

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**30 JUNE 2015**

# 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 2015

	Note	30 June 2015 RM'000	31 March 2015 RM'000
<b>Assets</b>			
Cash and short-term funds		3,251,674	4,038,925
Deposits and placements with banks and other financial institutions		1,109,469	637,033
Investment securities available-for-sale	11	199,733	129,654
Loans, advances and financing	12	3,227,113	2,774,951
Derivative financial assets		443,723	380,250
Other assets		11,449	7,315
Statutory deposits with Bank Negara Malaysia		4,959	-
Plant and equipment		19,766	20,253
Tax recoverable		9,026	7,685
<b>Total assets</b>		<u>8,276,912</u>	<u>7,996,066</u>
<b>Liabilities</b>			
Deposits from customers	13	3,806,908	3,746,038
Deposits and placements of banks and other financial institutions	14	2,079,239	2,866,292
Bills and acceptances payable		1,094	749
Derivative financial liabilities		378,420	317,134
Other liabilities		321,060	257,947
Deferred tax liabilities		12,839	13,033
<b>Total liabilities</b>		<u>6,599,560</u>	<u>7,201,193</u>
<b>Equity</b>			
Share capital		1,575,000	700,000
Reserves		67,485	66,416
Retained earnings		34,867	28,457
<b>Total equity attributable to equity holder of the Bank</b>		<u>1,677,352</u>	<u>794,873</u>
<b>Total liabilities and equity</b>		<u>8,276,912</u>	<u>7,996,066</u>
<b>Commitments and contingencies</b>	25	<u>10,973,020</u>	<u>10,721,508</u>

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Interest income	15	46,238	25,432	46,238	25,432
Interest expense	16	(26,048)	(12,291)	(26,048)	(12,291)
<b>Net interest income</b>		20,190	13,141	20,190	13,141
Other operating income	17	9,193	7,673	9,193	7,673
Net operating income		29,383	20,814	29,383	20,814
Other operating expenses	18	(15,172)	(13,321)	(15,172)	(13,321)
Operating profit		14,211	7,493	14,211	7,493
Allowance for impairment on loans, advances and financing	19	(4,363)	(1,476)	(4,363)	(1,476)
<b>Profit before taxation</b>		9,848	6,017	9,848	6,017
Tax expense		(2,324)	(1,681)	(2,324)	(1,681)
<b>Profit after taxation</b>		7,524	4,336	7,524	4,336
<b>Other comprehensive income for the period, net of income tax</b>					
Fair value changes of investment securities available-for-sale		(45)	30	(45)	30
<b>Total comprehensive income for the period</b>		7,479	4,366	7,479	4,366
Basic earnings per ordinary share (sen)		0.76	0.62	0.76	0.62

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	← <i>Non-distributable reserves</i> →				<i>Distributable reserves</i>	
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available- for-sale reserve RM'000	Retained earnings RM'000	Total RM'000
<b>At 1 April 2015</b>	700,000	49,673	16,751	(8)	28,457	794,873
Issuance of shares	875,000	-	-	-	-	875,000
Profit for the period	-	-	-	-	7,524	7,524
Fair value changes of available-for-sale financial assets	-	-	-	(45)	-	(45)
<b>Total comprehensive income for the period</b>	-	-	-	(45)	7,524	7,479
Transfer to regulatory reserve	-	-	1,114	-	(1,114)	-
<b>At 30 June 2015</b>	<u>1,575,000</u>	<u>49,673</u>	<u>17,865</u>	<u>(53)</u>	<u>34,867</u>	<u>1,677,352</u>
<b>At 1 April 2014</b>	700,000	33,006	-	(47)	28,542	761,501
Profit for the period	-	-	-	-	4,336	4,336
Fair value changes of available-for-sale financial assets	-	-	-	30	-	30
<b>Total comprehensive income for the period</b>	-	-	-	30	4,336	4,366
<b>At 30 June 2014</b>	<u>700,000</u>	<u>33,006</u>	<u>-</u>	<u>(17)</u>	<u>32,878</u>	<u>765,867</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit from ordinary activities before taxation	9,848	6,017
Adjustments for non-cash items	2,724	3,497
Operating profit before working capital changes	12,572	9,514
Changes in working capital:		
Net changes in operating assets	(938,054)	(237,889)
Net changes in operating liabilities	(662,725)	361,260
Net cash (used in)/ generated from operating activities	(1,588,207)	132,885
Tax paid	(3,851)	(2,581)
<b>Net cash (used in)/ generated from operating activities</b>	(1,592,058)	130,304
Net cash (used in)/ generated from investing activities	(70,193)	121
Net cash generated from financing activities	875,000	-
<b>Net (decrease)/ increase in cash and cash equivalents during the financial period</b>	(787,251)	130,425
<b>Cash and cash equivalents at beginning of the financial period</b>	4,038,925	1,661,183
<b>Cash and cash equivalents at end of the financial period</b>	3,251,674	1,791,608
<b>Cash and cash equivalents comprise:</b>		
Cash and balances with banks and other financial institutions	30,980	7,772
Money at call and deposit placements maturing within one month	3,220,694	1,783,836
	3,251,674	1,791,608

