

Company No.

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

Company No.

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	<u>Note</u>	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
ASSETS			
Cash and short-term funds	15	120,455	160,428
Deposits and placements with banks and other financial institutions	16	249,169	225,842
Financial investments available-for-sale		-	-
Financial investments held-to-maturity	17	20,027	20,184
Loans, advances and financing	18	54,297	50,846
Derivative assets	19	583	39
Other assets	20	975	1,059
Statutory deposits with Bank Negara Malaysia		100	100
Plant and equipment		1,694	1,805
Intangible assets		3,412	4,025
TOTAL ASSETS		<u>450,712</u>	<u>464,328</u>
LIABILITIES AND EQUITY			
Deposits from customers	21	127,261	141,951
Bills and acceptances payable		-	-
Derivative liabilities	22	53	34
Other liabilities	23	2,880	1,929
TOTAL LIABILITIES		<u>130,194</u>	<u>143,914</u>
Share capital	24	330,000	330,000
Accumulated losses		(9,482)	(9,586)
TOTAL EQUITY OF SHAREHOLDERS		<u>320,518</u>	<u>320,414</u>
TOTAL LIABILITIES AND EQUITY		<u>450,712</u>	<u>464,328</u>
COMMITMENTS AND CONTINGENCIES	30	<u>68,117</u>	<u>70,685</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 2015.

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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 2016

	<u>Note</u>	<u>31.03 2016</u> RM'000	<u>31.03. 2015</u> RM'000
Interest income	25	4,367	4,389
Interest expense	26	(1,175)	(1,045)
Net interest income		3,192	3,344
Other operating income	27	879	326
Net income		4,071	3,670
Other operating expenses	28	(4,012)	(3,882)
Loan impairment charges	29	59 45	(212) (25)
Profit/(Loss) before taxation		104	(237)
Taxation		-	-
Profit/(Loss) for the financial period		104	(237)
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		-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		104	(237)

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 2015.

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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 2016

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 1 Jan 2016	330,000	(9,586)	320,414
Proceeds from shares issued	-	-	-
Total comprehensive loss for the financial period	-	104	104
Balance as at 31 Mar 2016	<u>330,000</u>	<u>(9,482)</u>	<u>320,518</u>
Balance as at 1 Jan 2015	320,000	(8,495)	311,505
Proceeds from shares issued	10,000	-	10,000
Total comprehensive loss for the financial period	-	(237)	(237)
Balance as at 31 Mar 2015	<u>330,000</u>	<u>(8,732)</u>	<u>312,268</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 2015.

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016

	1Jan 2016 To <u>31 Mar 2016</u> RM'000	1Jan 2015 To <u>31 Mar 2015</u> RM'000
<u>Note</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	104	(237)
Adjustments for:		
Depreciation of plant and equipment	350	324
Amortisation of intangible assets	613	614
Interest income	(4,367)	(4,389)
Interest expense	1,175	1,045
	<hr/>	<hr/>
Operating loss before working capital changes	(2,125)	(2,643)
(Increase)/Decrease in deposits and placements with financial institution	(23,327)	73,980
Decrease in financial assets held-to-maturity	157	156
Decrease/(Increase) in other assets	84	(915)
Increase in derivative assets	(544)	(1)
Increase in loans, advances and financing	(3,451)	(1,655)
Increase in deposits from customers	(14,690)	(7,788)
Decrease/(Increase) in derivative liabilities	19	(111)
Decrease/(Increase) in other liabilities	951	(11,570)
	<hr/>	<hr/>
Net cash generated (used in)/ from operating activities	(42,926)	49,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(239)	(5)
Purchase of intangible assets	-	-
Purchase of financial assets held-to-maturity	-	-
Interest received	4,367	4,389
	<hr/>	<hr/>
Net cash generated from investing activities	4,128	4,384
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	10,000
Interest paid	(1,175)	(1,045)
	<hr/>	<hr/>
Net cash generated (used in)/ from financing activities	(1,175)	8,955
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD		
	(39,973)	62,792
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		
	160,428	142,133
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD		
15	<u>120,455</u>	<u>204,925</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 2015.

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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016**

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 2015. 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 2016.

The unaudited interim condensed financial statements for first financial quarter ended 31 March 2016 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 2015.

