

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

31 DECEMBER 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 31 DECEMBER 2013

	Note	31 December 2013 RM'000	31 March 2013 RM'000
Assets			
Cash and short-term funds		1,302,301	1,095,919
Deposits and placements with banks and other financial institutions		511,106	250,000
Investment securities available-for-sale	10	64,688	64,656
Loans, advances and financing	11	1,371,824	1,095,987
Derivative financial assets		59,906	63,274
Other assets		12,367	7,872
Plant and equipment		6,800	9,056
Deferred tax assets		3,010	1,882
Total assets		3,332,002	2,588,646
Liabilities			
Deposits from customers	12	1,617,616	1,281,746
Deposits and placements of banks and other financial institutions	13	834,942	528,355
Bills and acceptances payable		606	2,684
Derivative financial liabilities		19,755	22,210
Other liabilities		106,844	14,937
Tax payable		323	4,708
Total liabilities		2,580,086	1,854,640
Equity			
Share capital		700,000	700,000
Reserves		51,916	34,006
Total equity attributable to equity holder of the Bank		751,916	734,006
Total liabilities and equity		3,332,002	2,588,646
Commitments and contingencies	24	5,529,162	4,302,976

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2013 RM'000	31 December 2012 RM'000 Restated	31 December 2013 RM'000	31 December 2012 RM'000 Restated
Interest income	14	20,755	16,406	59,426	39,423
Interest expense	15	(8,571)	(6,084)	(24,778)	(16,515)
Net interest income		<u>12,184</u>	<u>10,322</u>	<u>34,648</u>	<u>22,908</u>
Other operating income	16	8,550	11,454	25,999	52,438
Net operating income		<u>20,734</u>	<u>21,776</u>	<u>60,647</u>	<u>75,346</u>
Other operating expenses	17	(11,118)	(9,697)	(35,035)	(30,360)
Operating profit		<u>9,616</u>	<u>12,079</u>	<u>25,612</u>	<u>44,986</u>
Allowance for impairment on loans, advances and financing	18	(1,777)	(371)	(2,084)	(5,220)
Profit before taxation		<u>7,839</u>	<u>11,708</u>	<u>23,528</u>	<u>39,766</u>
Tax expense		(1,515)	(1,155)	(5,549)	(9,525)
Profit after taxation		<u>6,324</u>	<u>10,553</u>	<u>17,979</u>	<u>30,241</u>
Other comprehensive income for the period, net of income tax					
Fair value changes of investment securities available-for-sale		(111)	(39)	(69)	(8)
Total comprehensive income for the period		<u>6,213</u>	<u>10,514</u>	<u>17,910</u>	<u>30,233</u>
Basic earnings per ordinary share (sen)		<u>0.90</u>	<u>1.51</u>	<u>2.57</u>	<u>4.32</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013**

	<i>← Non-distributable reserves →</i>			<i>Distributable reserves</i>	Total RM'000
	Share capital RM'000	Statutory reserve RM'000	Available- for-sale reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	
At 1 April 2013	700,000	19,256	(42)	14,792	734,006
Profit for the period	-	-	-	17,979	17,979
Fair value changes of available-for-sale financial assets	-	-	(69)	-	(69)
Total comprehensive income for the period	-	-	(69)	17,979	17,910
At 31 December 2013	<u>700,000</u>	<u>19,256</u>	<u>(111)</u>	<u>32,771</u>	<u>751,916</u>
At 1 April 2012	350,000	3,170	(5)	(1,293)	351,872
Issuance of shares	350,000	-	-	-	350,000
Profit for the period	-	-	-	30,241	30,241
Fair value changes of available-for-sale financial assets	-	-	(8)	-	(8)
Total comprehensive income for the period	-	-	(8)	30,241	30,233
At 31 December 2012	<u>700,000</u>	<u>3,170</u>	<u>(13)</u>	<u>28,948</u>	<u>732,105</u>

