLDERS		<u>320,407</u>	<u>319,611</u>
TOTAL LIABILITIES AND EQUITY		<u>442,264</u>	<u>445,491</u>
COMMITMENTS AND CONTINGENCIES	32	<u>58,000</u>	<u>65,089</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 2017.

Company No.

911666	D
--------	---

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018

	<u>Note</u>	<u>31 Mar 2018</u> RM'000	<u>31 Mar 2017</u> RM'000
Interest income	27	4,067	4,336
Interest expense	28	(909)	(1,145)
Net interest income		<u>3,158</u>	<u>3,191</u>
Other operating income	29	385	495
Net income		<u>3,543</u>	<u>3,686</u>
Operating expenses	30	(3,449)	(4,084)
Impairment charges/ (write back)	31	<u>94</u> <u>(35)</u>	<u>(398)</u> <u>60</u>
Profit/(Loss) before taxation		<u>129</u>	<u>(458)</u>
Taxation		-	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD/ TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		<u><u>129</u></u>	<u><u>(458)</u></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 2017.

Company No.

911666	D
--------	---

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 MARCH 2018

	<u>Share capital</u>	<u>Accumulated losses</u> RM'000	<u>Regulatory reserves</u> RM'000	<u>Total</u> RM'000
Balance as at 1 Jan 2018	330,000	(10,389)	-	319,611
Changes on initial application of MFRS 9	-	667	-	(667)
Transfer to regulatory reserves	-	(1,072)	1,072	-
	-----	-----	-----	-----
Restated balance as at 1 Jan 2018	330,000	(10,794)	1,072	320,278
Transfer to regulatory reserves	-	(172)	172	-
Total comprehensive profit for the financial period	-	129	-	129
Balance as at 31 Mar 2018	<u>330,000</u>	<u>(10,837)</u>	<u>1,244</u>	<u>320,407</u>
Balance as at 1 Jan 2017	330,000	(10,971)	-	319,029
Total comprehensive loss for the financial period	-	(458)	-	(458)
Balance as at 31 Mar 2017	<u>330,000</u>	<u>(11,429)</u>	<u>-</u>	<u>318,571</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 2017.

Company No.

911666	D
--------	---

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018

	1Jan 2018 To <u>31 Mar 2018</u> RM'000	1Jan 2017 To <u>31 Mar 2017</u> RM'000
<u>Note</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	129	(458)
Adjustments for:		
Depreciation of plant and equipment	42	274
Amortisation of intangible assets	14	613
Write-off intangible assets	-	224
Unrealised gain on revaluation of derivative instruments	(19)	(408)
Allowance for bad and doubtful debts and financing	(35)	60
	<hr/>	<hr/>
Operating profit before working capital changes	131	305
(Increase)/ Decrease in deposits and placements with financial institution	(27,739)	8,816
Decrease in financial investment	218	179
Increase in other assets	(1,418)	(1,152)
(Increase) / Decrease in derivative assets	(18)	329
Increase / (Decrease) in loans, advances and financing	6,924	(7,761)
Decrease in deposits from customers	(5,651)	(18,915)
Increase in deposits and placements of bank and other financial institution	1,732	-
Increase / (Decrease)/Increase in derivative liabilities	19	(329)
(Decrease) / Increase in other liabilities	(104)	337
	<hr/>	<hr/>
Net cash generated used in operating activities	(25,906)	(18,191)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(22)	(26)
Proceeds of disposal of property plant and equipment	-	1
Purchase of financial investment measured at amortised cost	(35,028)	-
Proceeds of matured financial investment measured at amortised cost	10,000	-
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	25,050	(25)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(50,956)	(18,216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	194,533	148,127
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	16 143,577	129,911
	<hr/> <hr/>	<hr/> <hr/>

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 2017.

Company No.

911666	D
--------	---

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018**

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 of the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), BNM guidelines and the requirements of the Companies Act, 2016 in Malaysia.

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 2017. 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 2018.

The unaudited interim condensed financial statements for first financial quarter ended 31 March 2018 have been prepared under the historical cost convention unless otherwise indicated in the summary of the significant accounting policies.

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

- ◆ 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 FIRST FINANCIAL QUARTER ENDED 31 MAR 2018 (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.

3 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES

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 2017 except for the adoption of MFRS 9 'Financial Instruments which replaced MFRS 139 "Financial Instruments: Recognition and Measurement" effective from 1st January 2018.

