

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**30 SEPTEMBER 2014**

# 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 SEPTEMBER 2014

	Note	30 September 2014 RM'000	31 March 2014 RM'000
<b>Assets</b>			
Cash and short-term funds		1,866,850	1,661,183
Deposits and placements with banks and other financial institutions		525,687	335,158
Investment securities available-for-sale	10	79,737	79,630
Loans, advances and financing	11	2,025,009	1,445,610
Derivative financial assets		124,258	113,078
Other assets		23,987	10,939
Statutory deposits with Bank Negara Malaysia		8,994	-
Plant and equipment		6,153	6,234
Tax recoverable		3,193	5,103
<b>Total assets</b>		<u>4,663,868</u>	<u>3,656,935</u>
<b>Liabilities</b>			
Deposits from customers	12	2,330,918	1,945,801
Deposits and placements of banks and other financial institutions	13	1,401,028	782,104
Bills and acceptances payable		242	1,071
Derivative financial liabilities		84,149	69,690
Other liabilities		72,734	91,478
Deferred tax liabilities		2,348	5,290
<b>Total liabilities</b>		<u>3,891,419</u>	<u>2,895,434</u>
<b>Equity</b>			
Share capital		700,000	700,000
Reserves		72,449	61,501
<b>Total equity attributable to equity holder of the Bank</b>		<u>772,449</u>	<u>761,501</u>
<b>Total liabilities and equity</b>		<u>4,663,868</u>	<u>3,656,935</u>
<b>Commitments and contingencies</b>	25	<u>7,276,608</u>	<u>6,653,123</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	Note	2nd Quarter Ended		Half Year Ended	
		30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Interest income	14	27,060	20,587	52,492	38,671
Interest expense	15	(12,234)	(8,654)	(24,525)	(16,207)
<b>Net interest income</b>		<u>14,826</u>	<u>11,933</u>	<u>27,967</u>	<u>22,464</u>
Other operating income	16	9,599	6,628	17,272	17,449
Net operating income		<u>24,425</u>	<u>18,561</u>	<u>45,239</u>	<u>39,913</u>
Other operating expenses	17	(12,549)	(11,925)	(25,870)	(23,917)
Operating profit		<u>11,876</u>	<u>6,636</u>	<u>19,369</u>	<u>15,996</u>
Allowance for impairment on loans, advances and financing	18	(2,902)	(517)	(4,378)	(307)
<b>Profit before taxation</b>		<u>8,974</u>	<u>6,119</u>	<u>14,991</u>	<u>15,689</u>
Tax expense		(2,423)	(1,592)	(4,104)	(4,034)
<b>Profit after taxation</b>		<u>6,551</u>	<u>4,527</u>	<u>10,887</u>	<u>11,655</u>
<b>Other comprehensive income for the period, net of income tax</b>					
Fair value changes of investment securities available-for-sale		31	(10)	61	42
<b>Total comprehensive income for the period</b>		<u>6,582</u>	<u>4,517</u>	<u>10,948</u>	<u>11,697</u>
Basic earnings per ordinary share (sen)		<u>0.94</u>	<u>0.65</u>	<u>1.56</u>	<u>1.67</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	<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 RM'000</b>	
<b>At 1 April 2014</b>	700,000	33,006	(47)	28,542	761,501
Profit for the period	-	-	-	10,887	10,887
Fair value changes of available-for-sale financial assets	-	-	61	-	61
<b>Total comprehensive income for the period</b>	-	-	61	10,887	10,948
<b>At 30 September 2014</b>	<u>700,000</u>	<u>33,006</u>	<u>14</u>	<u>39,429</u>	<u>772,449</u>
<b>At 1 April 2013</b>	700,000	19,256	(42)	14,792	734,006
Profit for the period	-	-	-	11,655	11,655
Fair value changes of available-for-sale financial assets	-	-	42	-	42
<b>Total comprehensive income for the period</b>	-	-	42	11,655	11,697
<b>At 30 September 2013</b>	<u>700,000</u>	<u>19,256</u>	<u>-</u>	<u>26,447</u>	<u>745,703</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit from ordinary activities before taxation	14,991	15,689
Adjustments for non-cash items	7,628	(4,567)
Operating profit before working capital changes	22,619	11,122
Changes in working capital:		
Net changes in operating assets	(796,348)	(204,569)
Net changes in operating liabilities	984,468	278,767
Net cash generated from operating activities	210,739	85,320
Tax paid	(5,161)	(7,090)
<b>Net cash generated from operating activities</b>	<b>205,578</b>	<b>78,230</b>
Net cash generated from investing activities	89	817
Net cash generated from financing activities	-	-
<b>Net increase in cash and cash equivalents during the financial period</b>	<b>205,667</b>	<b>79,047</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>1,661,183</b>	<b>1,095,919</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,866,850</b>	<b>1,174,966</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short-term funds	1,866,850	1,174,966

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the second quarter and financial half year ended 30 September 2014 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 2014. 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 2014.

