

Company No.

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

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2013

Company No.

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

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

INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2013

CONTENTS	PAGES
UNAUDITED STATEMENT OF FINANCIAL POSITION	2
UNAUDITED INCOME STATEMENT	3
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	4
UNAUDITED STATEMENT OF CHANGES IN EQUITY	5
UNAUDITED STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 40

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	<u>Note</u>	<u>31.3.2013</u>	<u>31.12.2012</u>
		RM'000	RM'000
ASSETS			
Cash and short-term funds	11	261,493	237,359
Deposits and placements with banks and other financial institutions	12	118,414	101,308
Financial investments available-for-sale	13	-	-
Financial investments held-to-maturity	14	10,037	-
Loans, advances and financing	15	10,567	-
Other assets	17	355	266
Statutory deposits with Bank Negara Malaysia	18	100	100
Plant and equipment	19	5,137	5,423
Intangible assets	20	9,942	10,525
TOTAL ASSETS		<u>416,045</u>	<u>354,981</u>
LIABILITIES AND EQUITY			
Deposits from customers	21	105,207	44,200
Deposits and placements of banks and other financial institutions		-	-
Bills and acceptances payable		-	-
Other liabilities	22	5,496	5,027
TOTAL LIABILITIES		<u>110,703</u>	<u>49,227</u>
Share capital	23	310,000	310,000
Accumulated losses		(4,658)	(4,246)
TOTAL EQUITY OF SHAREHOLDERS		<u>305,342</u>	<u>305,754</u>
TOTAL LIABILITIES AND EQUITY		<u>416,045</u>	<u>354,981</u>
COMMITMENTS AND CONTIGENCIES	29	<u>12,275</u>	<u>1,604</u>

The Unaudited Interim Financial Statements should read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Company No.

911666

D

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	<u>Note</u>	<u>2013</u> RM'000	<u>2012</u> RM'000
Interest income	24	2,716	53
Interest expense	25	(429)	-
		<hr/>	<hr/>
Net interest income		2,287	53
Other operating income	26	183	-
		<hr/>	<hr/>
Net income		2,470	53
Other operating expenses	27	(2,720)	(549)
		<hr/>	<hr/>
Operating Loss		(250)	(496)
Loan impairment (charges)/recovery	28	(162)	-
		<hr/>	<hr/>
Loss before tax		(412)	(496)
Taxation		-	-
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL PERIOD		<u>(412)</u>	<u>(496)</u>

The Unaudited Interim Financial Statements should read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Company No.

911666

D

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	<u>2013</u> RM'000	<u>2012</u> RM'000
Loss for the financial period	(412)	(496)
Net (loss)/gain on securities available-for-sale	-	-
Income tax relating to components of other comprehensive income	-	-
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX	-	-
	<hr/>	<hr/>
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR	<u>(412)</u>	<u>(496)</u>

The Unaudited Interim Financial Statements should read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Company No.

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

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	<u>Note</u>	<u>Share capital</u> RM'000	<u>Accumulated losses</u> RM'000	<u>Total</u> RM'000
Balance as at 1 January 2013	23	310,000	(4,426)	305,754
Total comprehensive loss for the financial period		-	(412)	(412)
Balance as at 31 March 2013		<u>310,000</u>	<u>(4,658)</u>	<u>305,342</u>
Balance as at 1 January 2012	23	23,401	(1,303)	22,098
Total comprehensive loss for the financial period		-	(496)	(496)
Balance as at 31 March 2012		<u>23,401</u>	<u>(1,799)</u>	<u>21,602</u>

The Unaudited Interim Financial Statements should read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	1.1.2013 To <u>31.03.2013</u> RM'000	1.1.2012 To <u>31.03.2012</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(412)	(496)
Adjustments for:		
Depreciation of plant and equipment	317	86
Amortisation of intangible assets	583	-
Interest income	(2,716)	-
Interest expense	429	-
	<hr/>	<hr/>
Operating loss before working capital changes	(1,799)	(410)
Increase in deposits and placements with financial institution	(17,106)	-
Increase in loans, advances and financing	(10,567)	-
Decrease/(increase) in other assets	(89)	(2,423)
Increase in statutory deposits with Bank Negara Malaysia	-	-
Increase/(decrease) in deposits from customers	61,007	-
Increase in other liabilities	469	(73)
	<hr/>	<hr/>
Net cash used in operating activities	31,915	(2,906)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(31)	(74)
Purchase of intangible assets	-	-
Purchase of financial investments available-for-sale	-	-
Purchase of financial investments held-to-maturity	(10,037)	-
Interest received	2,716	-
	<hr/>	<hr/>
Net cash used in investing activities	(7,352)	(74)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	-
Interest paid	(429)	-
	<hr/>	<hr/>
Net cash generated from financing activities	(429)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD		
	24,134	(2,980)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		
	<hr/>	<hr/>
	237,359	17,037
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD		
	<hr/>	<hr/>
	261,493	14,057
	<hr/> <hr/>	<hr/> <hr/>