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. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MAR 2016 (CONTINUED)**

2 BASIS OF PREPARATION (CONTINUED)

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

- (ii) Financial year beginning on/after 1 January 2018
 - MFRS 9 'Financial Instruments' will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

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 2015.

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 2015.

5 AUDITOR'S REPORT ON PRECEDING FINANCIAL STATEMENT

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

6 SEASONAL OR CYCLICAL FACTORS

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

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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)**

7 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE AND INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Bank for the financial quarter ended 31 March 2016.

8 CHANGES IN ESTIMATES

There were no material changes in estimates of amounts in prior financial year that have a material effect on the financial results and position of the Bank for the financial quarter ended 31 March 2016.

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 quarter ended 31 March 2016.

11 SEGMENT INFORMATION

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

12 SUBSEQUENT EVENTS

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

13 REVIEW OF PERFORMANCE

For the first financial quarter ended 31 Mar 2016, the Bank recorded a profit of RM 0.10million compared to loss of RM 0.24 million in the previous comparative period. The improvement in profit is attributed to higher net income of RM 0.40 million derived mainly from gain on foreign exchange which is partly offset by higher operating expenses of RM 0.13 million. There was also a net loan loss provision write back of RM 45,000 due to part recovery from an impaired loan of RM82,000 which was offset by collective impairment charges of RM37,000 .

Deposits from customers were RM 127.26 million and loans and advances were RM 54.30 million as at end of 31 March 2016. Shareholders fund as at end of 31 March 2016 stood at RM 320.52 million.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)**

14 BUSINESS PROSPECTS

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

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

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

15 CASH AND SHORT-TERM FUNDS

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
Cash and balances with banks and other financial institutions	80,111	69,345
Money at call and deposit placements maturing within one month	40,344	91,083
	<u>120,455</u>	<u>160,428</u>

16 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
Licensed banks	249,169	225,842

17 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
<u>At amortised cost</u>		
Money market instruments:		
Malaysian Government Securities	20,027	20,184
Private debt securities	-	-
	<u>20,027</u>	<u>20,184</u>

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING

	<u>31 Mar 2016</u>	<u>31 Dec 2015</u>
	RM'000	RM'000
(i) By type		
Overdrafts	22,618	19,911
Term loans/financing		
- Housing loans/financing	-	-
- Other term loans/financing	9,565	9,457
Bills receivable	17,831	16,540
Trust receipt	6,801	7,454
Revolving credit	-	-
Staff loans	-	-
Less : Unearned interest and income	(129)	(82)
	<u>56,686</u>	<u>53,280</u>
Less : Allowance for impaired loans and financing		
- Collective assessment allowance	(827)	(790)
- Individual assessment allowance	(1,562)	(1,644)
Net loans, advances and financing	<u><u>54,297</u></u>	<u><u>50,846</u></u>
(ii) By type of customer		
Domestic business enterprises		
- Small medium enterprises	53,251	49,819
- Others	3,435	3,461
Domestic non-bank financial institutions	-	-
Individuals	-	-
Foreign entities	-	-
Gross loans, advances and financing	<u><u>56,686</u></u>	<u><u>53,280</u></u>