(i) Current Period Change in Accounting Policies

The Bank adopted MFRS 9 effective 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. As permitted by the transitional provisions of MFRS 9, the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period. The adoption of MFRS 9 in the first quarter in 2018 resulted in changes in accounting policy in two principal areas, classification and measurement and impairment.

(ii) Classification and measurement of financial instruments

From 1 January 2018, the Bank has applied MFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Bank's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MAR 2018 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES (CONTINUED)

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MAR 2018 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES (CONTINUED)

Impairment – Allowance for Expected Credit Losses (ECL)

Under MFRS 9, ECL allowances are recognized on all financial assets that are debt instruments classified either as amortized cost or FVOCI and for all loan commitments and financial guarantees that are not measured at FVTPL. The application of an ECL model represents a significant change from the incurred loss model under MFRS 139. ECL allowances represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Forward-looking information (FLI) is explicitly incorporated into the estimation of ECL allowances, which involves significant judgment. In contrast, the incurred loss model incorporated a single best estimate, the time value of money and information about past events and current conditions.

ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition or when there is objective evidence of impairment.

The calculation of ECL allowances is based on the expected value of three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the effective interest rate. A cash shortfall is the difference between the contractual cash flows that are due and the cash flows that the Bank expect to receive. The key inputs in the measurement of ECL allowances are as follows:

- The probability of default (PD) is an estimate of the likelihood of default over a given time horizon;
- The loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time; and
- The exposure at default (EAD) is an estimate of the exposure at a future default date.

Lifetime ECL is the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month ECL is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on the financial instrument that are possible within the 12 months after the reporting date. Due to the inclusion of relative credit deterioration criteria and consideration of FLI, lifetime credit losses are generally recognized earlier under MFRS 9.

In applying the impairment requirements under MFRS 9, the Bank must maintain, in aggregate, loss allowance for non-credit-impaired exposures (Stage 1 and 2) and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures. Credit exposures exclude (i) exposures to and exposures with an explicit guarantee from the Government of Malaysia; and (ii) exposures to the Bank, a licensed bank, a licensed investment bank, a licensed Islamic bank and a prescribed development financial institution.

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MAR 2018 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES (CONTINUED)

Stage migration and SICR

As a result of the requirements above, financial instruments subject to ECL allowances are categorized into three stages.

Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Bank recognizes 12 months of ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Bank compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of its initial recognition.

Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Bank recognizes lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then the Bank reverts to recognizing 12 months of ECL as the financial instrument has migrated back to stage 1.

The Bank determines whether a financial instrument has experienced a SICR since its initial recognition on an individual financial instrument basis. Changes in the required ECL allowance, including the impact of financial instruments migrating between stage 1 and stage 2, are recorded in provision for credit losses in the statement of income. Significant judgment is also required in the application of SICR.

Stage 3 financial instruments are those that the Bank has classified as impaired. The Bank recognizes lifetime ECL for all stage 3 financial instruments. The Bank classifies a financial instrument as impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred. Under MFRS 9, all financial instruments on which repayment of principal or payment of interest is contractually past due for more than 90 days are automatically considered impaired.

A financial instrument is no longer considered impaired when all past due amounts, including interest, have been recovered, and it is determined that the principal and interest are fully collectable in accordance with the original contractual terms or revised market terms of the financial instrument with all criteria for the impaired classification having been remedied.

Financial instruments are written off, either partially or in full, against the related allowance for credit losses when the Bank judges that there is no realistic prospect of future recovery in respect of those amounts. Any recoveries of amounts previously written off are credited to the provision for credit losses.

Company No.

911666	D
--------	---

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MAR 2018 (CONTINUED)**

4 **OPENING BALANCE RESTATEMENT AS PER MFRS 9 ON 1 JAN 2018**

Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under IFRS 9 for the Bank's financial assets and financial liabilities as at January 1, 2018.