The Unaudited Interim Financial Statements should read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

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 condensed interim financial statements for the quarter ended 31 March 2013 of the Bank have been prepared under the historical cost convention unless otherwise indicated in this summary of the significant accounting policies.

These condensed interim financial statements have been prepared in accordance with the requirement of MFRS 134: Interim Financial Statements issued by the Malaysian Accounting Standards Board (MASB). These condensed interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Financial Reporting Standards Board. For periods up to and including the financial period ended 31st March 2013 the Bank prepared its financial statements in accordance with Financial Reporting Standards (FRS).

These condensed interim financial statements comply with Financial Reporting Standards in Malaysia, Bank Negara Malaysia Guidelines and the provisions of the Companies Act, 1965.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A FINANCIAL ASSETS

Financial assets are recognised in the statement of financial position when, and only when, the Bank has become a party to the contractual provisions of the instruments. The Bank determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity assets and available-for-sale financial investments.

Financial assets are initially recognised at fair value plus transaction costs for all financial investments not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in income statement.

All regular purchases and sales of financial assets are recognised or de-recognised on the settlement date.

A financial assets is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income statement.

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)****3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****A FINANCIAL ASSETS****(i) Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held-for-trading acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in income statement in the period in which the changes arise.

(ii) Available-for-sale financial assets

Available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity and are measured at fair value.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in income statement, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial investments are recognised separately in income statement. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in income statement. Dividends income on available-for-sale equity instruments are recognised in income statement when the Bank's right to receive payments is established.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and it is expected that substantially all of the initial investment will be recovered, other than those due to credit deterioration. Financial assets classified under this category are cash and short-term funds, deposits and placements with banks and other financial institutions and loans and advances.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method. The amortised cost of the financial asset is the amount at which the financial asset is measured at initial recognition, less principal repayment, plus or less the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, less any reduction for impairment. Interest income is recognised as interest income in the income statement using effective interest method.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A FINANCIAL ASSETSS (CONTINUED)

(iv) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Bank has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Any sale or reclassification of a significant amount of investment securities held-to-maturity not close to their maturity would result in the reclassification of all securities held-to-maturity to investment securities available-for-sale, and prevent the Bank from reclassifying similar class of securities as investment securities held-to-maturity for the current and the following two financial years.

B IMPAIRMENT OF FINANCIAL ASSETS

(i) Assets carried at amortised cost

The Bank assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial investments that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B IMPAIRMENT OF FINANCIAL ASSETS

(ii) Assets carried at amortised cost

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Loans and advances

The Bank first assesses whether objective evidence of impairment exists individually for loans and advances that are individually significant, and individually or collectively for loans and advances that are not individually significant.

If the Bank determines that no objective evidence of impairment exists for an individually assessed loans and advances, whether significant or not, it includes the asset in a group of loans and advances with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loans and advances' carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the original effective interest rate.

The carrying amount of the loans and advances is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If the loans and advances has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, loans and advances are grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(i) Assets carried at amortised cost (Continued)

Loans and advances (Continued)

Future cash flows in a group of loans and advances that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative impairment loss that had been recognised directly in equity shall be transferred from equity to profit or loss, even though the securities have not been de-recognised. The cumulative impairment loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on investments in equity instruments classified as available-for-sale recognised are not reversed in profit or loss subsequent to its recognition. Reversals of impairment losses on debt instruments classified as available-for-sale are recognised in the profit or loss if the increase in fair value can be objectively related to an event occurring after the recognition of the impairment loss in the profit or loss.