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

	31 December 2013 RM'000	31 December 2012 RM'000 Restated
Cash flows from operating activities		
Profit from ordinary activities before taxation	23,528	39,766
Adjustments for non-cash items	3,860	(25,621)
Operating profit before working capital changes	27,388	14,145
Changes in working capital:		
Net changes in operating assets	(543,522)	(1,055,217)
Net changes in operating liabilities	732,286	936,911
Net cash generated from/ (used in) operating activities	216,152	(104,161)
Tax paid	(11,039)	(1,266)
Net cash generated from/ (used in) operating activities	205,113	(105,427)
Net cash generated from/ (used in) investing activities	1,269	(44,303)
Net cash generated from financing activities	-	350,000
Net increase in cash and cash equivalents during the financial period	206,382	200,270
Cash and cash equivalents at beginning of the financial period	1,095,919	741,953
Cash and cash equivalents at end of the financial period	1,302,301	942,223
Cash and cash equivalents comprise:		
Cash and short-term funds	1,302,301	942,223

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

1. Basis of Preparation

The unaudited condensed interim financial statements for the third quarter and nine months ended 31 December 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 31 DECEMBER 2013**

1. Basis of Preparation (Continued)

- Amendments to MFRS 10, Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11, Joint Arrangements: Transition Guidance
- Amendments to MFRS 12, 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)

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

1. Basis of Preparation (Continued)

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

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)
- 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.

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

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 third quarter and nine months ended 31 December 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 third quarter and nine months ended 31 December 2013.

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the third quarter and nine months ended 31 December 2013.

7. Dividend

No dividend was paid during the third quarter and nine months ended 31 December 2013.

8. Review of Performance

The Bank recorded profit before taxation of RM23.5 million for the nine months ended 31 December 2013, a decrease of RM16.3 million or 41.0% compared against the corresponding period last year. The decline in profits was mainly contributed by a decrease in net operating income of RM14.7 million or 19.5% to RM60.6 million, followed by a rise in other operating expenses of RM4.6 million or 15.1% to RM35.0 million, mitigated by lower collective impairment on loans, advances and financing of RM3.1 million (59.6%).

The drop in net operating income was mainly on lower gain from derivative financial instruments (-RM29.6 million or 88.1%), partly mitigated by higher net interest income (+RM11.7 million or 51.1%) and foreign exchange gain (+RM1.4 million or 9.2%).

Total assets at 31 December 2013 stood at RM3,332.0 million, RM743.4 million higher compared against 31 March 2013. Loans, advances and financing recorded an increase of RM275.8 million, followed by increases in deposits and placements with banks and other financial institutions of RM261.1 million, and cash and short term funds of RM206.4 million.

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

9. Current Year Prospects

Malaysia's GDP is expected to grow steadily at 4.5%-5.0% 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

	31 December 2013 RM'000	31 March 2013 RM'000
At fair value		
Bank Negara Malaysia Bills	64,688	54,714
Malaysian Government Treasury Bills	-	9,942
	64,688	64,656

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

11. Loans, Advances and Financing

	31 December 2013 RM'000	31 March 2013 RM'000
(a) By type:		
At amortised cost:		
Syndicated term loans	335,980	290,607
Other term loans	492,689	360,515
Trade bills discounted	3,846	2,859
Revolving credits	535,020	450,289
Factoring receivables	14,656	-
Gross loans, advances and financing	1,382,191	1,104,270
Less: Allowance for impairment		
- Collective allowance for impairment	(10,367)	(8,283)
Net loans, advances and financing	1,371,824	1,095,987
(b) By type of customer:		
Domestic non-bank financial institutions	215,937	253,838
Domestic business enterprises	952,868	639,853
Foreign entities	213,386	210,579
Gross loans, advances and financing	1,382,191	1,104,270
(c) By geographical distribution:		
Malaysia	1,168,805	893,691
Other countries	213,386	210,579
Gross loans, advances and financing	1,382,191	1,104,270
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	61,758	73,146
Variable rate		
- Cost-plus	636,226	539,600
- Other variable rates	684,207	491,524
Gross loans, advances and financing	1,382,191	1,104,270

