

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**  
(Company No. 926374-U)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 JUNE 2013**

# SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	30 June 2013 RM'000	31 March 2013 RM'000
<b>Assets</b>			
Cash and short-term funds		1,194,999	1,095,919
Deposits and placements with banks and other financial institutions		494,998	250,000
Investment securities available-for-sale	10	64,885	64,656
Loans, advances and financing	11	1,068,310	1,095,987
Derivative financial assets		76,165	63,274
Other assets		9,629	7,872
Plant and equipment		8,328	9,056
Deferred tax assets		2,117	1,882
<b>Total assets</b>		<u>2,919,431</u>	<u>2,588,646</u>
<b>Liabilities</b>			
Deposits from customers	12	1,438,913	1,281,746
Deposits and placements of banks and other financial institutions	13	647,614	528,355
Bills and acceptances payable		2,346	2,684
Derivative financial liabilities		35,846	22,210
Other liabilities		50,633	14,937
Tax payable		2,893	4,708
<b>Total liabilities</b>		<u>2,178,245</u>	<u>1,854,640</u>
<b>Equity</b>			
Share capital		700,000	700,000
Reserves		41,186	34,006
<b>Total equity attributable to equity holder of the Bank</b>		<u>741,186</u>	<u>734,006</u>
<b>Total liabilities and equity</b>		<u>2,919,431</u>	<u>2,588,646</u>
<b>Commitments and contingencies</b>	24	<u>5,391,538</u>	<u>4,302,976</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2013 RM'000	30 June 2012 RM'000 Restated	30 June 2013 RM'000	30 June 2012 RM'000 Restated
Interest income	14	18,084	9,379	18,084	9,379
Interest expense	15	(7,553)	(4,989)	(7,553)	(4,989)
<b>Net interest income</b>		<u>10,531</u>	<u>4,390</u>	<u>10,531</u>	<u>4,390</u>
Other operating income	16	10,821	25,693	10,821	25,693
Net operating income		<u>21,352</u>	<u>30,083</u>	<u>21,352</u>	<u>30,083</u>
Other operating expenses	17	(11,992)	(11,062)	(11,992)	(11,062)
Operating profit		<u>9,360</u>	<u>19,021</u>	<u>9,360</u>	<u>19,021</u>
Allowance for impairment on loans, advances and financing	18	210	(720)	210	(720)
<b>Profit before taxation</b>		<u>9,570</u>	<u>18,301</u>	<u>9,570</u>	<u>18,301</u>
Tax expense		(2,442)	(4,563)	(2,442)	(4,563)
<b>Profit after taxation</b>		<u>7,128</u>	<u>13,738</u>	<u>7,128</u>	<u>13,738</u>
<b>Other comprehensive income for the period, net of income tax</b>					
Fair value changes of investment securities available-for-sale		52	19	52	19
<b>Total comprehensive income for the period</b>		<u><u>7,180</u></u>	<u><u>13,757</u></u>	<u><u>7,180</u></u>	<u><u>13,757</u></u>
Basic earnings per ordinary share (sen)		<u>1.03</u>	<u>1.97</u>	<u>1.03</u>	<u>1.97</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	← <i>Non-distributable reserves</i> →			<i>Distributable reserves</i>	<b>Total RM'000</b>
	<b>Share capital RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Available- for-sale reserve RM'000</b>	<b>Retained earnings/ (Accumulated losses) RM'000</b>	
<b>At 1 April 2013</b>	700,000	19,256	(42)	14,792	734,006
Profit for the period	-	-	-	7,128	7,128
Fair value changes of available-for-sale financial assets	-	-	52	-	52
<b>Total comprehensive income for the period</b>	-	-	52	7,128	7,180
<b>At 30 June 2013</b>	700,000	19,256	10	21,920	741,186
<b>At 1 April 2012</b>	350,000	3,170	(5)	(1,293)	351,872
Issuance of shares	350,000	-	-	-	350,000
Profit for the period	-	-	-	13,738	13,738
Fair value changes of available-for-sale financial assets	-	-	19	-	19
<b>Total comprehensive income for the period</b>	-	-	19	13,738	13,757
<b>At 30 June 2012</b>	700,000	3,170	14	12,445	715,629