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C PLANT AND EQUIPMENT

All items of plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Plant and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense is recognised in the profit and loss account. The depreciation is made at the following rates annually:

Office equipment and Computers	20%
Motor vehicles	20%
Renovation	20%

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the financial period the asset is de-recognised.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

D INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets reassessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets of the Bank comprising computer software are amortised over their finite useful lives estimated at 5 years on a straight line basis.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Bank reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to that asset.

An impairment loss is recognised in the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

F PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial liabilities are derecognised when extinguished.

(i) Other financial liabilities

The Bank's other financial liabilities include deposits from customers, deposits and placements of banks and other financial institutions and other liabilities.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

H FINANCIAL GUARANTEE CONTRACTS

In the ordinary course of business, the Bank gives financial guarantee, consisting letters of credits, guarantees and acceptances. A financial guarantee contract is a contract that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

I RECOGNITION OF INTEREST INCOME, EXPENSES AND FEE AND OTHER INCOME

(i) Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest method applies the rate that exactly discounts estimated future cash receipts or payments through the effective life of the financial instruments to the net carrying amount of the financial investments or liability.

Interest on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I RECOGNITION OF INTEREST INCOME, EXPENSES AND FEE AND OTHER INCOME
(CONTINUED)

(ii) Fee and other income

Fees and commissions are recognised as income when all conditions precedent are fulfilled.

Guarantee fees which are material are recognised as income based on a time apportionment method.

Brokerage fees are recognised as income based on inception of such transactions.

Dividends are recognised when the right to receive payment is established.

J EMPLOYEE BENEFITS

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees of the Bank.

(ii) Defined contribution plans

The Bank's contributions to defined contribution plans are charged to income statement in the financial year to which they relate. Once the contributions have been paid, the Bank has no further payment obligations.

K OPERATING LEASE PAYMENT

Leases where the Bank does not assume substantially all the risk and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Bank's financial statements.

Payments made under operating leases are recognised in income statement on a straight line basis over the term of the lease.

L FOREIGN CURRENCIES

(i) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Bank's functional and presentation currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L FOREIGN CURRENCIES (CONTINUED)

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in income statement within 'other income'. All other foreign exchange gains and losses are recognised in income statement within the same line item as the underlying that gives rise to the translation difference.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	<u>31st March 2013</u>	<u>31st December 2012</u>
Indian Rupees	0.0569	0.0558
Singapore Dollars	2.4911	2.5030
United States Dollars	3.0885	3.0583
Hong Kong Dollars	0.3978	0.3945
British Pounds	4.6971	4.9420
Euro	3.9618	4.0412

M CURRENT AND DEFERRED TAX

Current tax expense is determined according to the tax laws of Malaysia and includes all taxes based upon the taxable profits for the financial year.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit and loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences or unused tax losses can be utilised

Deferred income tax related to fair value re-measurement of available-for-sale securities, which are charged or credited directly to equity via other comprehensive, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M CURRENT AND DEFERRED TAX (CONTINUED)

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires management to exercise their judgement in the process of applying the Bank's accounting policies. Although these estimates and judgements are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

In determining the carrying amounts of some assets and liabilities, the Bank makes assumptions of the effects of uncertain future events on those assets and liabilities at the statement of financial position date. The Bank estimates and assumptions are based on historical experiences and expectations of future events and are reviewed periodically. Revision to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected.

(a) Fair value of financial instruments

The degree of management judgement involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that are traded actively and have quoted market prices or parameters readily available, there is little-to-no subjectivity in determining fair value. When observable market prices and parameters do not exist, management judgement is necessary to estimate fair value. The valuation process takes into consideration factors such as liquidity and concentration concerns and, for the derivatives portfolio, counterparty credit risk.

(b) Allowance for losses on loans, advances and financing

The Bank makes allowance for losses on loans, advances and financing based on assessment of recoverability. Whilst management is guided by the relevant BNM guidelines, management makes judgement on the future and other key factors in respect of the recovery of loans and advances. Among the factors considered are the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flows to service debt obligations and the aggregate amount and ranking of all other creditor claims.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

5 AUDITOR'S REPORT ON PRECEDING FINANCIAL STATEMENT

The auditors' report on the financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

6 SEASONAL OR CYCLICAL FACTORS

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

7 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE AND INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Bank for the financial period ended 31st March 2013.