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
(iii) By interest rate sensitivity		
Fixed rate	-	-
Variable rate		
- BLR plus/minus	54,118	50,090
- Cost plus	-	-
- Other variable rates	2,568	3,190
	<u>56,686</u>	<u>53,280</u>
	<u><u>56,686</u></u>	<u><u>53,280</u></u>
(iv) By residual contractual maturity		
Maturity within one year	47,121	43,823
More than one year to three years	-	-
More than three years to five years	-	-
More than five years	9,565	9,457
	<u>56,686</u>	<u>53,280</u>
	<u><u>56,686</u></u>	<u><u>53,280</u></u>
(v) By geographical distribution		
Malaysia		
- Kuala Lumpur	20,479	20,481
- Selangor	7,840	6,778
- Kedah	11,297	9,066
- Terengganu	11,489	11,550
- Perak	5,581	5,405
	<u>56,686</u>	<u>53,280</u>
	<u><u>56,686</u></u>	<u><u>53,280</u></u>
(vi) By sector		
Manufacturing	25,482	21,858
Electricity, gas and water supply	-	-
Construction	926	855
Wholesale and retail trade, and restaurants and hotels	27,326	27,527
Transport, storage and communication	-	-
Finance, insurance, real estate and business activities	2,584	2,555
Education, health and others	368	485
	<u>56,686</u>	<u>53,280</u>
	<u><u>56,686</u></u>	<u><u>53,280</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
Movements in impaired loans, advances and financing		
At beginning of financial period	4,999	3,130
Classified as impaired during the financial period	-	6,246
Reclassified as non-impaired during the financial period	-	-
Interest reversal	(82)	
Amount recovered	(1,250)	(2,322)
Amount written off	-	(2,055)
	<hr/>	<hr/>
At end of financial period	3,667	4,999
Individual impairment provision	(1,562)	(1,644)
	<hr/>	<hr/>
Net Impaired loans and advances	2,105	3,355
	<hr/>	<hr/>
Ratio of net impaired loans and advances to gross loans and advances less individual impairments provisions	3.82%	6.50%
	<hr/> <hr/>	<hr/> <hr/>

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

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
<u>Individual assessment allowance</u>		
At 1 Jan	1,644	2,287
Allowance made during the period	-	1,820
Write back made during the period	(82)	(408)
Write off made during the period	-	(2,055)
	<hr/>	<hr/>
At end of the period	1,562	1,644
	<hr/> <hr/>	<hr/> <hr/>
<u>Collective impairments allowances</u>		
At 1 Jan	790	715
Allowance made during the period	37	75
Write back made during the period	-	-
	<hr/>	<hr/>
At end of the period	827	790
	<hr/> <hr/>	<hr/> <hr/>
As % of gross loans and advances less individual impairment provisions	1.50 %	1.53%
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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

18 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
(ix) Impaired loans, advances and financing analysed by geographical distribution		
Malaysia		
- Kuala Lumpur	3,667	4,999
- Selangor	-	-
- Kedah	-	-
- Terengganu	-	-
- Perak	-	-
	<u>3,667</u>	<u>4,999</u>
Gross loans, advances and financing	<u><u>3,667</u></u>	<u><u>4,999</u></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	3,667	4,999
Transport, storage and communication	-	-
Finance, insurance, real estate and business activities	-	-
Education, health and others	-	-
	<u>3,667</u>	<u>4,999</u>
Gross loans, advances and financing	<u><u>3,667</u></u>	<u><u>4,999</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

19 DERIVATIVE ASSETS

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
Derivative assets:		
Foreign exchange forwards	583	39
	<u>583</u>	<u>39</u>
	<u>Contract or underlying principal amount</u> RM'000	<u>Positive fair value</u> RM'000
<u>31 Mar 2015</u>		
Foreign exchange related contracts:		
- Forwards	16,169	583
	<u>16,169</u>	<u>583</u>
<u>31 Dec 2014</u>		
Foreign exchange related contracts:		
- Forwards	8,182	39
	<u>8,182</u>	<u>39</u>

20 OTHER ASSETS

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
Deposits	212	216
Prepayments	632	754
Other receivables	131	89
	<u>975</u>	<u>1,688</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

21 DEPOSITS FROM CUSTOMERS

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
(i) By type of deposits		
Demand deposits	15,509	12,194
Savings deposits	976	915
Fixed deposits	110,776	128,842
	<u>127,261</u>	<u>141,951</u>
(ii) Maturity structure of fixed deposits is as follows:		
Due within six months	50,264	75,451
Six months to one year	60,512	48,575
One year to three years	-	4,816
	<u>110,776</u>	<u>128,842</u>
(iii) The deposits are sourced from the following types of customers:		
Business enterprises	63,654	69,329
Individuals	3,347	3,094
Foreign entities	60,260	69,528
	<u>127,261</u>	<u>141,951</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

22 DERIVATIVE LIABILITIES

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
Derivative liabilities:		
Foreign exchange forwards	53	34
	<u>53</u>	<u>34</u>
	<u>Contract or underlying principal amount</u> RM'000	<u>Negative fair value</u> RM'000
<u>31 Mar 2016</u>		
Foreign exchange related contracts:		
- Forwards	5,280	53
	<u>5,280</u>	<u>53</u>
<u>31 Dec 2015</u>		
Foreign exchange related contracts:		
- Forwards	13,064	34
	<u>13,064</u>	<u>34</u>