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013**

11. Loans, Advances and Financing (Continued)

	31 December 2013 RM'000	31 March 2013 RM'000
(e) By sector:		
Primary agriculture	9,717	-
Mining and quarrying	65,578	-
Manufacturing	559,138	412,579
Electricity, gas and water	127,487	77,631
Construction	10,478	1,050
Wholesale and retail trade, and restaurants and hotels	52,875	60,508
Transport, storage and communication	69,554	80,028
Finance, insurance, real estate and business services	462,832	472,474
Education, health and others	24,532	-
Gross loans, advances and financing	<u>1,382,191</u>	<u>1,104,270</u>
(f) By economic purposes:		
Working Capital	956,330	861,588
Purchase of non-residential property		
- Commercial complexes	136,852	117,720
- Purchase of fixed assets other than land and building	7,432	7,597
Purchase of residential property	28,508	-
Construction	17,710	9,536
Other purpose	235,359	107,829
Gross loans, advances and financing	<u>1,382,191</u>	<u>1,104,270</u>
(g) By residual contractual maturity:		
Maturing within one year	589,562	427,128
One year to three years	208,007	106,608
Three years to five years	349,708	379,140
More than five years	234,914	191,394
Gross loans, advances and financing	<u>1,382,191</u>	<u>1,104,270</u>

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013**

11. Loans, Advances and Financing (Continued)

	31 December 2013 RM'000	31 March 2013 RM'000
(h) Movements in collective allowance for impairment on loans, advances and financing:		
At beginning of the financial period	8,283	2,770
Allowance made during the financial period	2,084	5,513
At end of the financial period	10,367	8,283
 (As % of gross loans, advances and financing (net of individual allowance))	0.75%	0.75%

12. Deposits from Customers

	31 December 2013 RM'000	31 March 2013 RM'000
(a) By type of deposits:		
Demand deposits	509,287	453,839
Fixed deposits	490,304	322,685
Short-term deposits	618,025	505,222
	1,617,616	1,281,746
(b) By type of customers:		
Domestic non-bank financial institutions	72,799	62,737
Domestic business enterprises	1,540,125	1,209,422
Foreign non-bank entities	4,692	9,587
	1,617,616	1,281,746

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

12. Deposits from Customers (Continued)

	31 December 2013 RM'000	31 March 2013 RM'000
(c) Maturity structure of fixed deposits:		
Due within six months	445,404	316,119
Six months to one year	44,900	6,566
	490,304	322,685

13. Deposits and Placements of Banks and Other Financial Institutions

	31 December 2013 RM'000	31 March 2013 RM'000
Licensed Malaysian banks	30,000	80,000
Foreign banks	804,942	448,355
	834,942	528,355

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

14. Interest Income

	3rd Quarter Ended		Nine Months Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Loans, advances and financing				
- Interest income other than from impaired loans	9,775	7,374	25,784	16,043
Money at call and deposit placements with banks and other financial institutions	10,223	8,443	31,711	22,275
Accretion of discount on debt securities held	637	589	1,600	1,105
Others	120	-	331	-
	<u>20,755</u>	<u>16,406</u>	<u>59,426</u>	<u>39,423</u>

15. Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Deposits and placement of bank and other financial institutions	982	755	2,889	1,745
Deposits from customers	6,396	5,321	19,299	14,712
Others	1,193	8	2,590	58
	<u>8,571</u>	<u>6,084</u>	<u>24,778</u>	<u>16,515</u>

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

16. Other Operating Income

	3rd Quarter Ended		Nine Months Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Fee and commission income				
- Service charges/fees	14	23	52	40
- Guarantee fees	92	32	232	47
- Loan related fees	144	107	234	1,023
- Commitment fees	108	78	287	78
	<u>358</u>	<u>240</u>	<u>805</u>	<u>1,188</u>
Gain from derivative financial instruments	<u>1,983</u>	<u>1,859</u>	<u>5,632</u>	<u>3,338</u>
Unrealised net gain/(loss) on revaluation of derivatives	<u>(473)</u>	<u>1,779</u>	<u>(1,638)</u>	<u>30,229</u>
Foreign exchange net gain	<u>5,151</u>	<u>6,381</u>	<u>16,583</u>	<u>15,179</u>
Other income				
- Management fees	984	774	3,010	1,270
- Rental of fixed assets	353	372	1,046	1,108
- Miscellaneous income	194	49	561	126
	<u>1,531</u>	<u>1,195</u>	<u>4,617</u>	<u>2,504</u>
	<u><u>8,550</u></u>	<u><u>11,454</u></u>	<u><u>25,999</u></u>	<u><u>52,438</u></u>