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 31st March 2013

9 ISSUE OF SHARES AND DEBENTURES

There were no new shares issued during the first quarter of 2013.

10 DIVIDENDS PAID

No dividends was declared or paid during the first quarter of 2013.

11 CASH AND SHORT-TERM FUNDS

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
Cash and balances with banks and other financial institutions	157,437	138,517
Money at call and deposit placements maturing within one month	104,056	98,842
	<u>261,493</u>	<u>237,359</u>

Company No.

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

12 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
Licensed banks	118,414	101,308
	<u>118,414</u>	<u>101,308</u>

13 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
<u>At fair value</u>		
Quoted Money market instruments: Malaysian Government Securities	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

14 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
<u>At amortised cost</u>		
Money market instruments: Malaysian Government Securities	10,037	-
	<u>10,037</u>	<u>-</u>
	<u>10,037</u>	<u>-</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

15 LOANS, ADVANCES AND FINANCING

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
(i) By type		
Overdrafts	6,929	-
Term loans/financing		
- Housing loans/financing	-	-
- Other term loans/financing	3,800	-
Bills receivable	-	-
Revolving credit	-	-
Staff loans	-	-
Less : Unearned interest and income	-	-
	<u>10,729</u>	<u>-</u>
Less : Allowance for impaired loans and financing		
- Collective assessment allowance	(162)	-
- Individual assessment allowance	-	-
	<u>10,567</u>	<u>-</u>
Net loans, advances and financing	<u><u>10,567</u></u>	<u><u>-</u></u>
(ii) By type of customer		
Domestic business enterprises		
- Small medium enterprises	10,729	-
- Others	-	-
Domestic non-bank financial institutions	-	-
Individuals	-	-
Foreign entities	-	-
	<u>10,729</u>	<u>-</u>
Gross loans, advances and financing	<u><u>10,729</u></u>	<u><u>-</u></u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

15 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
(iii) By interest rate sensitivity		
Fixed rate	-	-
Variable rate		
- BLR plus	10,729	-
- Cost plus	-	-
	<u>10,729</u>	<u>-</u>
Gross loans, advances and financing	<u>10,729</u>	<u>-</u>
(iv) By residual contractual maturity		
Maturity within one year	10,729	-
More than one year to three years	-	-
More than three years to five years	-	-
More than five years	-	-
	<u>10,729</u>	<u>-</u>
Gross loans, advances and financing	<u>10,729</u>	<u>-</u>
(v) By geographical distribution		
Malaysia		
- Kuala Lumpur	4,277	-
- Penang	6,452	-
	<u>10,729</u>	<u>-</u>
(vi) By sector		
Electricity, gas and water	-	-
Manufacturing	8,457	-
Construction	-	-
Wholesale and retail	2,272	-
Finance, insurance and business services	-	-
Mining and quarrying	-	-
Transport, storage and communication	-	-
Agriculture, hunting, forestry and fishing	-	-
Real estate	-	-
	<u>10,729</u>	<u>-</u>
Total	<u>10,729</u>	<u>-</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

16 IMPAIRED LOANS, ADVANCES AND FINANCING

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
(i) Movements in impaired loans, advances and financing		
At beginning of financial period	-	-
Classified as impaired during the financial period	-	-
Reclassified as non-impaired during the financial period	-	-
Amount recovered	-	-
Amount written off	-	-
	<hr/>	<hr/>
At end of financial period	-	-
Individual impairment provision	-	-
	<hr/>	<hr/>
Net Impaired loans and advances	-	-
	<hr/>	<hr/>
Ratio of net impaired loans and advances to gross loans and advances less individual impairments provisions	-	-
	<hr/> <hr/>	<hr/> <hr/>
(ii) Movements in impairment allowances for loans and advances		
Individual impairments allowances		
At 1 Jan	-	-
Allowance made during the period	-	-
Amount written back	-	-
	<hr/>	<hr/>
At end of the period	-	-
	<hr/> <hr/>	<hr/> <hr/>
Collective impairments allowances		
At 1 Jan	-	-
Allowance made during the period	162	-
Amount written back	-	-
	<hr/>	<hr/>
At end of the period	162	-
	<hr/> <hr/>	<hr/> <hr/>
As % of gross loans and advances less individual impairment provisions	1.5%	-
	<hr/> <hr/>	<hr/> <hr/>

Company No.