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 2014, 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 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
- Amendments to MFRS 136, Impairment of Assets- Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

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

The adoption of the above 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 beginning on or after 1 July 2014

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

The Bank plans to apply the abovementioned Amendments to MFRSs from the annual period beginning on 1 April 2015.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

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

Effective for a date yet to be confirmed

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)
- MFRS 9, Financial Instruments- Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures

The initial application of the above MFRSs and Amendments to MFRSs 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

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liability and on hedge accounting.

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

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2014 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 second quarter and financial half year ended 30 September 2014.



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**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 second quarter and financial half year ended 30 September 2014.

**6. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the second quarter and financial half year ended 30 September 2014.

**7. Dividend**

No dividend was paid during the second quarter and financial half year ended 30 September 2014.

**8. Review of Performance**

The Bank recorded a profit before taxation of RM15.0 million for the financial half year ended 30 September 2014, a decrease of RM0.7 million or 4.5% compared against the corresponding period last year.

Net interest income increased by RM5.5 million or 24.4% to RM28.0 million contributed by strong loan growth. This was offset against a higher allowance for impairment on loans, advances and financing of RM4.1 million (1,366.7%) and higher operating expenses of RM2.0 million (8.4%) respectively.

Total assets at 30 September 2014 stood at RM4.7 billion, RM1.0 billion higher compared against 31 March 2014. Loans, advances and financing recorded an increase of RM579.4 million, followed by increases in cash and short-term funds of RM205.7 million, and deposits and placements with banks and other financial institutions of RM190.5 million.

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 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**9. Current Year Prospects**

Malaysia's GDP is expected to grow steadily at 5%-6% in year 2014 supported by moderate domestic demand and favorable economic outlook in the region. The Bank foresees the growth of Malaysian banking industry to remain stable for the coming few years. For the financial year ending 31 March 2015, the Bank will continue to offer basic commercial banking services such as loans, deposits, foreign exchange, derivatives and cash management services 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 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. The Bank will focus to meet customers' needs in Islamic Finance by developing a variety of Shariah compliant products.

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

	<b>30 September 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
<b>At fair value</b>		
Bank Negara Malaysia Bills	79,737	79,630

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FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**11. Loans, Advances and Financing**

	<b>30 September 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
<b>(a) By type:</b>		
At amortised cost:		
Term loans		
- Syndicated loans	296,239	317,446
- Bridging loans	2,814	2,808
- Factoring receivables	105,344	22,844
- Other term loans	555,780	401,732
Trade bills discounted	2,229	5,269
Revolving credits	1,077,906	706,436
Gross loans, advances and financing	<u>2,040,312</u>	<u>1,456,535</u>
Less: Impairment provision	<u>(15,303)</u>	<u>(10,925)</u>
Net loans, advances and financing	<u>2,025,009</u>	<u>1,445,610</u>
<b>(b) By type of customer:</b>		
Domestic non-bank financial institutions	231,075	139,682
Domestic business enterprises	1,447,442	1,109,776
Foreign entities	361,795	207,077
Gross loans, advances and financing	<u>2,040,312</u>	<u>1,456,535</u>
<b>(c) By geographical distribution:</b>		
Malaysia	1,841,454	1,249,458
Other countries	198,858	207,077
Gross loans, advances and financing	<u>2,040,312</u>	<u>1,456,535</u>
<b>(d) By interest rate sensitivity:</b>		
Fixed rate		
- Other fixed rate loans	38,177	53,945
Variable rate		
- Cost-plus	1,115,170	811,347
- Other variable rates	886,965	591,243
Gross loans, advances and financing	<u>2,040,312</u>	<u>1,456,535</u>

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FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