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the first quarter and three months ended 30 June 2015 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 2015. 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 2015.

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 2015, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations that have been issued by the MASB:-

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*  
Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits- Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

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

- Amendments to MFRS 140, *Investment Properties (Annual Improvements 2011-2013 Cycle)*

The following MFRSs, Amendments to MFRSs and IC Interpretations have been issued by the Malaysian Accounting Standards Board (“MASB”) and are not yet effective for the Bank.

***Effective for annual periods beginning on or after 1 January 2016***

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements- Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

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

*Effective for annual periods beginning on or after 1 January 2017*

- MFRS 15, *Revenue from Contracts with Customers*

*Effective for annual periods beginning on or after 1 January 2018*

- MFRS 9, *Financial Instruments (2014)*

The initial application of the applicable standards and amendments are not expected to have any material financial impact to the current and prior period financial statements of the Bank except as mentioned below:

**MFRS 9, *Financial Instruments***

In November 2014, MASB issued the final version of MFRS 9 which replaces all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Due to the complexity of the standard and its requirement, the Bank is currently assessing the financial impact that may arise from the adoption of 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 2015 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 2015.



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

**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 2015.

**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 2015.

**7. Dividend**

No dividend was paid during the first quarter and three months ended 30 June 2015.

**8. Issuance of shares**

On 28 May 2015, the Bank increased its authorised share capital from RM1,200,000,000 to RM1,575,000,000 by the creation of 375,000,000 ordinary shares of RM1.00 each.

On the same date, the Bank allotted 875,000,000 ordinary shares of RM1.00 each at par to the holding corporation of the Bank, Sumitomo Mitsui Banking Corporation for a cash consideration of RM875,000,000 for business expansion.

**9. Review of Performance**

The Bank recorded a profit before taxation of RM9.8 million for the first quarter ended 30 June 2015, an increase of RM3.8 million or 63.3% compared to the previous corresponding quarter. The higher profit was due to higher net operating income of RM8.6 million, mitigated by higher operating expenses of RM1.9 million, higher allowance for impairment on loans, advances and financing of RM2.9 million.

Total assets at 30 June 2015 stood at RM8,276.9 million, RM280.8 million or 3.5% higher compared against 31 March 2015. Deposits and placements with banks and other financial institutions recorded an increase of RM472.5 million, followed by increases in loans, advances and financing of RM452.1 million, investment securities available-for-sale of RM70.0 million and derivative financial assets of RM63.5 million. Cash and short term funds has recorded a decrease of RM787.2 million as compared to 31 March 2015.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

**10. Current Year Prospects**

Malaysia's GDP is expected to grow steadily at 4.5%-5.5% in year 2015. Although buffered by the slump in oil prices, Malaysia's economy is projected to post growth through the year 2015 which is more moderate than last year's rate but still solid. The Bank also foresees the growth of Malaysian banking industry to remain stable for the coming few years. For the financial year ending 31 March 2016, the Bank will continue to offer basic commercial banking services such as loans, deposits, foreign exchange, derivatives, cash management services and Foreign Currency Islamic Finance to both Japanese and Non-Japanese customers. In order to grow sustainably, the Bank needs to strengthen its base income by capturing the flow of business of its clients. The Bank continues to make efforts to support trade and investment between Japan and Malaysia which will contribute to further growth of the Malaysian economy.