911666

D

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

17 OTHER ASSETS

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
Other receivables	80	-
Deposits	148	147
Prepayments	127	119
	<u>355</u>	<u>266</u>

18 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined at set percentages of total eligible liabilities.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

19 PLANT AND EQUIPMENT

	<u>Office equipment</u> RM '000	<u>Computers</u> RM'000	<u>Motor vehicles</u> RM '000	<u>Office renovations</u> RM'000	<u>Total</u> RM'000
<u>At 31 March 2013</u>					
<u>Cost</u>					
At 1 January 2013	252	4800	170	1,357	6,579
Additions	29	-	-	2	31
At 31 March 2013	<u>281</u>	<u>4800</u>	<u>170</u>	<u>1,359</u>	<u>6,610</u>
<u>Accumulated depreciation</u>					
At 1 January 2013	86	486	68	516	1,156
Charge for the financial period	14	240	3	60	317
At 31 March 2013	<u>100</u>	<u>726</u>	<u>71</u>	<u>576</u>	<u>1,473</u>
Net book value	<u><u>181</u></u>	<u><u>4,074</u></u>	<u><u>99</u></u>	<u><u>783</u></u>	<u><u>5,137</u></u>
<u>At 31 December 2012</u>					
<u>Cost</u>					
At 1 January 2012	191	10	170	1,272	1,643
Additions	61	4,790	-	85	4,936
At 31 December 2012	<u>252</u>	<u>4,800</u>	<u>170</u>	<u>1,357</u>	<u>6,579</u>
<u>Accumulated depreciation</u>					
At 1 January 2012	38	2	34	254	328
Charge for the financial year	48	484	34	262	828
At 31 December 2012	<u>86</u>	<u>486</u>	<u>68</u>	<u>516</u>	<u>1,156</u>
Net book value	<u><u>166</u></u>	<u><u>4,314</u></u>	<u><u>102</u></u>	<u><u>841</u></u>	<u><u>5,423</u></u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

20	INTANGIBLE ASSETS	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
	<u>Computer software:</u>		
	<u>Cost</u>		
	At 1 January	11,670	-
	Additions	-	-
	At end of period	<u>11,670</u>	<u>-</u>
	<u>Accumulated amortisation</u>		
	At 1 January	1,145	-
	Amortisation for the financial period	583	-
	At end of period	<u>1,728</u>	<u>-</u>
	Net carrying amount	<u>9,942</u>	<u>10,525</u>
21	DEPOSITS FROM CUSTOMERS	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
	(i) By type of deposits		
	Demand deposits	4,215	3,719
	Savings deposits	453	324
	Fixed deposits	100,539	40,157
		<u>105,207</u>	<u>44,200</u>
	(ii) Maturity structure of fixed deposits is as follows:		
	Due within six months	74,603	32,953
	Six months to one year	21,735	7,074
	One year to three years	4,201	130
		<u>100,539</u>	<u>40,157</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

21 DEPOSITS FROM CUSTOMERS (CONTINUED)

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
(iii) The deposits are sourced from the following types of customers:		
Business enterprises	101,592	42,568
Individuals	3,615	1,632
	<u>105,207</u>	<u>44,200</u>

22 OTHER LIABILITIES

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
Other payables	4,172	4,134
Accruals	1,324	893
	<u>5,496</u>	<u>5,027</u>

23 SHARE CAPITAL

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
<u>Authorised:</u>		
50,000,000 ordinary shares of RM 10 each	<u>500,000</u>	<u>500,000</u>
<u>Issued and fully paid:</u>		
Balance as at beginning of the financial period	310,000	23,401
Issued during the financial period	-	286,599
Balance as at end of the financial period	<u>310,000</u>	<u>310,000</u>

Company No.