Financial Assets	MFRS 139 (as at 31 Dec 2017)		Remeasurement of ECL allowance RM'000	MFRS 9 (as at 1 Jan 2018)	
	Measurement category	Carrying amount RM'000		Measurement category	Carrying amount RM'000
Cash and short-term funds	Amortised cost	194,533	-	Amortised cost	194,533
Deposits and placements with banks and other financial institutions	Amortised cost	121,636	-	Amortised cost	121,636
Financial investments	Amortised cost (Held to maturity)	75,814	-	Amortised cost	75,814
Loans, advances and financing	Amortised cost	51,745	667	Amortised cost	52,412
Derivative assets	FVPL	8	-	FVPL	8

Financial Liabilities	MFRS 139 (as at 31 Dec 2017)		Remeasurement of ECL allowance RM'000	MFRS 9 (as at 1 Jan 2018)	
	Measurement category	Carrying amount RM'000		Measurement category	Carrying amount RM'000
Deposits from customers	Amortised cost	120,625	-	Amortised cost	120,625
Deposits and placement of banks and other financial institutions	Amortised cost	4,063	-	Amortised cost	4,063
Derivative liabilities	FVPL	4	-	FVPL	4

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MAR 2018 (CONTINUED)**

5 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 2017 except for the measurement of expected credit loss allowance as required under MFRS 9.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the relative probability weightings and forward-looking macroeconomic factors for the computation of ECL

6 AUDITOR'S REPORT ON PRECEDING FINANCIAL STATEMENT

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

7 SEASONAL OR CYCLICAL FACTORS

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

8 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 2018.

9 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 2018.

Company No.

911666	D
--------	---

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MAR 2018 (CONTINUED)**

10 ISSUE OF SHARES AND DEBENTURES

There were no new shares issued during the financial quarter ended 31 March 2018

11 DIVIDENDS PAID

No dividends were declared or paid during the financial quarter ended 31 March 2018.

12 SEGMENT INFORMATION

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

13 SUBSEQUENT EVENTS

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

14 REVIEW OF PERFORMANCE

For the first financial quarter ended 31 March 2018, the Bank recorded a profit of RM 129,000 compared to loss of RM 458,000 in the previous comparative period. The profit is attributable to lower operating expenses which was lower by RM 635,000 due to lower establishments costs namely depreciation and amortisation charges.

Deposits from customers decreased by RM 5.65 million from 31 December 2017 of RM 120.62 million to RM 114.97 million as at end of 31 March 2018, due to lower balances in fixed and demand deposits. Loans and advances were lower by RM 6.22 million from the 31 December 2017 position mainly due to lower utilisation of credit facilities and pre-payments of loans and advances by borrowers. Shareholders fund as at end of 31 March 2018 stood at RM 320.41 million.

15 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 at a moderate pace and this growth is expected to contribute positively towards higher operating income.

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

16 CASH AND SHORT-TERM FUNDS

	<u>31 Mar 2018</u>	<u>31 Dec 2017</u>
	RM'000	RM'000
Cash and balances with banks and other financial institutions	78,258	83,741
Money at call and deposit placements maturing within one month	65,319	110,792
	<u>143,577</u>	<u>194,533</u>

17 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31 Mar 2018</u>	<u>31 Dec 2017</u>
	RM'000	RM'000
Licensed banks	<u>149,375</u>	<u>121,636</u>

18 FINANCIAL INVESTMENTS

	<u>31 Mar 2018</u>	<u>31 Dec 2017</u>
	RM'000	RM'000
<u>At amortised cost</u>		
Money market instruments:		
Malaysian Government Securities	29,966	30,373
Cagamas Bond	30,350	15,363
Negotiable Instruments of Deposits	30,166	30,078
Private Debt Securities	10,152	-
Less: Provision for Expected Credit Losses		
- Stage 1	(10)	-
- Stage 2	-	-
- Stage 3	-	-
	<u>100,624</u>	<u>75,814</u>

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

19 LOANS, ADVANCES AND FINANCING

	<u>31 Mar 2018</u>	<u>31 Dec 2017</u>
	RM'000	RM'000
(i) By type		
Overdrafts	19,605	21,207
Term loans/financing		
- Housing loans/financing	-	-
- Other term loans/financing	7,722	9,219
Bills receivable	15,447	17,417
Trust receipt	4,126	5,999
Less: Unearned interest and income	(36)	(44)
	<u>46,864</u>	<u>53,798</u>
Less: Provision for impaired loans and financing		
- 12- month ECL (Stage 1)	(93)	-
- Lifetime ECL not credit-impaired (Stage 2)	(2)	-
- Lifetime ECL credit-impaired (Stage 3)	(1,246)	-
- Collective assessment allowance	-	(788)
- Individual assessment allowance	-	(1,265)
Net loans, advances and financing	<u>45,523</u>	<u>51,745</u>
(ii) By classification		
Gross loan, advances and financing	-	53,798
12 Months ECL (Stage 1)	42,540	-
Lifetime ECL not credit-impaired (Stage 2)	806	-
Lifetime ECL credit-impaired (Stage 3)	3,518	-
	<u>46,864</u>	<u>53,798</u>
Less : Provision for impaired loans and financing		
- 12- month ECL (Stage 1)	(93)	-
- Lifetime ECL not credit-impaired (Stage 2)	(2)	-
- Lifetime ECL credit-impaired (Stage 3)	(1,246)	-
- Collective assessment allowance	-	(788)
- Individual assessment allowance	-	(1,265)
Net loans, advances and financing	<u>45,523</u>	<u>51,745</u>