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	<b>30 June 2013</b>	<b>30 June 2012</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
<b>Cash flows from operating activities</b>		
Profit from ordinary activities before taxation	9,570	18,301
Adjustments for non-cash items	912	(17,353)
Operating profit before working capital changes	10,482	948
Changes in working capital:		
Net changes in operating assets	(218,868)	(326,484)
Net changes in operating liabilities	311,784	(24,984)
Net cash generated from/ (used in) operating activities	103,398	(350,520)
Tax paid	(4,510)	(532)
<b>Net cash generated from/ (used in) operating activities</b>	<b>98,888</b>	<b>(351,052)</b>
Net cash generated from/ (used in) investing activities	192	(20,201)
Net cash generated from financing activities	-	350,000
<b>Net increase/ (decrease) in cash and cash equivalents during the financial period</b>	<b>99,080</b>	<b>(21,253)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>1,095,919</b>	<b>741,953</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,194,999</b>	<b>720,700</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short-term funds	1,194,999	720,700

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the first quarter and three months ended 30 June 2013 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”).

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Bank as at and for the financial year ended 31 March 2013. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 March 2013.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 March 2013, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations that have been issued by the MASB:-

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (as amended in June 2011)
- MFRS 127, Separate Financial Statements (as amended by IASB in May 2011)
- MFRS 128, Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Government Loans)
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle: Repeated Application of MFRS 1 and Borrowing Cost)
- Amendments to MFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**1. Basis of Preparation (Continued)**

- Amendments to MFRS 10, MFRS 11 and MFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle: Clarification of the Requirements for Comparative Information)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle: Classification of Servicing Equipment)
- Amendments to MFRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle: Tax Effect of Distribution to Holders of Equity Instruments)
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle: Interim Financial Reporting and Segment Information for Total Assets and Liabilities)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine

IC Interpretation 20 does not have any impact on the financial statements of the Bank as it is not relevant to the operations of the Bank. The adoption of the remaining MFRSs, Amendments to MFRSs and IC Interpretations do not have any material impact on the financial statements of the Bank.

The following MFRSs, Amendments to MFRSs have been issued by the MASB but are not yet effective:

Effective for annual periods commencing on or after 1 January 2014

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Effective for annual periods commencing on or after 1 January 2015

- MFRS 9, *Financial Instruments* (IFRS 9 issued by IASB in November 2009)
- MFRS 9, *Financial Instruments* (IFRS 9 issued by IASB in October 2010)

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**1. Basis of Preparation (Continued)**

Effective for annual periods commencing on or after 1 January 2015 (Continued)

- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures

The Bank plans to apply the abovementioned standards and amendments:-

- from the annual period beginning on 1 April 2014 for those standards and amendments that are effective for annual periods beginning on or after 1 January 2014
- from the annual period beginning on 1 April 2015 for those standards and amendments that are effective for annual periods beginning on or after 1 January 2015

Except for MFRS 9, the initial application of all the above applicable MFRSs and amendments is not expected to have any material impact on the financial statements upon their first adoption.

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Bank is currently assessing the financial impact of adopting MFRS 9.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2013 was not subject to any qualification.

**3. Seasonal or Cyclical Factors**

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

**4. Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the first quarter and three months ended 30 June 2013.



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**5. Changes in Estimates**

There was no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the first quarter and three months ended 30 June 2013.

**6. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the first quarter and three months ended 30 June 2013.

**7. Dividend**

No dividend was paid during the first quarter and three months ended 30 June 2013.