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

24 INTEREST INCOME

	<u>31.3.2013</u> RM'000	<u>31.03.2012</u> RM'000
Loans and advances	61	-
Money at call and deposit placements with financial institutions	2,632	53
Financial Investments – Held-for-maturity	23	-
Total Interest Income	<u>2,716</u>	<u>53</u>

25 INTEREST EXPENSE

	<u>31.3.2013</u> RM'000	<u>31.03.2012</u> RM'000
Deposits from customers	<u>429</u>	<u>-</u>

26 OTHER OPERATING INCOME

	<u>31.3.2013</u> RM'000	<u>31.03.2012</u> RM'000
<u>Commission and fee income:</u>		
Commission	3	-
Service charges and fees	143	-
	<u>146</u>	<u>-</u>
<u>Other income:</u>		
Foreign exchange gain/(loss)	37	-
Total	<u>183</u>	<u>-</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

27 OTHER OPERATING EXPENSES

	<u>31.3.2013</u> RM'000	<u>31.03.2012</u> RM'000
Personnel costs (Note a)	653	231
Marketing expenses (Note b)	20	1
Establishments costs (Note c)	1,535	266
Administration and general expenses (Note d)	512	51
	<u>2,720</u>	<u>549</u>
(a) <u>Personnel costs:</u>		
- Salaries and allowances	467	139
- Pension fund contributions	43	9
- Other staff costs	143	83
	<u>653</u>	<u>231</u>
(b) <u>Marketing expenses:</u>		
- Advertising and promotion	20	1
	<u>20</u>	<u>1</u>
(c) <u>Establishments costs:</u>		
- Depreciation of plant and equipment	317	86
- Amortisation of intangible assets	583	-
- Rental - Office premises	79	127
- Rental - Data centre and data recovery sites	51	-
- Repair and maintenance	19	25
- Information technology expenses	305	13
- Telecommunication charges	150	4
- Others	31	11
	<u>1,535</u>	<u>266</u>
(d) <u>Administration and general expenses:</u>		
- Legal and professional fees	191	-
- Auditor's fees	30	3
- Directors' fees	1	-
- Transport and travelling	28	9
- Others	262	39
	<u>512</u>	<u>51</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

28	IMPAIRMENT ALLOWANCES FOR LOANS AND ADVANCES	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
	Impairment allowances for loans and advances		
	Individual impairment allowances		
	- made in the financial period	-	-
	- written back in respect of recoveries	-	-
	Collective impairment allowances		
	- made in the financial period	162	-
	- written back in respect of recoveries	-	-
		162	-
		162	-

29 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 March 2013</u>				
Direct credit substitutes	1,604	-	1,604	1,284
Transaction-related contingent items	-	-	-	-
Short-term self-liquidating trade-related contingencies	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	-	-	-	-
- Not exceeding one year	10,671	-	2,134	2,134
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	-	-	-	-
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	12,275	-	3,738	3,418
	12,275	-	3,738	3,418

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

29 COMMITMENTS AND CONTINGENCIES (CONTINUED)

	Principal amount RM'000	Positive fair value of derivate contracts RM'000	Credit equivalent amount RM'000	Risk- weighted assets RM'000
<u>31 December 2012</u>				
Direct credit substitutes	1,604	-	1,604	1,284
Transaction-related contingent items	-	-	-	-
Short-term self-liquidating trade-related contingencies	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	-	-	-	-
- Not exceeding one year	-	-	-	-
<u>Derivate financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	-	-	-	-
Interest rate related contracts:				
- Less than one year	-	-	-	-
- One year or less than five years	-	-	-	-
Total	<u>1,604</u>	<u>-</u>	<u>1,604</u>	<u>1,284</u>

The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors as defined in Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework Standardised Approach (BASEL II).

30 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party balances

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
<u>Amounts due from:</u>		
Bank balances and short-term funds with:		
- Bank of Baroda	612	100
- Indian Overseas Bank	17	23
- Andhra Bank	1	2
Total	<u>630</u>	<u>125</u>

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

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

31 CAPITAL ADEQUACY

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

The capital adequacy ratio of the Bank are as follows:

	<u>31.3.2013</u> RM'000	<u>31.12.2012</u> RM'000
<u>Tier 1 capital</u>		
Paid-up share capital	310,000	310,000
Accumulated losses	(4,658)	(4,246)
Less: Deferred tax assets	-	-
	<hr/>	<hr/>
Total Tier 1 capital	305,342	305,754
	<hr/>	<hr/>
<u>Tier 2 capital</u>		
Collective assessment allowance	162	-
	<hr/>	<hr/>
Total Tier 2 capital	162	-
	<hr/>	<hr/>
Total capital	305,504	305,754
Less: Investment in subsidiaries	-	-
	<hr/>	<hr/>
Total capital base	305,504	305,754
	<hr/> <hr/>	<hr/> <hr/>
Capital ratios		
Core capital ratio	283.1%	309.2%
Risk-weighted capital ratio	283.3%	309.2%
	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