In addition, the Bank has obtained Bank Negara Malaysia's approval to commence its Islamic Finance business on 10 March 2014 (ICBU). The Bank will focus to meet customers' needs in Islamic Finance by developing a variety of Shariah compliant products.

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

	<b>30 June 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>At fair value</b>		
Bank Negara Malaysia Bills	34,699	89,663
Malaysian Government Treasury Bills	165,034	39,991
	199,733	129,654

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

**12. Loans, Advances and Financing**

	<b>30 June 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>(a) By type:</b>		
At amortised cost:		
Overdrafts	28,869	-
Term loans		
- Syndicated loans	722,322	500,267
- Bridging loans	12,161	9,826
- Factoring receivables	50,969	45,986
- Other term loans	1,104,048	820,196
Revolving credits	1,329,858	1,415,427
Gross loans, advances and financing	<u>3,248,227</u>	<u>2,791,702</u>
Less: Impairment provision	<u>(21,114)</u>	<u>(16,751)</u>
Net loans, advances and financing	<u>3,227,113</u>	<u>2,774,951</u>
<b>(b) By type of customer:</b>		
Domestic non-bank financial institutions	768,143	683,241
Domestic business enterprises	2,099,176	1,744,412
Foreign entities	380,908	364,049
Gross loans, advances and financing	<u>3,248,227</u>	<u>2,791,702</u>
<b>(c) By geographical distribution:</b>		
Malaysia	2,867,319	2,427,653
Other countries	380,908	364,049
Gross loans, advances and financing	<u>3,248,227</u>	<u>2,791,702</u>
<b>(d) By interest rate sensitivity:</b>		
Fixed rate		
- Other fixed rate loans	139,462	143,254
Variable rate		
- BLR-plus	508	-
- Cost-plus	1,094,372	1,031,204
- Other variable rates	2,013,885	1,617,244
Gross loans, advances and financing	<u>3,248,227</u>	<u>2,791,702</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

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

	<b>30 June 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>(e) By sector:</b>		
Primary agriculture	29,345	28,805
Mining and quarrying	249,331	325,946
Manufacturing	953,786	724,565
Electricity, gas and water	127,182	127,311
Construction	33,450	32,839
Wholesale and retail trade, and restaurants and hotels	174,855	177,140
Transport, storage and communication	125,877	96,646
Finance, insurance, real estate and business services	1,363,715	1,102,352
Real estate	170,615	156,020
Education, health and others	20,071	20,078
Gross loans, advances and financing	<u>3,248,227</u>	<u>2,791,702</u>
<b>(f) By economic purposes:</b>		
Purchase of residential property	28,436	28,446
Purchase of non-residential property - Commercial complexes	309,799	137,081
Purchase of fixed assets other than land and building	217,273	193,700
Construction	46,507	44,127
Working Capital	2,321,893	2,229,561
Other purpose	324,319	158,787
Gross loans, advances and financing	<u>3,248,227</u>	<u>2,791,702</u>
<b>(g) By residual contractual maturity:</b>		
Maturing within one year	1,711,117	1,704,595
One year to three years	797,123	622,584
Three years to five years	569,404	295,813
More than five years	170,583	168,710
Gross loans, advances and financing	<u>3,248,227</u>	<u>2,791,702</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

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

	<b>30 June 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>(h) Movements in collective allowance for impairment on loans, advances and financing:</b>		
At beginning of the financial period	16,751	10,925
Allowance made during the financial period	4,363	5,826
At end of the financial period	21,114	16,751
 (As % of gross loans, advances and financing (net of individual allowance))	 0.65%	 0.60%