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

19 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31 Mar 2018</u>	<u>31 Dec 2017</u>
	RM'000	RM'000
(iii) By type of customer		
Domestic business enterprises		
- Small medium enterprises	46,048	51,563
- Others	816	2,235
Gross loans, advances and financing	<u>46,864</u>	<u>53,798</u>
(iv) By interest rate sensitivity		
Variable rate		
- BLR plus/minus	34,243	49,583
- Other variable rates	12,621	4,215
Gross loans, advances and financing	<u>46,864</u>	<u>53,798</u>
(v) By residual contractual maturity		
Maturity within one year	39,142	44,579
More than one year to three years	-	-
More than three years to five years	-	-
More than five years	7,722	9,219
Gross loans, advances and financing	<u>46,864</u>	<u>53,798</u>
(vi) By geographical distribution		
Malaysia		
- Kuala Lumpur	21,444	21,572
- Selangor	6,584	12,126
- Perak	4,282	4,457
- Kedah	4,058	4,457
- Terengganu	10,496	11,185
- Johor	-	1
Gross loans, advances and financing	<u>46,864</u>	<u>53,798</u>

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

19 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31 Mar 2018</u>	<u>31 Dec 2017</u>
	RM'000	RM'000
(vii) By sector		
Manufacturing	21,885	24,739
Electricity, gas and water supply	-	-
Construction	892	715
Wholesale and retail trade, and restaurants and hotels	19,902	23,081
Finance, insurance, real estate and business activities	2,793	5,263
Education, health and others	1,392	-
	<u>46,864</u>	<u>53,798</u>

(viii) Movements in impaired loans, advances and financing (Stage 3) are as follows:

	<u>31 Mar 2018</u>	<u>31 Dec 2017</u>
	RM'000	RM'000
Movements in impaired loans, advances and financing		
At beginning of financial period	3,537	4,142
Classified as impaired during the financial period	-	-
Reclassified as non-impaired during the financial period	-	-
Amount recovered	(19)	(605)
	<u>3,518</u>	<u>3,537</u>
Individual impairment provision	-	(1,265)
Provision for lifetime ECL credit-impaired (Stage 3)	(1,246)	-
	<u>2,272</u>	<u>2,272</u>
Ratio of net impaired loans and advances to gross loans and advances less individual impairments provisions	-	4.32%
Ratio of net impaired loans and advances to gross loans and advances less provision for lifetime ECL credit-impaired (Stage 3)	<u>4.98%</u>	<u>-</u>

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

19 LOANS, ADVANCES AND FINANCING (CONTINUED)

(ix) Movements in allowance for impaired loans, advances and financing are as following:

	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
<u>Individual assessment allowance</u>		
At 1 Jan	-	1,504
Allowance written back during the period	-	(239)
	<u> </u>	<u> </u>
At end of the period	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
<u>Collective impairments allowances</u>		
At 1 Jan	-	975
Allowance made during the period	-	-
Write back made during the period	-	(87)
	<u> </u>	<u> </u>
At end of the period	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
As % of gross loans and advances less individual impairment provisions	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Movements in ECL provision for loans, advances and financing are as following:

	<u>12 months</u> <u>ECL (Stage 1)</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>not Credit</u> <u>Impaired</u> <u>(Stage 2)</u> <u>RM'000</u>	<u>Lifetime ECL</u> <u>Credit</u> <u>Impaired</u> <u>(Stage 3)</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Balance at 1 January 2018	115	6	1,265	1,386
Changes due to change in credit risk	-	-	-	-
ECL charges for loans and advances made during the financial period	8	-	-	8
Loans and advances derecognised during the financial period (write back)	(30)	(4)	(19)	(53)
New loans/financing originated	-	-	-	-
Other adjustments	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2018	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Company No.