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

	<b>30 September 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
<b>(e) By sector:</b>		
Primary agriculture	25,433	25,407
Mining and quarrying	-	65,354
Manufacturing	877,455	620,761
Electricity, gas and water	126,808	127,266
Construction	32,520	7,743
Wholesale and retail trade, and restaurants and hotels	160,290	50,028
Transport, storage and communication	46,406	57,607
Finance, insurance, real estate and business services	409,605	478,109
Education, health and others	361,795	24,260
Gross loans, advances and financing	<u>2,040,312</u>	<u>1,456,535</u>
<b>(f) By economic purposes:</b>		
Purchase of residential property	28,494	28,502
Purchase of non-residential property - Commercial complexes	133,416	136,251
Purchase of fixed assets other than land and building	6,792	7,200
Construction	34,796	35,705
Working Capital	1,680,262	1,084,436
Other purpose	156,552	164,441
Gross loans, advances and financing	<u>2,040,312</u>	<u>1,456,535</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

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

	<b>30 September 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
<b>(g) By residual contractual maturity:</b>		
Maturing within one year	1,260,953	775,125
One year to three years	421,196	187,158
Three years to five years	192,834	251,606
More than five years	165,329	242,646
Gross loans, advances and financing	2,040,312	1,456,535
<b>(h) Movements in collective allowance for impairment on loans, advances and financing:</b>		
At beginning of the financial period	10,925	8,283
Allowance made during the financial period	4,378	2,642
At end of the financial period	15,303	10,925
 (As % of gross loans, advances and financing (net of individual allowance))	 0.75%	 0.75%

**12. Deposits from Customers**

	<b>30 September 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
<b>(a) By type of deposits:</b>		
Demand deposits	863,388	764,894
Fixed deposits	489,050	493,179
Short-term deposits	978,480	687,728
	2,330,918	1,945,801

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**12. Deposits from Customers (Continued)**

	<b>30 September 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
<b>(b) By type of customers:</b>		
Domestic non-bank financial institutions	88,344	82,171
Domestic business enterprises	2,078,579	1,705,372
Foreign non-bank entities	163,995	158,258
	<u>2,330,918</u>	<u>1,945,801</u>
<b>(c) Maturity structure of fixed deposits:</b>		
Due within six months	435,750	481,095
Six months to one year	53,300	12,084
	<u>489,050</u>	<u>493,179</u>

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

	<b>30 September 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
Foreign banks		
- Immediate holding company	1,455	1,268
- Other related companies	1,366,873	780,836
- Others	32,700	-
	<u>1,401,028</u>	<u>782,104</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**14. Interest Income**

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>
Loans, advances and financing				
- Interest income other than from impaired loans	13,734	8,692	25,205	16,009
Money at call and deposit placements with banks and other financial institutions	12,638	11,259	25,830	21,488
Investment securities available-for-sale	622	526	1,269	963
Others	66	110	188	211
	<u>27,060</u>	<u>20,587</u>	<u>52,492</u>	<u>38,671</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**15. Interest Expense**

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>
Deposits and placement of bank and other financial institutions	1,533	1,114	2,756	1,907
Deposits from customers	10,599	6,790	20,830	12,903
Investment securities available-for-sale	19	-	75	-
Others	83	750	864	1,397
	<u>12,234</u>	<u>8,654</u>	<u>24,525</u>	<u>16,207</u>

**16. Other Operating Income**

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>
Fee and commission income				
- Service charges/fees	20	17	30	38
- Guarantee fees	142	73	262	140
- Loan related fees	334	25	596	90
- Commitment fees	187	90	335	179
	<u>683</u>	<u>205</u>	<u>1,223</u>	<u>447</u>
Gain from derivative financial instruments	<u>1,419</u>	<u>1,711</u>	<u>3,931</u>	<u>3,649</u>



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

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

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>
Unrealised net loss on revaluation of derivatives	<u>(1,168)</u>	<u>(1,649)</u>	<u>(3,446)</u>	<u>(1,165)</u>
Foreign exchange net gain	<u>7,004</u>	<u>4,564</u>	<u>12,566</u>	<u>11,432</u>
Other income				
- Management fees	1,250	1,154	2,218	2,026
- Rental of fixed assets	152	350	308	693
- Miscellaneous income	<u>259</u>	<u>293</u>	<u>472</u>	<u>367</u>
	<u>1,661</u>	<u>1,797</u>	<u>2,998</u>	<u>3,086</u>
	<u>9,599</u>	<u>6,628</u>	<u>17,272</u>	<u>17,449</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