23 OTHER LIABILITIES

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
Other payables	1,485	1,127
Accruals	1,395	802
	<u>2,880</u>	<u>1,929</u>

24 SHARE CAPITAL

	<u>31 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
<u>Authorised:</u>		
50,000,000 ordinary shares of RM10 each	500,000	500,000
<u>Issued and fully paid:</u>		
Balance as at beginning of the financial year	330,000	330,000
Issued during the financial period	-	-
	<u>330,000</u>	<u>330,000</u>
Balance as at end of the financial period	<u>330,000</u>	<u>330,000</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

25	INTEREST INCOME	<u>31 Mar 2016</u> RM'000	<u>31 Mar 2015</u> RM'000
	Loans and advances	747	795
	Money at call and deposit placements with financial institutions	3,455	3,429
	Financial investments – held-to-maturity	165	165
	Total interest income	<u>4,367</u>	<u>4,389</u>
26	INTEREST EXPENSE	<u>31 Mar 2016</u> RM'000	<u>31 Mar 2015</u> RM'000
	Deposits and placements of banks and other financial institutions	1	-
	Deposits from customers	1,174	1,045
	Total interest expenses	<u>1,175</u>	<u>1,045</u>
27	OTHER OPERATING INCOME	<u>31 Mar 2016</u> RM'000	<u>31 Mar 2015</u> RM'000
	<u>Commission and fee income:</u>		
	Commission	82	81
	Service charges and fees	49	70
	Other Income	15	-
		<u>146</u>	<u>151</u>
	<u>Other income:</u>		
	Foreign exchange gain	212	62
	Unrealised gain (loss) on revaluation of derivative instruments	521	113
	Total	<u>879</u>	<u>326</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

28 OTHER OPERATING EXPENSES

	<u>31 Mar 2016</u> RM'000	<u>31 Mar 2015</u> RM'000
Personnel costs (Note a)	1,152	1,174
Marketing expenses (Note b)	20	27
Establishments costs (Note c)	2,251	2,154
Administration and general expenses (Note d)	589	527
	<u>4,012</u>	<u>3,882</u>
(a) <u>Personnel costs:</u>		
- Salaries and allowances	840	806
- Pension fund contributions	110	94
- Other staff costs	202	274
	<u>1,152</u>	<u>1,174</u>
(b) <u>Marketing expenses:</u>		
- Advertising and promotion	20	27
	<u>20</u>	<u>27</u>
(c) <u>Establishments costs:</u>		
- Depreciation of plant and equipment	350	324
- Amortisation of intangible assets	613	614
- Rental - Office premises	103	88
- Rental - Data centre and data recovery sites	76	76
- Repair and maintenance	13	7
- Information technology expenses	917	850
- Telecommunication charges	150	165
- Others	29	30
	<u>2,251</u>	<u>2,154</u>
(d) <u>Administration and general expenses:</u>		
- Legal and professional fees	71	136
- Auditor's fees	51	24
- Directors' fees	34	32
- Subscriptions	104	124
- Others	329	211
	<u>589</u>	<u>527</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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29 LOAN IMPAIRMENT CHARGES

	<u>31 Mar 2016</u> RM'000	<u>31 Mar 2015</u> RM'000
Allowance for losses on loans and advances		
Individual assessment allowance:		
- Made during the financial year	-	-
- Written back during the financial year	(82)	-
Collective assessment allowance:		
- Made during the financial year	37	25
- Written back during the financial year	-	-
	<u>45</u>	<u>25</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>31 Mar 2016</u>				
Direct credit substitutes	15,212	-	15,212	13,330
Transaction-related contingent items	-	-	-	-
Short-term self-liquidating trade-related contingencies	1,066	-	213	213
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	-	-	-	-
- Not exceeding one year	30,390	-	6,078	6,078
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	21,449	583	765	153
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>68,117</u>	<u>583</u>	<u>22,268</u>	<u>19,774</u>