**13. Deposits from Customers**

	<b>30 June 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b>(a) By type of deposits:</b>		
Demand deposits	1,135,002	1,150,021
Fixed deposits	759,677	587,797
Short-term deposits	1,912,229	2,008,220
	3,806,908	3,746,038
<b>(b) By type of customers:</b>		
Domestic non-bank financial institutions	106,575	89,206
Domestic business enterprises	3,599,923	3,589,006
Foreign non-bank entities	100,410	67,826
	3,806,908	3,746,038
<b>(c) Maturity structure of fixed deposits:</b>		
Due within six months	741,018	576,688
Six months to one year	18,659	11,109
	759,677	587,797

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

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

	<b>30 June 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Licensed Malaysian Bank	154,289	-
Foreign banks		
- Immediate holding company	1,563	1,466
- Other related corporations	1,923,387	2,864,826
	2,079,239	2,866,292

**15. Interest Income**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>
Loans, advances and financing				
- Interest income other than from impaired loans	18,190	11,471	18,190	11,471
Money at call and deposit placements with banks and other financial institutions	26,246	13,192	26,246	13,192
Investment securities available-for-sale	1,720	647	1,720	647
Others	82	122	82	122
	46,238	25,432	46,238	25,432

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015****16. Interest Expense**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>
Deposits and placement of bank and other financial institutions	3,981	1,223	3,981	1,223
Deposits from customers	21,896	10,231	21,896	10,231
Investment securities available-for-sale	89	56	89	56
Others	82	781	82	781
	<u>26,048</u>	<u>12,291</u>	<u>26,048</u>	<u>12,291</u>

**17. Other Operating Income**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>
Fee and commission income				
- Service charges/ fees	16	10	16	10
- Guarantee fees	150	120	150	120
- Loan related fees	267	262	267	262
- Commitment fees	264	148	264	148
	<u>697</u>	<u>540</u>	<u>697</u>	<u>540</u>
Gain from derivative financial instruments	<u>2,094</u>	<u>2,512</u>	<u>2,094</u>	<u>2,512</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

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

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>
Unrealised net loss on revaluation of derivatives	(608)	(2,278)	(608)	(2,278)
Foreign exchange net gain	6,614	5,562	6,614	5,562
Other income				
- Management fees	(326)	968	(326)	968
- Rental of fixed assets	475	156	475	156
- Miscellaneous income	247	213	247	213
	<u>396</u>	<u>1,337</u>	<u>396</u>	<u>1,337</u>
	<u>9,193</u>	<u>7,673</u>	<u>9,193</u>	<u>7,673</u>



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

**18. Other Operating Expenses**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>
<b>Personnel costs</b>				
Salaries, allowance and bonuses	4,504	3,738	4,504	3,738
Employees' provident fund	438	272	438	272
Staff training expenses	52	74	52	74
Other personnel expenses	1,970	1,780	1,970	1,780
	<u>6,964</u>	<u>5,864</u>	<u>6,964</u>	<u>5,864</u>
<b>Establishment costs</b>				
Rental of premises	447	280	447	280
Depreciation	1,029	431	1,029	431
Repair and maintenance	51	65	51	65
Other establishment expenses	2,335	2,181	2,335	2,181
	<u>3,862</u>	<u>2,957</u>	<u>3,862</u>	<u>2,957</u>
<b>Marketing expenses</b>				
Advertisement and publicity	12	20	12	20
Other marketing expenses	27	24	27	24
	<u>39</u>	<u>44</u>	<u>39</u>	<u>44</u>

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

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>
<b>Administration and general expenses</b>				
Auditors' remuneration				
- Statutory audit	49	49	49	49
- Other services	25	25	25	25
Professional fees	125	114	125	114
Communication expenses	86	84	86	84
Management fees	3,254	3,344	3,254	3,344
License fees and stamp duties	40	28	40	28
Non-executive directors' fees and allowances	95	124	95	124
Other administration and general expenses	633	688	633	688
	<u>4,307</u>	<u>4,456</u>	<u>4,307</u>	<u>4,456</u>
	<u>15,172</u>	<u>13,321</u>	<u>15,172</u>	<u>13,321</u>

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

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>	<b>30 June 2015 RM'000</b>	<b>30 June 2014 RM'000</b>
Collective impairment allowance made	<u>4,363</u>	<u>1,476</u>	<u>4,363</u>	<u>1,476</u>

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**20. 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.