911666	D
--------	---

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)**

19 **LOANS, ADVANCES AND FINANCING (CONTINUED)**

(x) **Reconciliation of allowances under MFRS 139 to MFRS 9**

For the Bank's business portfolio, the individually assessed allowances for impaired instruments recognized under MFRS 139 have generally been replaced by stage 3 allowances under MFRS 9, while the collective allowances for non-impaired financial instruments have generally been replaced by either stage 1 or stage 2 allowances under MFRS 9.

The following table reconciles the closing allowance for credit losses in accordance with MFRS 139 as at December 31, 2017 to the opening ECL allowance determined in accordance with MFRS 9 as at January 1, 2018:

	MFRS 139 (as at 31 Dec 2017)			Remeasure- ment of ECL allowance RM'000	MFRS 9 (as at 1 Jan 2018)			
	Individual Allowance RM'000	Collective Allowance RM'000	Total RM'000		Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loans, advances and financing	1,265	788	2,053	(676)	106	6	1,265	1,377
Undrawn credit facilities and other off- balance sheet exposures	-	-	-	9	9	-	-	9
Financial investments measured at amortised cost	-	-	-	-	-	-	-	-
Total	1,265	788	2,053	(667)	115	6	1,265	1,386

	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
(xi) Impaired loans, advances and financing analysed by geographical distribution		
Malaysia		
- Kuala Lumpur	3,518	3,537
- Selangor	-	-
- Kedah	-	-
- Terengganu	-	-
- Perak	-	-
Gross loans, advances and financing	<u>3,518</u>	<u>3,537</u>

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

19 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
(xii) Impaired loans, advances and financing analysed by sector		
Manufacturing	-	-
Electricity, gas and water supply	-	-
Construction	-	-
Wholesale and retail trade, and restaurants and hotels	3,518	3,537
Transport, storage and communication	-	-
Finance, insurance, real estate and business activities	-	-
Education, health and others	-	-
	<u>3,518</u>	<u>3,537</u>
Gross loans, advances and financing	<u>3,518</u>	<u>3,537</u>

20 DERIVATIVE ASSETS

	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
Derivative assets:		
Foreign exchange forwards	26	8
	<u>26</u>	<u>8</u>
	<u>Contract or underlying principal amount</u> RM'000	<u>Positive fair value</u> RM'000
<u>31 Mar 2018</u>		
Foreign exchange related contracts:		
- Forwards	2,590	26
	<u>2,590</u>	<u>26</u>
<u>31 Dec 2017</u>		
Foreign exchange related contracts:		
- Forwards	2,689	8
	<u>2,689</u>	<u>8</u>

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

21	OTHER ASSETS	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
	Deposits	343	351
	Prepayments	2,062	788
	Other receivables	280	128
		<u>2,685</u>	<u>1,267</u>
22	DEPOSITS FROM CUSTOMERS	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
	(i) By type of deposits		
	Demand deposits	18,484	21,952
	Savings deposits	1,023	1,070
	Fixed deposits	95,467	97,603
		<u>114,974</u>	<u>120,625</u>
	(ii) Maturity structure of fixed deposits is as follows:		
	Due within six months	54,511	59,613
	Six months to one year	39,235	32,749
	One year to three years	1,721	5,241
		<u>95,467</u>	<u>97,603</u>
	(iii) The deposits are sourced from the following types of customers:		
	Business enterprises	53,213	55,046
	Individuals	1,063	974
	Foreign entities	55,125	59,083
	Non-Bank Financial Institutes	5,191	5,146
	Other Entity	382	376
		<u>114,974</u>	<u>120,625</u>

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

23 DEPOSITS AND PLACEMENTS OF BANK AND OTHER FINANCIAL INSTITUTIONS

	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
Licensed banks	5,795	4,063

24 DERIVATIVE LIABILITIES

	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
Derivative liabilities:		
Foreign exchange forwards	4	4

<u>Contract or underlying principal amount</u> RM'000	<u>Negative fair value</u> RM'000
--	--

31 Mar 2018

Foreign exchange related contracts:		
- Forwards	3,218	4

31 Dec 2017

Foreign exchange related contracts:		
- Forwards	2,718	4

25 OTHER LIABILITIES

	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
Accruals	853	588
Banker's cheque	1	401
Other payables	230	199
	<u>1,084</u>	<u>1,188</u>