**8. Review of Performance**

The Bank recorded a profit before taxation of RM9.6 million for the first quarter ended 30 June 2013, a decrease of RM8.7 million compared to the previous corresponding quarter.

The lower profit before tax was mainly due to lower unrealised net gain on revaluation of derivatives by RM18.4 million, partly mitigated by higher net interest income of RM6.1 million and foreign exchange net gain of RM3.6 million.

Total assets at 30 June 2013 stood at RM2.9 billion, RM0.3 billion higher compared to 31 March 2013, with the bulk of the increase mainly invested in interbank lending market.

The Bank's Tier 1 capital ratio and total capital ratio stood high at 39.952% and 40.393% respectively.

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 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**9. Current Year Prospects**

Malaysia's GDP is expected to grow steadily at 5%-6% in year 2013 supported by moderate domestic demand and favorable economic outlook in the region. The Bank foresees that the growth of Malaysian banking industry to also remain stable for coming few years. For the financial year ending 31 March 2014, the Bank will continue to offer basic commercial banking services such as loan, deposit, foreign exchange, derivatives and cash management service to both Japanese and Non-Japanese clients. In order to grow sustainably, the Bank needs to strengthen its base income by capturing the flow of business of the clients. The Bank continues to make efforts to support the trade and investment between Japan and Malaysia which will contribute to further growth of Malaysian economy.

**10. Investments Securities Available-for-Sale**

	<b>30 June 2013 RM'000</b>	<b>31 March 2013 RM'000</b>
<b>At fair value</b>		
Bank Negara Malaysia Bills	58,219	54,714
Malaysian Government Treasury Bills	6,666	9,942
	64,885	64,656

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**11. Loans, Advances and Financing**

	<b>30 June 2013 RM'000</b>	<b>31 March 2013 RM'000</b>
<b>(a) By type:</b>		
At amortised cost:		
Syndicated term loans	287,357	290,607
Other term loans	366,593	360,515
Trade bills discounted	2,523	2,859
Revolving credits	412,375	450,289
Factoring receivables	7,535	-
Gross loans, advances and financing	1,076,383	1,104,270
Less: Allowance for impairment		
- Collective allowance for impairment	(8,073)	(8,283)
Net loans, advances and financing	1,068,310	1,095,987
<b>(b) By type of customer:</b>		
Domestic non-bank financial institutions	212,443	253,838
Domestic business enterprises	657,469	639,853
Foreign entities	206,471	210,579
Gross loans, advances and financing	1,076,383	1,104,270
<b>(c) By geographical distribution:</b>		
Malaysia	869,912	893,691
Other countries	206,471	210,579
Gross loans, advances and financing	1,076,383	1,104,270
<b>(d) By interest rate sensitivity:</b>		
Fixed rate		
- Other fixed rate loans	71,380	73,146
Variable rate		
- Cost-plus	510,991	539,600
- Other variable rates	494,012	491,524
Gross loans, advances and financing	1,076,383	1,104,270

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**11. Loans, Advances and Financing (Continued)**

	<b>30 June 2013 RM'000</b>	<b>31 March 2013 RM'000</b>
<b>(e) By sector:</b>		
Manufacturing	434,975	412,579
Electricity, gas and water	77,609	77,631
Construction	5,152	1,050
Wholesale and retail trade, and restaurants and hotels	54,207	60,508
Transport, storage and communication	80,886	80,028
Finance, insurance, real estate and business services	423,554	472,474
Gross loans, advances and financing	<u>1,076,383</u>	<u>1,104,270</u>
<b>(f) By economic purposes:</b>		
Working Capital	838,456	861,588
Purchase of non-residential property		
- Commercial complexes	121,941	117,720
- Purchase of fixed assets other than land and building	7,584	7,597
Construction	9,027	9,536
Other purpose	99,375	107,829
Gross loans, advances and financing	<u>1,076,383</u>	<u>1,104,270</u>
<b>(g) By residual contractual maturity:</b>		
Maturing within one year	391,939	427,128
One year to three years	102,837	106,608
Three years to five years	385,637	379,140
More than five years	195,970	191,394
Gross loans, advances and financing	<u>1,076,383</u>	<u>1,104,270</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**11. Loans, Advances and Financing (Continued)**