**21. 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.

**22. 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 2015.

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**23. 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 →						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 2015</b>								
<b><u>Assets</u></b>								
Cash and short-term funds	3,221,708	-	-	-	-	29,966	-	3,251,674
Deposits and placements with banks and other financial institutions	-	1,109,469	-	-	-	-	-	1,109,469
Investment securities available-for-sale	39,932	50,081	109,720	-	-	-	-	199,733
Loans, advances and financing	1,128,153	341,664	245,452	1,362,940	170,018	(21,114) ^	-	3,227,113
Other assets	3,016	1,889	1,490	-	-	4,350	-	10,745
Derivative assets	16,417	6,727	15,698	33,136	2,560	-	369,185	443,723
Statutory deposits with BNM	-	-	-	-	-	4,959	-	4,959
<b>Total assets</b>	<b>4,409,226</b>	<b>1,509,830</b>	<b>372,360</b>	<b>1,396,076</b>	<b>172,578</b>	<b>18,161</b>	<b>369,185</b>	<b>8,247,416</b>

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

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**23. 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 2015</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	(1,461,999)	(1,209,911)	-	-	-	(1,134,998)	-	(3,806,908)
Deposits and placements of banks and other financial institutions	(977,454)	(847,116)	-	(127,645)	(124,840)	(2,184)	-	(2,079,239)
Bills and acceptances payable	-	-	(1,094)	-	-	-	-	(1,094)
Other liabilities	(303,635)	(516)	-	(20)	(214)	(16,675)	-	(321,060)
Derivative liabilities	-	-	-	-	-	-	(378,420)	(378,420)
<b>Total liabilities</b>	<b>(2,743,088)</b>	<b>(2,057,543)</b>	<b>(1,094)</b>	<b>(127,665)</b>	<b>(125,054)</b>	<b>(1,153,857)</b>	<b>(378,420)</b>	<b>(6,586,721)</b>
On balance sheet interest rate gap	1,666,138	(547,713)	371,266	1,268,411	47,524	(1,135,696)	(9,235)	1,660,695
Off balance sheet interest rate gap	-	396,661	(10,000)	(162,921)	(223,740)	-	-	-
<b>Total interest rate gap</b>	<b>1,666,138</b>	<b>(151,052)</b>	<b>361,266</b>	<b>1,105,490</b>	<b>(176,216)</b>	<b>(1,135,696)</b>	<b>(9,235)</b>	<b>1,660,695</b>

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**23. 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 2015</b>								
<b><u>Assets</u></b>								
Cash and short-term funds	3,118,459	-	-	-	-	920,466	-	4,038,925
Deposits and placements with banks and other financial institutions	-	637,033	-	-	-	-	-	637,033
Investment securities available- for-sale	34,954	54,709	39,991	-	-	-	-	129,654
Loans, advances and financing	29,396	19,289	654,444	1,835,715	252,858	(16,751) ^	-	2,774,951
Other assets	1,751	870	183	-	-	3,908	-	6,712
Derivative financial assets	5,102	10,341	22,165	28,024	2,515	-	312,103	380,250
<b>Total assets</b>	<b>3,189,662</b>	<b>722,242</b>	<b>716,783</b>	<b>1,863,739</b>	<b>255,373</b>	<b>907,623</b>	<b>312,103</b>	<b>7,967,525</b>