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

26	SHARE CAPITAL	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
	Authorised:		
	50,000,000 ordinary shares of RM10 each	500,000	500,000
	Issued and fully paid:		
	Balance as at beginning/end of the financial period	330,000	330,000
	There were no issue of shares in the Bank during the financial period.		
27	INTEREST INCOME	<u>31 Mar 2018</u> RM'000	<u>31 Mar 2017</u> RM'000
	Loans and advances	730	1,064
	Money at call and deposit placements with financial institutions	2,505	3,102
	Financial investments – held-to-maturity	832	170
	Total interest income	4,067	4,336
28	INTEREST EXPENSE	<u>31 Mar 2018</u> RM'000	<u>31 Mar 2017</u> RM'000
	Deposits and placements of banks and other financial institutions	38	60
	Deposits from customers	871	1,085
	Total interest expenses	909	1,145
29	OTHER OPERATING INCOME	<u>31 Mar 2018</u> RM'000	<u>31 Mar 2017</u> RM'000
	<u>Commission and fee income:</u>		
	Commission	80	106
	Service charges and fees	100	65
	Other Income	26	18
		206	189
	<u>Other income:</u>		
	Foreign exchange gain /(loss)	160	(102)
	Unrealised gain on revaluation of derivative instruments	19	408
	Total	385	495

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

30 OPERATING EXPENSES	<u>31 Mar 2018</u> RM'000	<u>31 Mar 2017</u> RM'000
Personnel costs (Note a)	1,383	1,346
Marketing expenses (Note b)	18	10
Establishments costs (Note c)	1,441	2,228
Administration and general expenses (Note d)	607	500
	<u>3,449</u>	<u>4,084</u>
(a) <u>Personnel costs:</u>		
- Salaries and allowances	944	941
- Pension fund contributions	124	121
- Other staff costs	315	284
	<u>1,383</u>	<u>1,346</u>
(b) <u>Marketing expenses:</u>		
- Advertising and promotion	18	10
	<u>18</u>	<u>10</u>
(c) <u>Establishments costs:</u>		
- Depreciation of plant and equipment	42	274
- Amortisation of intangible assets	14	613
- Rental - Office premises	118	112
- Rental - Data centre and data recovery sites	76	76
- Repair and maintenance	13	22
- Information technology expenses	1,005	955
- Telecommunication charges	150	146
- Others	24	30
	<u>1,441</u>	<u>2,228</u>
(d) <u>Administration and general expenses:</u>		
- Legal and professional fees	84	49
- Auditor's fees	54	40
- Directors' fees	47	23
- Subscriptions	123	77
- Others	299	311
	<u>607</u>	<u>500</u>

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

31	IMPAIRMENT CHARGES	<u>31 Mar 2018</u> RM'000	<u>31 Mar 2017</u> RM'000
	Expected credit loss / collective and impairment loss on loans and advances		
	Individual assessment allowance:		
	- Made during the financial period	-	-
	- Written back during the financial period	-	(20)
	Collective assessment allowance:		
	- Made during the financial period	-	80
	- Written back during the financial period	-	-
	12- month ECL (Stage 1):		
	- Made during the financial period	8	-
	- Written back during the financial period	(30)	-
	Lifetime ECL not credit-impaired (Stage 2):		
	- Made during the financial period	-	-
	- Written back during the financial period	(4)	-
	Lifetime ECL credit-impaired (Stage 3):		
	- Made during the financial period	-	-
	- Written back during the financial period	(19)	-
		(45)	60
	Expected credit loss on financial investments		
	12- month ECL (Stage 1):		
	- Made during the financial period	10	-
	- Written back during the financial period	-	-
	Lifetime ECL not credit-impaired (Stage 2):		
	- Made during the financial period	-	-
	- Written back during the financial period	-	-
	Lifetime ECL credit-impaired (Stage 3):		
	- Made during the financial period	-	-
	- Written back during the financial period	-	-
		(35)	60

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

32 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 2018</u>				
Direct credit substitutes	12,195	-	12,195	10,975
Transaction-related contingent items	601	-	300	276
Short-term self-liquidating trade-related contingencies	1,285	-	257	246
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	341	-	170	167
- Not exceeding one year	37,770	-	7,554	5,689
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	5,808	26	23	5
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>58,000</u>	<u>26</u>	<u>20,499</u>	<u>17,358</u>