31 CAPITAL ADEQUACY (CONTINUED)

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

<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) <u>Credit Risk</u>				
<u>On-balance sheet exposures</u>				
Sovereigns/central banks	13,994	13,994	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	374,921	374,921	81,190	6,495
Corporates	10,567	4,618	1,343	107
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	16,563	16,563	15,470	1,238
Defaulted exposures	-	-	-	-
Total on-balance sheet exposures	<u>416,045</u>	<u>410,096</u>	<u>98,003</u>	<u>7,840</u>
<u>Off-balance sheet exposures</u>				
Over-the-counter ("OTC") derivatives	-	-	-	-
Credit derivatives	1,604	1,604	1,284	103
Off balance sheet exposures other than OTC derivatives or credit derivatives	10,671	2,134	2,134	171
Total off-balance sheet exposures	<u>12,275</u>	<u>3,738</u>	<u>3,418</u>	<u>274</u>
Total on and off-balance sheet exposures	<u>428,320</u>	<u>413,834</u>	<u>101,421</u>	<u>8,114</u>
		<u>Long position</u>	<u>Short position</u>	
(b) Market risk				
Interest rate risk	-	-	-	-
Foreign currency risk	-	-	-	-
(c) Operational risk			8,557	685
Total risk weighted assets and capital requirements			<u>109,978</u>	<u>8,799</u>

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

31 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 2012:

<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) <u>Credit Risk</u>				
<u>On-balance sheet exposures</u>				
Sovereigns/central banks	3,411	3,411	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	334,399	334,399	72,972	5,838
Corporates	-	-	-	-
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	17,171	17,171	16,213	1,297
Defaulted exposures	-	-	-	-
Total on-balance sheet exposures	<u>354,981</u>	<u>354,981</u>	<u>89,185</u>	<u>7,135</u>
<u>Off-balance sheet exposures</u>				
Over-the-counter ("OTC") derivatives	-	-	-	-
Credit derivatives	1,604	1,604	1,284	103
Off balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-
Total off-balance sheet exposures	<u>1,604</u>	<u>1,604</u>	<u>1,284</u>	<u>103</u>
Total on and off-balance sheet exposures	<u>356,585</u>	<u>356,585</u>	<u>90,469</u>	<u>7,238</u>
(b) <u>Market risk</u>				
Interest rate risk	-	-	-	-
Foreign currency risk	-	-	-	-
(c) <u>Operational risk</u>			8,431	674
Total risk weighted assets and capital requirements			<u>98,900</u>	<u>7,912</u>

Company No.

911666 D

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

31 CAPITAL ADEQUACY (CONTINUED)

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

Exposures after netting and credit risk mitigation (RM'000)										
31.3.2013 <u>Risk weights</u>	<u>Sovereigns/ Central banks</u>	<u>Public Sector Entities</u>	<u>Banks, Development Financial Institutions and MDBs</u>	<u>Corporates</u>	<u>Residential mortgages</u>	<u>Higher risk assets</u>	<u>Other assets</u>	<u>Equity</u>	<u>Total exposures after netting and credit risk mitigation</u>	<u>Total risk weighted assets</u>
0%	13,993	-	-	3,396	-	-	1,092	-	18,481	-
20%	-	-	354,237	-	-	-	-	-	354,237	70,847
50%	-	-	20,685	400	-	-	-	-	21,085	10,543
100%	-	-	-	4,561	-	-	15,470	-	20,031	20,031
Total exposures	13,993	-	374,922	8,357	-	-	16,562	-	413,834	101,421
Risk weighted assets by exposure	-	-	81,190	4,761	-	-	15,470	-		101,421
Average risk weight	0.00%	0.00%	21.66%	56.97%	0.00%	0.00%	93.41%	0.00%		
Deduction from capital base	-	-	-	-	-	-	-	-		

Company No.

911666 D

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

31 CAPITAL ADEQUACY (CONTINUED)

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

Exposures after netting and credit risk mitigation (RM'000)										
31.12.2012	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
Risk weights										
0%	3,411	-	-	120	-	-	957	-	4,488	-
20%	-	-	314,092	-	-	-	-	-	314,092	62,818
50%	-	-	20,307	400	-	-	-	-	20,707	10,354
100%	-	-	-	1,084	-	-	16,213	-	17,297	17,297
Total exposures	3,411	-	334,399	1,604	-	-	17,170	-	356,584	90,469
Risk weighted assets by exposure	-	-	72,972	1,284	-	-	16,213	-		90,469
Average risk weight	0.00%	0.00%	21.82%	80.05%	0.00%	0.00%	94.43%	0.00%		
Deduction from capital base	-	-	-	-	-	-	-	-		

Company No.