**17. Other Operating Expenses**

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2014 RM'000</b>	<b>30 September 2013 RM'000</b>
<b>Personnel costs</b>				
Salaries, allowance and bonuses	4,079	3,095	7,817	6,412
Employees' provident fund	556	508	828	781
Staff training expenses	134	114	208	180
Other personnel expenses	575	496	2,355	1,951
	<u>5,344</u>	<u>4,213</u>	<u>11,208</u>	<u>9,324</u>
<b>Establishment costs</b>				
Rental of premises	280	230	560	461
Depreciation	410	823	841	1,637
Repair and maintenance	71	36	136	56
Other establishment expenses	1,967	2,003	4,148	3,640
	<u>2,728</u>	<u>3,092</u>	<u>5,685</u>	<u>5,794</u>
<b>Marketing expenses</b>				
Advertisement and publicity	20	24	40	39
Other marketing expenses	27	15	51	22
	<u>47</u>	<u>39</u>	<u>91</u>	<u>61</u>

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

	2nd Quarter Ended		Half Year Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
<b>Administration and general expenses</b>				
Auditors' remuneration				
- Statutory audit	49	45	98	90
- Other services	25	25	50	50
Professional fees	174	96	288	133
Communication expenses	45	34	129	120
Management fees	3,239	3,834	6,583	7,252
License fees and stamp duties	27	27	55	55
Non-executive directors' fees and allowances	73	60	197	124
Other administration and general expenses	798	460	1,486	914
	<u>4,430</u>	<u>4,581</u>	<u>8,886</u>	<u>8,738</u>
	<u>12,549</u>	<u>11,925</u>	<u>25,870</u>	<u>23,917</u>

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

	<b>2nd Quarter Ended</b>		<b>Half Year Ended</b>	
	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
	<b>September</b>	<b>September</b>	<b>September</b>	<b>September</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Collective impairment allowance made	2,902	517	4,378	307

**19. Credit Exposures to Connected Parties**

The credit exposures of the Bank to connected parties, as defined by Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:-

	<b>30</b>	<b>31</b>
	<b>September</b>	<b>March</b>
	<b>2014</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Aggregate value of outstanding credit exposures to connected parties (RM'000)	76,455	65,105
As a percentage of total credit exposures	3.75%	5.68%

**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 second quarter and financial half year ended 30 September 2014.

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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 September 2014</b>								
<u>Assets</u>								
Cash and short-term funds	1,849,559	-	-	-	-	17,291	-	1,866,850
Deposits and placements with banks and other financial institutions	-	510,687	15,000	-	-	-	-	525,687
Investment securities available-for-sale	29,961	49,776	-	-	-	-	-	79,737
Loans, advances and financing	108,771	125,990	96,533	1,447,526	261,492	(15,303) ^	-	2,025,009
Other assets	18,694	356	-	-	-	4,698	-	23,748
Derivative assets	5,731	7,117	10,051	3,820	3,086	-	94,453	124,258
Statutory deposits with BNM	-	-	-	-	-	8,994	-	8,994
<b>Total assets</b>	<b>2,012,716</b>	<b>693,926</b>	<b>121,584</b>	<b>1,451,346</b>	<b>264,578</b>	<b>15,680</b>	<b>94,453</b>	<b>4,654,283</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 September 2014</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	(853,495)	(544,033)	(69,999)	-	-	(863,391)	-	(2,330,918)
Deposits and placements of banks and other financial institutions	(467,116)	(543,450)	(132,974)	(140,861)	(113,572)	(3,055)	-	(1,401,028)
Bills and acceptances payable	-	-	(242)	-	-	-	-	(242)
Other liabilities	(61,659)	(782)	(571)	(41)	(69)	(9,612)	-	(72,734)
Derivative liabilities	-	-	-	-	-	-	(84,149)	(84,149)
<b>Total liabilities</b>	<b>(1,382,270)</b>	<b>(1,088,265)</b>	<b>(203,786)</b>	<b>(140,902)</b>	<b>(113,641)</b>	<b>(876,058)</b>	<b>(84,149)</b>	<b>(3,889,071)</b>
On balance sheet interest rate gap	630,446	(394,339)	(82,202)	1,310,444	150,937	(860,378)	10,304	765,212
Off balance sheet interest rate gap	-	425,003	(3,000)	(220,407)	(201,596)	-	-	-
<b>Total interest rate gap</b>	<b>630,446</b>	<b>30,664</b>	<b>(85,202)</b>	<b>1,090,037</b>	<b>(50,659)</b>	<b>(860,378)</b>	<b>10,304</b>	<b>765,212</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 2014</b>								
<b><u>Assets</u></b>								
Cash and short-term funds	1,652,159	-	-	-	-	9,024	-	1,661,183
Deposits and placements with banks and other financial institutions	-	335,158	-	-	-	-	-	335,158
Investment securities available- for-sale	29,929	49,701	-	-	-	-	-	79,630
Loans, advances and financing	655	1,375	220,498	890,619	343,388	(10,925) ^	-	1,445,610
Other assets	8,246	782	-	-	-	1,127	-	10,155
Derivative assets	1,951	2,704	10,752	3,148	3,833	-	90,690	113,078
<b>Total assets</b>	<b>1,692,940</b>	<b>389,720</b>	<b>231,250</b>	<b>893,767</b>	<b>347,221</b>	<b>(774)</b>	<b>90,690</b>	<b>3,644,814</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 2014</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	(991,867)	(114,305)	(74,734)	-	-	(764,895)	-	(1,945,801)
Deposits and placements of banks and other financial institutions	(163,326)	(230,692)	(135,832)	(132,088)	(118,309)	(1,857)	-	(782,104)
Bills and acceptances payable	-	-	(23)	-	-	-	-	(23)
Other liabilities	(2,030)	(456)	(1,012)	(40)	(76)	(87,446)	-	(91,060)
Derivative liabilities	-	-	-	-	-	-	(69,690)	(69,690)
<b>Total liabilities</b>	<b>(1,157,223)</b>	<b>(345,453)</b>	<b>(211,601)</b>	<b>(132,128)</b>	<b>(118,385)</b>	<b>(854,198)</b>	<b>(69,690)</b>	<b>(2,888,678)</b>
On balance sheet interest rate gap	535,717	44,267	19,649	761,639	228,836	(854,972)	21,000	756,136
Off balance sheet interest rate gap	(2,000)	456,060	(20,510)	(224,492)	(209,058)	-	-	-
<b>Total interest rate gap</b>	<b>533,717</b>	<b>500,327</b>	<b>(861)</b>	<b>537,147</b>	<b>19,778</b>	<b>(854,972)</b>	<b>21,000</b>	<b>756,136</b>