	<b>30 June 2013 RM'000</b>	<b>31 March 2013 RM'000</b>
<b>(h) Movements in collective allowance for impairment on loans, advances and financing:</b>		
At beginning of the financial period	8,283	2,770
Allowance made/ (written back) during the financial period	(210)	5,513
At end of the financial period	8,073	8,283
 (As % of gross loans, advances and financing (net of individual allowance))	 0.75%	 0.75%

**12. Deposits from Customers**

	<b>30 June 2013 RM'000</b>	<b>31 March 2013 RM'000</b>
<b>(a) By type of deposits:</b>		
Demand deposits	520,344	453,839
Fixed deposits	392,456	322,685
Short-term deposits	526,113	505,222
	1,438,913	1,281,746
<b>(b) By type of customers:</b>		
Domestic non-bank financial institutions	43,534	62,737
Domestic business enterprises	1,388,350	1,209,422
Foreign non-bank entities	7,029	9,587
	1,438,913	1,281,746
<b>(c) Maturity structure of fixed deposits:</b>		
Due within six months	379,090	316,119
Six months to one year	13,366	6,566
	392,456	322,685

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**13. Deposits and Placements of Banks and Other Financial Institutions**

	<b>30 June 2013 RM'000</b>	<b>31 March 2013 RM'000</b>
Licensed Malaysian banks	50,000	80,000
Foreign banks	597,614	448,355
	647,614	528,355

**14. Interest Income**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
Loans, advances and financing				
- Interest income other than from impaired loans	7,317	3,664	7,317	3,664
Money at call and deposit placements with banks and other financial institutions	10,229	5,491	10,229	5,491
Accretion of discount on debt securities held	437	224	437	224
Others	101	-	101	-
	18,084	9,379	18,084	9,379

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**15. Interest Expense**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
Deposits and placement of bank and other financial institutions	793	623	793	623
Deposits from customers	6,113	4,316	6,113	4,316
Others	647	50	647	50
	<u>7,553</u>	<u>4,989</u>	<u>7,553</u>	<u>4,989</u>

**16. Other Operating Income**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
Fee and commission income				
- Service charges/fees	21	5	21	5
- Guarantee fees	67	35	67	35
- Loan related fees	65	930	65	930
- Commitment fees	89	-	89	-
	<u>242</u>	<u>970</u>	<u>242</u>	<u>970</u>
Gain from derivative financial instruments	1,938	1,106	1,938	1,106
Unrealised net gain on revaluation of derivatives	484	18,945	484	18,945

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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**16. Other Operating Income (Continued)**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
Foreign exchange net gain	6,868	3,250	6,868	3,250
Other income				
- Management fees	872	1,024	872	1,024
- Rental of fixed assets	343	364	343	364
- Miscellaneous income	74	34	74	34
	<u>1,289</u>	<u>1,422</u>	<u>1,289</u>	<u>1,422</u>
	<u>10,821</u>	<u>25,693</u>	<u>10,821</u>	<u>25,693</u>

**17. Other Operating Expenses**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
<b>Personnel costs</b>				
Salaries, allowance and bonuses	3,317	2,712	3,317	2,712
Employees' provident fund	273	197	273	197
Staff training expenses	66	87	66	87
Other personnel expenses	1,455	1,413	1,455	1,413
	<u>5,111</u>	<u>4,409</u>	<u>5,111</u>	<u>4,409</u>