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FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (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 2015</u>				
Direct credit substitutes				
Transaction-related contingent items	14,411	-	14,411	12,500
Short-term self-liquidating trade-related contingencies	1,318	-	264	264
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	-	-	-	-
- Not exceeding one year	33,710	-	6,742	6,742
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	21,246	39	171	34
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>70,685</u>	<u>39</u>	<u>21,588</u>	<u>19,540</u>

31 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party balances

	<u>31 Mar 2015</u> RM'000	<u>31 Dec 2015</u> RM'000
<u>Amounts due from:</u>		
Bank balances and short-term funds with:		
- Bank of Baroda	4,443	4,657
- Indian Overseas Bank	8	9
- Andhra Bank	1	1
Total	<u>4,452</u>	<u>4,667</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 Mar 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
<u>Common Equity Tier 1 Capital</u>		
Paid-up share capital	330,000	320,000
Accumulated losses	(9,482)	(9,586)
Less: Deferred tax assets	-	-
	<hr/>	<hr/>
Total Common Equity Tier 1 Capital	320,518	320,414
	<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	827	790
	<hr/>	<hr/>
Total Tier 2 capital	827	790
	<hr/>	<hr/>
Total capital base	321,345	321,204
	<hr/> <hr/>	<hr/> <hr/>
Capital ratios		
Core capital ratio	187.8%	189.1%
Risk-weighted capital ratio	188.3%	189.5%

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 2016</u> RM'000	<u>31 Dec 2015</u> RM'000
Credit risk	144,815	143,702
Market risk	218	1,171
Operational risk	25,611	24,611
	<hr/>	<hr/>
Total risk-weighted assets	170,644	169,484
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (CONTINUED)

33 CAPITAL ADEQUACY (CONTINUED)

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

<u>Exposure Class</u>	<u>Gross exposures</u> RM'000	<u>Net exposures</u> RM'000	<u>Risk weighted assets</u> RM'000	<u>Capital requirements</u> RM'000
(a) Credit Risk				
<i><u>On-balance sheet exposures</u></i>				
Sovereigns/central banks	21,594	21,594	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	367,912	367,912	73,582	5,887
Corporates	52,192	43,273	43,273	3,462
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	6,909	6,909	6,081	486
Defaulted exposures	2,105	2,105	2,105	168
Total on-balance sheet exposures	450,712	441,793	125,041	10,003
<i><u>Off-balance sheet exposures</u></i>				
Over-the-counter ("OTC")				
Derivatives	765	765	153	12
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	21,503	19,621	19,621	1,570
Total off-balance sheet exposures	22,268	20,386	19,774	1,582
Total on and off-balance sheet exposures	472,980	462,179	144,815	11,585
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	218	-	218	18
(c) Operational risk			25,611	2,049
Total risk weighted assets and capital requirements			170,644	13,652

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2016 (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>31 Mar 2015</u>										
<u>Risk weighted</u>										
0%	21,594	-	-	-	-	-	828	-	22,422	-
20%	-	-	368,677	-	-	-	-	-	368,677	73,735
50%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	64,999	-	-	6,081	-	71,080	71,080
Total exposures	21,594	-	368,677	64,999	-	-	6,909	-	462,179	144,815
Risk weighted assets by exposure	-	-	73,735	64,999	-	-	6,081	-	-	144,815
Average risk weight	0.00%	0.00%	20.00%	100.00%	0.00%	0.00%	88.02%	0.00%	-	-
Deduction from capital base	-	-	-	-	-	-	-	-	-	-

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33 CAPITAL ADEQUACY (CONTINUED)

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

<u>Exposure Class</u>	<u>Gross exposures</u> RM'000	<u>Net exposures</u> RM'000	<u>Risk weighted assets</u> RM'000	<u>Capital requirements</u> RM'000
(a) Credit Risk				
<i><u>On-balance sheet exposures</u></i>				
Sovereigns/central banks	22,700	22,700	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	383,097	383,097	76,619	6,130
Corporates	47,491	37,299	37,299	2,984
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	7,685	7,685	6,889	551
Defaulted exposures	3,355	3,355	3,355	268
Total on-balance sheet Exposures	464,328	454,136	124,162	9,933
<i><u>Off-balance sheet exposures</u></i>				
Over-the-counter ("OTC")				
Derivatives	171	171	34	3
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	21,417	19,506	19,506	1,560
Total off-balance sheet exposures	21,588	19,677	19,540	1,563
Total on and off-balance sheet Exposures	485,916	473,813	143,702	11,496
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	1,171	-	1,171	94
(c) Operational risk			24,611	1,969
Total risk weighted assets and capital requirements			169,484	13,559