911666 D

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

32 INTEREST RATE RISK

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

	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
<u>31 March 2013</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	157,437	-	-	-	-	-	-	157,437	3.00
Money at call and deposit placements maturing within one month	104,056	-	-	-	-	-	-	104,056	3.24
Deposits and placements with banks and other financial institutions	-	98,299	20,115	-	-	-	-	118,414	3.22
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	10,037	-	-	-	10,037	3.17
Loans, advances and financing	-	-	10,567	-	-	-	-	10,567	7.60
Other assets	-	-	-	-	-	355	-	355	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	5,137	-	5,137	-
Intangible assets	-	-	-	-	-	9,942	-	9,942	-
Total assets	261,493	98,299	30,682	10,037	-	15,534	-	416,045	

Company No.

911666 D

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

32 INTEREST RATE RISK (CONTINUED)

	Non-trading book						Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest sensitive RM'000			
<u>31 March 2013</u>									
<u>Liabilities</u>									
Deposits from customers	51,032	28,087	21,887	4,201	-	-	-	105,207	3.02
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	5,496	-	5,496	-
Total liabilities	<u>51,032</u>	<u>28,087</u>	<u>21,887</u>	<u>4,201</u>	<u>-</u>	<u>5,496</u>	<u>-</u>	<u>110,703</u>	
On balance sheet-interest rate gap	<u>210,461</u>	<u>70,212</u>	<u>8,795</u>	<u>5,836</u>	<u>-</u>	<u>10,038</u>	<u>-</u>	<u>305,342</u>	

Company No.

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

32 INTEREST RATE RISK

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 December 2012:

	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 2012</u>									
<u>Assets</u>									
Cash and balances with banks and other financial institutions	138,517	-	-	-	-	-	-	138,517	3.00
Money at call and deposit placements maturing within one month	98,842	-	-	-	-	-	-	98,842	3.18
Deposits and placements with banks and other financial institutions	-	95,274	6,034	-	-	-	-	101,308	3.19
Financial investments available-for-sale	-	-	-	-	-	-	-	-	-
Financial investments held-to-maturity	-	-	-	-	-	-	-	-	-
Loans, advances and financing	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	266	-	266	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	5,423	-	5,423	-
Intangible assets	-	-	-	-	-	10,525	-	10,525	-
Total assets	237,359	95,274	6,034	-	-	16,314	-	354,981	

Company No.

911666 D

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

32 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 2012</u>									
<u>Liabilities</u>									
Deposits from customers	4,063	32,933	7,074	130	-	-	-	44,200	3.00
Deposits and placements of banks and other financial institutions	-	-	-	-	-	-	-	-	-
Bills and acceptances payable	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	5,027	-	5,027	-
Total liabilities	<u>4,063</u>	<u>32,933</u>	<u>7,074</u>	<u>130</u>	<u>-</u>	<u>5,027</u>	<u>-</u>	<u>49,227</u>	
On balance sheet-interest rate gap	<u>233,296</u>	<u>62,342</u>	<u>(1,040)</u>	<u>(130)</u>	<u>-</u>	<u>11,287</u>	<u>-</u>	<u>305,755</u>	

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD

(Incorporated in Malaysia)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

33. SEGMENT INFORMATION

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

34. SUBSEQUENT EVENTS

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

35. REVIEW OF PERFORMANCE

For the financial quarter ended 31st March 2013, the Bank recorded a loss of RM 0.412 million mainly due to higher operating expenses. Interest income was RM 2.716 million which mainly comprised of interest income from placement with financial institutions. Interest expenses for the period amounted to RM 0.429 million and operating expenses for the first quarter amounted to RM 2.720 million.

Deposits from customers amounted to RM 105.2 million and loans and advances amounted to RM 10.57 million as at end of 31st March 2013. Shareholders fund as at end of March 2013 stood at RM 305.34 million.

36. BUSINESS PROSPECTS

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

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

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