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

**17. Other Operating Expenses (Continued)**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
<b>Establishment costs</b>				
Rental of premises	231	231	231	231
Depreciation	814	767	814	767
Repair and maintenance	20	71	20	71
Other establishment expenses	1,637	1,446	1,637	1,446
	<u>2,702</u>	<u>2,515</u>	<u>2,702</u>	<u>2,515</u>
<b>Marketing expenses</b>				
Advertisement and publicity	15	15	15	15
Other marketing expenses	7	25	7	25
	<u>22</u>	<u>40</u>	<u>22</u>	<u>40</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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**17. Other Operating Expenses (Continued)**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Administration and general expenses</b>				
Auditors' remuneration				
- Statutory audit	45	40	45	40
- Other services	25	10	25	10
Professional fees	37	31	37	31
Communication expenses	86	96	86	96
Management fees	3,418	3,368	3,418	3,368
License fees and stamp duties	28	28	28	28
Non-executive directors' fees and allowances	64	47	64	47
Other administration and general expenses	454	478	454	478
	<u>4,157</u>	<u>4,098</u>	<u>4,157</u>	<u>4,098</u>
	<u>11,992</u>	<u>11,062</u>	<u>11,992</u>	<u>11,062</u>

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**18. Allowance for Impairment on Loans, Advances and Financing**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
Collective impairment allowance made/ (written back)	(210)	720	(210)	720

**19. Segmental Reporting on Revenue, Profit and Assets**

Segmental reporting has not been prepared as there are no other segments other than the commercial banking segment.

**20. Subsequent Events**

There were no significant events subsequent to the statement of financial position date which have not been disclosed in these unaudited condensed interim financial statements.

**21. Changes in the Composition of the Bank**

There were no significant changes in the composition of the Bank during the first quarter and three months ended 30 June 2013.

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**22. Use of Financial Instruments**

Interest rate risk

The tables below summarise the Bank's financial instruments at carrying amounts, categorised by contractual re-pricing or maturity dates.

	← Non-trading book →					Non-Interest bearing RM'000	Trading book RM'000	Total RM'000
	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			
<b>30 June 2013</b>								
<b><u>Assets</u></b>								
Cash and short-term funds	1,189,298	-	-	-	-	5,701	-	1,194,999
Deposits and placements with banks and other financial institutions	-	494,998	-	-	-	-	-	494,998
Investment securities available-for-sale	29,983	34,902	-	-	-	-	-	64,885
Loans, advances and financing	1,073	2,826	38,715	652,881	380,888	(8,073) ^	-	1,068,310
Other assets	1,934	857	-	4,451	-	2,096	-	9,338
Derivative financial assets	12,319	8,465	18,101	2,022	-	-	35,258	76,165
<b>Total assets</b>	<b>1,234,607</b>	<b>542,048</b>	<b>56,816</b>	<b>659,354</b>	<b>380,888</b>	<b>(276)</b>	<b>35,258</b>	<b>2,908,695</b>

^ The negative balance represents collective allowance for impairment on loans, advances and financing.

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**22. Use of Financial Instruments (Continued)**

Interest rate risk (continued)

	←————— Non-trading book —————→						Trading book RM'000	Total RM'000
	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 bearing RM'000		
<b>30 June 2013</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	(810,900)	(48,805)	(58,866)	-	-	(520,342)	-	(1,438,913)
Deposits and placements of banks and other financial institutions	(50,000)	(218,239)	(94,997)	(167,208)	(116,174)	(996)	-	(647,614)
Other liabilities	(132)	-	(2,077)	(84)	(221)	(47,554)	-	(50,068)
Derivative financial liabilities	-	-	-	-	-	-	-	-
Total liabilities	<u>(861,032)</u>	<u>(267,044)</u>	<u>(155,940)</u>	<u>(167,292)</u>	<u>(116,395)</u>	<u>(568,892)</u>	<u>-</u>	<u>(2,136,595)</u>
On balance sheet interest rate gap	373,575	275,004	(99,124)	492,062	264,493	(569,168)	35,258	772,100
Off balance sheet interest rate gap	(2,000)	399,144	(25,500)	(168,983)	(202,661)	-	-	-
Total interest rate gap	<u>371,575</u>	<u>674,148</u>	<u>(124,624)</u>	<u>323,079</u>	<u>61,832</u>	<u>(569,168)</u>	<u>35,258</u>	<u>772,100</u>