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

32 COMMITMENTS AND CONTINGENCIES (CONTINUED)

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk- weighted assets RM'000
<u>31 Dec 2017</u>				
Direct credit substitutes	12,011	-	12,011	10,708
Transaction-related contingent items	584	-	292	277
Short-term self-liquidating trade-related contingencies	780	-	156	148
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	298	-	149	149
- Not exceeding one year	46,009	-	9,202	6,950
Derivative financial contracts				
Foreign exchange related contracts:				
- Less than one year	5,407	8	-	-
Total	<u>65,089</u>	<u>8</u>	<u>21,810</u>	<u>18,232</u>

33 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party balances

	<u>31 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
<u>Amounts due from:</u>		
Bank balances and short-term funds with:		
- Bank of Baroda	2,206	2,222
- Indian Overseas Bank	6	3
- Andhra Bank	1	1
Total	<u>2,213</u>	<u>2,226</u>

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

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

34 CAPITAL ADEQUACY

The capital adequacy ratio of the Bank are as follows:

	<u>30 Mar 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
<u>Common Equity Tier 1 Capital</u>		
Paid-up share capital	330,000	320,000
Accumulated losses	(10,966)	(10,389)
Less: Deferred tax assets	-	-
	<hr/>	<hr/>
Total Common Equity Tier 1 Capital	319,034	319,611
	<hr/>	<hr/>
<u>Tier 2 capital</u>		
Collective impairment allowance	-	788
Stage 1 and 2 ECL	105	
Regulatory reserves	1,244	-
	<hr/>	<hr/>
Total Tier 2 capital	1,349	788
	<hr/>	<hr/>
Total capital base	<u>320,383</u>	<u>320,399</u>
	<hr/>	<hr/>
Capital ratios		
Common Equity Tier 1 Capital Ratio	200.39%	192.29%
Total Capital Ratio	201.23%	192.76%

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 2018</u> RM'000	<u>31 Dec 2017</u> RM'000
Credit risk	128,221	133,920
Market risk	3,633	4,858
Operational risk	27,355	27,435
	<hr/>	<hr/>
Total risk-weighted assets	<u>159,209</u>	<u>166,213</u>
	<hr/>	<hr/>

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

34 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 Mar 2018:

<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	33,546	33,546	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	318,904	318,904	63,781	5,103
Corporates	83,744	74,165	41,771	3,342
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	3,798	3,798	3,039	243
Defaulted exposures	2,272	2,272	2,272	182
Total on-balance sheet exposures	442,264	432,685	110,863	8,869
<i><u>Off-balance sheet exposures</u></i>				
Over-the-counter ("OTC")				
Derivatives	23	23	5	0
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	20,476	17,353	17,353	1,388
Total off-balance sheet exposures	20,499	17,376	17,358	1,388
Total on and off-balance sheet exposures	462,763	450,061	128,221	10,258
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	3,633	-	3,633	291
(c) Operational risk			27,355	2,188
Total risk weighted assets and capital requirements			159,209	12,737

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (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 2018</u>										
<u>Risk weighted</u>										
0%	33,546	-	-	-	-	-	759	-	34,305	-
20%	-	-	318,927	40,492	-	-	-	-	359,419	71,884
50%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	53,298	-	-	3,039	-	56,337	56,337
Total exposures	33,546	-	318,927	93,790	-	-	3,798	-	450,061	128,221
Risk weighted assets by exposure	-	-	63,786	61,396	-	-	3,039	-	-	128,221
Average risk weight	0.00%	0.00%	20.00%	65.46%	0.00%	0.00%	80.01%	0.00%		
Deduction from capital base	-	-	-	-	-	-	-	-		

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

34 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 Dec 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				
<u>On-balance sheet exposures</u>				
Sovereigns/central banks	30,829	30,829	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	345,164	345,164	69,033	5,523
Corporates	64,836	55,018	42,728	3,418
Other assets	2,390	2,390	1,655	132
Defaulted exposures	2,272	2,272	2,272	182
Total on-balance sheet Exposures	445,491	435,673	115,688	9,255
<u>Off-balance sheet exposures</u>				
Over-the-counter ("OTC")				
Derivatives	-	-	-	-
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	21,810	18,232	18,232	1,459
Total off-balance sheet exposures	21,810	18,232	18,232	1,459
Total on and off-balance sheet Exposures	467,301	453,905	133,920	10,714
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Foreign currency risk	4,858	-	4,858	389
(c) Operational risk			27,435	2,195
Total risk weighted assets and capital requirements			166,213	13,298