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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>31.12.2015</u>										
<u>Risk weighted</u>										
0%	22,700	-	-	-	-	-	796	-	23,496	-
20%	-	-	383,268	-	-	-	-	-	383,268	76,653
50%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	60,160	-	-	6,889	-	67,049	67,049
Total exposures	22,700	-	383,268	60,160	-	-	7,685	-	473,813	143,702
Risk weighted assets by exposure	-	-	76,653	60,160	-	-	6,889	-	-	143,702
Average risk weight	0.00%	0.00%	20.00%	100.00%	0.00%	0.00%	89.64%	0.00%	-	-
Deduction from capital base	-	-	-	-	-	-	-	-	-	-

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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34 INTEREST RATE RISK

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 Mar 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 Mar 2015</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	-	-	-	-	-	80,111	-	80,111	3.25
Money at call and deposit placements maturing within one month	40,000	-	-	-	-	344	-	40,344	3.79
Deposits and placements with banks and other financial institutions	-	226,167	23,002	-	-	-	-	249,169	3.88
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	10,102	9,925	-	-	-	20,027	3.22
Loans, advances and financing	28,761	10,869	7,512	-	9,544	(2,389)	-	54,297	6.62
Derivatives assets	-	-	-	-	-	-	583	583	-
Other assets	-	-	-	-	-	975	-	975	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	1,694	-	1,694	-
Intangible assets	-	-	-	-	-	3,412	-	3,412	-
Total assets	68,761	237,036	40,616	9,925	9,544	84,247	583	450,712	

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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 Mar 2015</u>									
<u>Liabilities</u>									
Deposits from customers	21,582	35,911	68,248	1,520	-	-	-	127,261	3.62
Derivative liabilities	-	-	-	-	-	-	53	53	-
Other liabilities	-	-	-	-	-	2,880	-	2,880	-
Total liabilities	<u>21,582</u>	<u>35,911</u>	<u>68,248</u>	<u>1,520</u>	<u>-</u>	<u>2,880</u>	<u>53</u>	<u>130,194</u>	
On balance sheet-interest rate gap	<u>47,179</u>	<u>201,125</u>	<u>(27,632)</u>	<u>8,405</u>	<u>9,544</u>	<u>81,367</u>	<u>530</u>	<u>320,518</u>	

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34 INTEREST RATE RISK (CONTINUED)

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

	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
<u>31 December 2015</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	-	-	-	-	-	69,345	-	69,345	3.25
Money at call and deposit placements maturing within one month	90,000	-	-	-	-	1,083	-	91,083	3.70
Deposits and placements with banks and other financial institutions	-	105,289	120,553	-	-	-	-	225,842	3.98
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	10,268	9,916	-	-	-	20,184	3.22
Loans, advances and financing	29,427	9,895	4,501	-	9,457	(2,434)	-	50,846	6.45
Derivative assets	-	-	-	-	-	-	39	39	-
Other assets	-	-	-	-	-	1,059	-	1,059	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	1,805	-	1,805	-
Intangible assets	-	-	-	-	-	4,025	-	4,025	-
Total assets	119,427	115,184	135,322	9,916	9,457	74,983	39	464,328	

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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 December 2015</u>									
<u>Liabilities</u>									
Deposits from customers	26,329	49,401	61,404	4,817	-	-	-	141,951	3.62
Derivative liabilities	-	-	-	-	-	-	34	34	-
Other liabilities	-	-	-	-	-	1,929	-	1,929	-
Total liabilities	<u>26,329</u>	<u>49,401</u>	<u>61,404</u>	<u>4,817</u>	<u>-</u>	<u>1,929</u>	<u>34</u>	<u>143,914</u>	
On balance sheet-interest rate gap	<u>93,098</u>	<u>65,783</u>	<u>73,918</u>	<u>5,099</u>	<u>9,457</u>	<u>73,054</u>	<u>5</u>	<u>320,414</u>	