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**22. Use of Financial Instruments (Continued)**

Interest rate risk (continued)

	← Non-trading book →						Trading book RM'000	Total RM'000
	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 bearing RM'000		
<b>31 March 2013</b>								
<b><u>Assets</u></b>								
Cash and short-term funds	1,079,907	-	-	-	-	16,012	-	1,095,919
Deposits and placements with banks and other financial institutions	-	250,000	-	-	-	-	-	250,000
Investment securities available-for- sale	9,989	54,667	-	-	-	-	-	64,656
Loans, advances and financing	695	658	5,485	675,031	422,401	(8,283) ^	-	1,095,987
Other assets	5,826	867	-	-	-	990	-	7,683
Derivative financial assets	2,188	2,493	10,310	1,128	3,017	-	44,138	63,274
<b>Total assets</b>	<b>1,098,605</b>	<b>308,685</b>	<b>15,795</b>	<b>676,159</b>	<b>425,418</b>	<b>8,719</b>	<b>44,138</b>	<b>2,577,519</b>

^ The negative balance represents collective allowance for impairment on loans, advances and financing.

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**22. Use of Financial Instruments (Continued)**

Interest rate risk (continued)

	←————— Non-trading book —————→						Trading book RM'000	Total RM'000
	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 bearing RM'000		
<b>31 March 2013</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	(682,313)	(107,315)	(38,281)	-	-	(453,837)	-	(1,281,746)
Deposits and placements of banks and other financial institutions	(98,980)	(33,750)	(117,346)	(163,167)	(113,849)	(1,263)	-	(528,355)
Other liabilities	(1,088)	(440)	(733)	(45)	(93)	(12,300)	-	(14,699)
Derivative financial liabilities	-	-	-	-	-	-	(22,210)	(22,210)
Total liabilities	<u>(782,381)</u>	<u>(141,505)</u>	<u>(156,360)</u>	<u>(163,212)</u>	<u>(113,942)</u>	<u>(467,400)</u>	<u>(22,210)</u>	<u>(1,847,010)</u>
On balance sheet interest rate gap	316,224	167,180	(140,565)	512,947	311,476	(458,681)	21,928	730,509
Off balance sheet interest rate gap	(500)	394,436	(21,500)	(174,673)	(197,763)	-	-	-
Total interest rate gap	<u>315,724</u>	<u>561,616</u>	<u>(162,065)</u>	<u>338,274</u>	<u>113,713</u>	<u>(458,681)</u>	<u>21,928</u>	<u>730,509</u>

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**22. Use of Financial Instruments (Continued)**

Interest rate risk (continued)

	<b>30 June 2013</b>		<b>31 March 2013</b>	
	<b>MYR</b>	<b>USD</b>	<b>MYR</b>	<b>USD</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Financial assets</b>				
Cash and short-term funds	3.06	0.32	3.08	0.14
Deposits and placements with banks and other financial institutions	3.13	0.68	3.19	-
Loans, advances and financing	4.06	1.50	4.04	1.51
<b>Financial liabilities</b>				
Deposits from customers	3.02	0.16	3.02	0.18
Deposits and placements of banks and other financial institutions	3.06	0.37	3.10	0.38



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**23. Capital Adequacy**

Capital adequacy ratios of the Bank are computed in accordance with BNM's Risk-Weighted Capital Adequacy Framework (RWCAF)- Basel III.