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (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 Dec 2017</u>										
<u>Risk weighted</u>										
0%	30,829	-	-	-	-	-	735	-	31,564	-
20%	-	-	345,164	15,363	-	-	-	-	360,527	72,106
50%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	60,159	-	-	1,655	-	61,814	61,814
150%	-	-	-	-	-	-	-	-	-	-
Total exposures	30,829	-	345,164	75,522	-	-	2,390	-	453,905	133,920
Risk weighted assets by exposure	-	-	69,033	63,232	-	-	1,655	-	-	133,920
Average risk weight	-	-	20.00%	83.73%	-	-	69.25%	-	-	-
Deduction from capital base	-	-	-	-	-	-	-	-	-	-

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

35 INTEREST RATE RISK

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 Mar 2018:

	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 2018</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	71,734	-	-	-	-	6,534	-	78,258	3.25
Money at call and deposit placements maturing within one month	65,319	-	-	-	-	-	-	65,319	3.41
Deposits and placements with banks and other financial institutions	-	119,138	30,237	-	-	-	-	149,375	3.68
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	30,166	9,989	60,469	-	-	-	100,624	3.98
Loans, advances and financing	21,076	8,418	8,307	2,799	4,923	-	-	45,523	5.59
Derivatives assets	-	-	-	-	-	-	26	26	-
Other assets	-	-	-	-	-	2,685	-	2,685	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	253	-	253	-
Intangible assets	-	-	-	-	-	101	-	101	-
Total assets	158,129	157,722	48,533	63,268	4,923	9,663	26	442,264	

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

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 2018</u>									
<u>Liabilities</u>									
Deposits from customers	59,994	6,909	46,350	1,721	-	-	-	114,974	3.08
Deposits and placements of banks and other financial institutions	5,795	-	-	-	-	-	-	5,795	2.00
Derivative liabilities	-	-	-	-	-	-	4	4	-
Other liabilities	-	-	-	-	-	1,084	-	1,084	-
Total liabilities	<u>65,789</u>	<u>6,909</u>	<u>46,350</u>	<u>1,721</u>	<u>-</u>	<u>1,084</u>	<u>4</u>	<u>121,857</u>	
On balance sheet-interest rate gap	<u>92,340</u>	<u>150,813</u>	<u>2,183</u>	<u>61,547</u>	<u>4,923</u>	<u>8,579</u>	<u>22</u>	<u>320,407</u>	

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

35 INTEREST RATE RISK (CONTINUED)

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 Dec 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>31 Dec 2017</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	80,424	-	-	-	-	3,317	-	83,741	3.00
Money at call and deposit placements maturing within one month	110,792	-	-	-	-	-	-	110,792	3.38
Deposits and placements with banks and other financial institutions	-	63,333	58,303	-	-	-	-	121,636	3.52
Financial investments held-to-maturity	-	40,181	-	35,633	-	-	-	75,814	3.67
Loans, advances and financing	23,025	6,375	13,276	2,670	6,399	-	-	51,745	5.54
Derivative assets	-	-	-	-	-	-	8	8	-
Other assets	-	-	-	-	-	1,267	-	1,267	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	274	-	274	-
Intangible assets	-	-	-	-	-	114	-	114	-
Total assets	214,241	109,889	71,579	38,303	6,399	5,072	8	445,491	

Company No.

911666	D
--------	---

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018 (CONTINUED)

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 Dec 2017</u>									
<u>Liabilities</u>									
Deposits from customers	60,980	8,830	45,574	5,241	-	-	-	120,625	2.97
Deposits and placements of banks and other financial institutions	4,063	-	-	-	-	-	-	4,063	1.70
Derivative liabilities	-	-	-	-	-	-	4	4	-
Other liabilities	-	-	-	-	-	1,188	-	1,188	-
Total liabilities	<u>65,043</u>	<u>8,830</u>	<u>45,574</u>	<u>5,241</u>	<u>-</u>	<u>1,188</u>	<u>4</u>	<u>125,880</u>	
On balance sheet-interest rate gap	<u>149,198</u>	<u>101,059</u>	<u>26,005</u>	<u>33,062</u>	<u>6,399</u>	<u>3,884</u>	<u>4</u>	<u>319,611</u>	