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

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**23. 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 2015</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	(1,507,727)	(1,031,909)	(56,381)	-	-	(1,150,021)	-	(3,746,038)
Deposits and placements of banks and other financial institutions	(812,200)	(1,652,390)	(136,691)	(139,320)	(123,112)	(2,579)	-	(2,866,292)
Bills and acceptances payable	-	-	(162)	-	-	(587)	-	(749)
Other liabilities	(2,996)	(1,704)	(1,090)	(41)	(92)	(242,004)	-	(247,927)
Derivative financial liabilities	(5,940)	(9,672)	(19,726)	(23,741)	-	-	(258,055)	(317,134)
Total liabilities	<u>(2,328,863)</u>	<u>(2,695,675)</u>	<u>(214,050)</u>	<u>(163,102)</u>	<u>(123,204)</u>	<u>(1,395,191)</u>	<u>(258,055)</u>	<u>(7,178,140)</u>
On balance sheet interest rate gap	860,799	(1,973,433)	502,733	1,700,637	132,169	(487,568)	54,048	789,385
Off balance sheet interest rate gap	-	415,929	(7,000)	(189,322)	(219,607)	-	-	-
Total interest rate gap	<u>860,799</u>	<u>(1,557,504)</u>	<u>495,733</u>	<u>1,511,315</u>	<u>(87,438)</u>	<u>(487,568)</u>	<u>54,048</u>	<u>789,385</u>

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

Interest rate risk (continued)

	<b>30 June 2015</b>		<b>31 March 2015</b>	
	<b>MYR</b>	<b>USD</b>	<b>MYR</b>	<b>USD</b>
	%	%	%	%
<b>Financial assets</b>				
Cash and short-term funds	3.27	0.33	3.24	0.09
Deposits and placements with banks and other financial institutions	3.65	0.58	3.76	0.58
Loans, advances and financing	4.40	1.34	4.38	1.34
<b>Financial liabilities</b>				
Deposits from customers	3.56	0.30	3.55	0.16
Deposits and placements of banks and other financial institutions	-	0.29	-	0.27



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**24. Capital Adequacy**

The total capital and capital adequacy ratios of the Bank are computed based on the Standardised Approach in accordance with the Capital Adequacy Framework (Capital Components).

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

	<b>30 June 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b><u>Tier-1 capital</u></b>		
Paid-up ordinary share capital	1,575,000	700,000
Retained earnings	28,457	28,457
Statutory reserve	49,673	49,673
Available-for-sale reserve	(53)	(8)
	1,653,077	778,122
Less: Deferred tax assets	-	-
Common Equity Tier 1 (CET 1) and Tier-1 Capital	1,653,077	778,122
<b><u>Tier-2 capital</u></b>		
Collective allowance for impairment	21,114	16,751
Regulatory reserves	17,865	16,751
Tier-2 Capital	38,979	33,502
Total capital base	1,692,056	811,624
<b><u>Capital ratios</u></b>		
CET 1 and Tier 1 Capital Ratio	28.940%	15.341%
Total Capital Ratio	29.622%	16.001%

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**24. Capital Adequacy (Continued)**

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

	<b>30 June 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Credit risk	5,400,086	4,761,536
Market risk	130,331	128,594
Operational risk	181,672	182,109
Total risk-weighted assets	<u>5,712,089</u>	<u>5,072,239</u>

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**25. 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 2015 →			← 31 March 2015 →		
	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	132,628	66,314	54,833	131,972	65,986	54,505
Short-term self-liquidating trade-related contingencies	25,759	5,152	5,152	18,070	3,614	3,614
Foreign exchange related contracts:						
One year or less	3,265,510	179,493	68,980	3,666,400	134,979	67,634
Over one year to five years	4,613,990	658,273	297,501	4,401,367	620,932	271,771
Over five years	576,831	202,620	53,675	602,100	184,599	58,652
Interest/ profit rate related contracts						
One year or less	11,000	50	10	10,000	51	10
Over one year to five years	162,921	3,431	2,072	189,322	4,012	2,448
Over five years	223,740	18,221	10,912	219,607	17,888	11,445
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,807,568	903,784	903,784	1,195,547	597,774	566,710
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	153,073	30,615	29,241	287,123	57,425	57,425
<b>Total</b>	<b>10,973,020</b>	<b>2,067,953</b>	<b>1,426,160</b>	<b>10,721,508</b>	<b>1,687,260</b>	<b>1,094,214</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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**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 30 June 2015 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 January 2015.

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Yoshimi Gunji  
Chief Executive Officer

Date: 28 July 2015