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

Interest rate risk (continued)

	<b>30 September 2014</b>		<b>31 March 2014</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	3.28	0.45	3.39	0.28
Deposits and placements with banks and other financial institutions	3.74	0.32	2.50	-
Loans, advances and financing	4.36	1.23	4.20	1.36
<b>Financial liabilities</b>				
Deposits from customers	3.42	0.22	3.13	0.21
Deposits and placements of banks and other financial institutions	-	0.27	-	0.29

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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 September 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
<b><u>Tier-1 capital</u></b>		
Paid-up ordinary share capital	700,000	700,000
Retained earnings	28,542	28,542
Statutory reserve	33,006	33,006
Available-for-sale reserve	6	(47)
Common Equity Tier 1 (CET 1) and Tier-1 Capital	<u>761,554</u>	<u>761,501</u>
<b><u>Tier-2 capital</u></b>		
Collective allowance for impairment	15,303	10,925
Tier-2 Capital	<u>15,303</u>	<u>10,925</u>
Total capital base	<u><u>776,857</u></u>	<u><u>772,426</u></u>
<b><u>Capital ratios</u></b>		
CET 1 and Tier 1 Capital Ratio	21.722%	28.327%
Total Capital Ratio	22.158%	28.733%

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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 September 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
Credit risk	3,255,722	2,454,115
Market risk	88,752	88,707
Operational risk	161,485	145,444
Total risk-weighted assets	<u>3,505,959</u>	<u>2,688,266</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 September 2014 →			← 31 March 2014 →		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted assets RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted assets RM'000
Transaction related contingent items	122,238	61,119	49,638	104,852	52,426	40,945
Short-term self-liquidating trade-related contingencies	11,891	2,378	2,378	433	87	87
Foreign exchange related contracts:						
One year or less	2,430,498	71,106	33,831	2,111,271	49,032	34,248
Over one year to five years	2,548,941	308,585	98,556	2,637,290	316,394	102,453
Over five years	378,688	105,603	30,994	273,537	83,054	26,732
Interest/ profit rate related contracts						
One year or less	14,606	56	11	25,510	65	13
Over one year to five years	208,801	5,194	2,990	224,492	7,169	4,237
Over five years	201,597	17,198	9,187	209,058	20,557	10,801
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	921,532	460,766	432,421	528,161	264,080	264,080
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	437,816	87,563	87,563	538,519	107,704	101,304
<b>Total</b>	<b>7,276,608</b>	<b>1,119,568</b>	<b>747,569</b>	<b>6,653,123</b>	<b>900,568</b>	<b>584,900</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 September 2014 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: 28 October 2014