The capital adequacy ratios of the Bank are analysed as follows:

	<b>30 June 2013 RM'000</b>	<b>31 March 2013 RM'000</b>	
<b><u>Tier 1 Capital</u></b>			
Paid-up ordinary share capital	700,000	700,000	
Retained earnings	14,792	14,792	
Statutory reserve	19,256	19,256	
Available-for-sale reserve	4	(42)	
	<u>734,052</u>	<u>734,006</u>	
Less: Deferred tax assets	(1,882)	(1,882)	
Common Equity Tier 1 (CET 1) and Tier-1 Capital	<u>732,170</u>	<u>732,124</u>	
<b><u>Tier 2 Capital</u></b>			
Collective allowance for impairment	8,073	8,283	
Tier 2 Capital	<u>8,073</u>	<u>8,283</u>	
Total capital	<u>740,243</u>	<u>740,407</u>	
<b><u>Capital ratios</u></b>			
CET 1 and Tier 1 Capital Ratio	39.952%	42.925%	*
Total Capital Ratio	40.393%	43.410%	*

\* The comparative percentages have been restated from two decimal places to three decimal places in accordance with revised Guidelines on Financial Reporting issued by BNM on 28 June 2013.

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**23. Capital Adequacy (Continued)**

Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows :

	<b>30 June 2013 RM'000</b>	<b>31 March 2013 RM'000</b>
Credit risk	1,645,872	1,496,638
Market risk	83,715	74,439
Operational risk	103,033	134,531
Total risk-weighted assets	<u>1,832,620</u>	<u>1,705,608</u>

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**24. Commitments and Contingencies**

In the ordinary 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 commitment and contingencies are as follows:

	← 30 June 2013 →			← 31 March 2013 →		
	Principal amount RM'000	Credit equivalent* RM'000	Risk- weighted assets RM'000	Principal amount RM'000	Credit equivalent* RM'000	Risk- weighted assets RM'000
Transaction related contingent items	81,372	40,686	27,653	87,084	43,542	30,546
Short-term self-liquidating trade-related contingencies	738	148	148	929	186	186
Foreign exchange related contracts:						
One year or less	2,325,709	75,120	40,314	1,886,538	43,716	26,535
Over one year to five years	1,961,199	227,923	92,893	1,506,424	185,273	67,612
Over five years	71,844	33,490	8,835	71,930	36,247	9,672
Interest/ profit rate related contracts						
One year or less	26,500	68	14	22,000	70	14
Over one year to five years	171,483	6,986	3,860	174,673	7,048	4,973
Over five years	202,661	21,714	11,943	197,763	20,816	16,348
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	147,789	73,894	73,894	51,186	25,593	25,593
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	402,243	80,449	74,048	304,449	60,890	60,890
<b>Total</b>	<b>5,391,538</b>	<b>560,478</b>	<b>333,602</b>	<b>4,302,976</b>	<b>423,381</b>	<b>242,369</b>

\* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factor as per Bank Negara Malaysia Guidelines.

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**25. Comparative Figures**

The presentation and classification of items in the current financial statements are consistent with the previous financial year except for the followings:

Restatement upon revision of collective impairment provision model used:

	<b>As restated RM'000</b>	<b>As previously stated RM'000</b>
<b>1 April 2012</b>		
<b>Statement of Changes in Equity</b>		
Statutory Reserve	3,170	2,132
Accumulated losses	(1,293)	(2,332)
	<b>As restated RM'000</b>	<b>As previously stated RM'000</b>
<b>30 June 2012</b>		
<b>Statement of Comprehensive Income</b>		
Allowance for impairment on loans, advances and financing	(720)	(1,440)
Tax expense	(4,563)	(4,383)
<b>Statement of Cash Flows</b>		
Adjustments for non-cash items	(17,353)	(19,513)
Net changes in operating assets	(326,484)	(323,604)

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**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 30 June 2013 have been prepared from the Bank's accounting and other records and they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and the Revised Guidelines on Financial Reporting issued by Bank Negara Malaysia on 28 June 2013.

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Yasuhiro Oashi  
Chief Executive Officer

Date: 26 August 2013