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

17. Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Personnel costs				
Salaries, allowances and bonuses	3,808	2,789	10,220	8,266
Employees' provident fund	241	203	1,022	662
Staff training expenses	85	204	265	412
Staff welfare expenses	25	14	45	25
Other personnel expenses	437	575	2,368	2,384
	<u>4,596</u>	<u>3,785</u>	<u>13,920</u>	<u>11,749</u>
Establishment costs				
Rental of premises	247	231	708	692
Depreciation	826	770	2,463	2,307
Repair and maintenance	29	20	85	55
Other establishment expenses	1,588	1,138	5,228	3,930
	<u>2,690</u>	<u>2,159</u>	<u>8,484</u>	<u>6,984</u>
Marketing expenses				
Advertisement and publicity	70	66	109	96
Other marketing expenses	19	23	41	64
	<u>89</u>	<u>89</u>	<u>150</u>	<u>160</u>

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

17. Other Operating Expenses (Continued)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2013 RM'000	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Administration and general expenses				
Auditors' remuneration				
- Statutory audit	45	45	135	135
- Other services	25	9	75	28
Professional fees	77	19	210	111
Communication expenses	35	43	155	177
Management fees	2,973	3,079	10,225	9,184
License fees and stamp duties	28	27	83	82
Non-executive directors' fees and allowances	56	54	180	165
Other administration and general expenses	504	388	1,418	1,585
	<u>3,743</u>	<u>3,664</u>	<u>12,481</u>	<u>11,467</u>
	<u>11,118</u>	<u>9,697</u>	<u>35,035</u>	<u>30,360</u>

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

18. Allowance for Impairment on Loans, Advances and Financing

	3rd Quarter Ended		Nine Months Ended	
	31	31	31	31
	December	December	December	December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance made	1,777	371	2,084	5,220

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 third quarter and nine months ended 31 December 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			
31 December 2013								
<u>Assets</u>								
Cash and short-term funds	1,292,396	-	-	-	-	9,905	-	1,302,301
Deposits and placements with banks and other financial institutions	-	511,106	-	-	-	-	-	511,106
Investment securities available-for-sale	29,932	34,756	-	-	-	-	-	64,688
Loans, advances and financing	1,608	2,726	167,089	897,910	312,858	(10,367) ^	-	1,371,824
Other assets	5,458	1,611	-	-	-	4,507	-	11,576
Derivative financial assets	9,429	4,908	4,670	3,608	4,241	-	33,050	59,906
Total assets	1,338,823	555,107	171,759	901,518	317,099	4,045	33,050	3,321,401

^ 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		
31 December 2013								
<u>Liabilities</u>								
Deposits from customers	(813,183)	(226,346)	(68,800)	-	-	(509,287)	-	(1,617,616)
Deposits and placements of banks and other financial institutions	(143,561)	(333,202)	-	(235,754)	(119,224)	(3,201)	-	(834,942)
Other liabilities	(403)	(954)	(750)	(49)	(204)	(104,480)	-	(106,840)
Derivative financial liabilities	-	-	-	-	-	-	(19,755)	(19,755)
Total liabilities	<u>(957,147)</u>	<u>(560,502)</u>	<u>(69,550)</u>	<u>(235,803)</u>	<u>(119,428)</u>	<u>(616,968)</u>	<u>(19,755)</u>	<u>(2,579,153)</u>
On balance sheet interest rate gap	381,676	(5,395)	102,209	665,715	197,671	(612,923)	13,295	742,248
Off balance sheet interest rate gap	(5,500)	463,217	(17,500)	(230,448)	(209,769)	-	-	-
Total interest rate gap	<u>376,176</u>	<u>457,822</u>	<u>84,709</u>	<u>435,267</u>	<u>(12,098)</u>	<u>(612,923)</u>	<u>13,295</u>	<u>742,248</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		
31 March 2013								
<u>Assets</u>								
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
Total assets	1,098,605	308,685	15,795	676,159	425,418	8,719	44,138	2,577,519

^ 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		
31 March 2013								
<u>Liabilities</u>								
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)

	31 December 2013		31 March 2013	
	MYR	USD	MYR	USD
	%	%	%	%
Financial assets				
Cash and short-term funds	3.08	0.50	3.08	0.14
Deposits and placements with banks and other financial institutions	3.23	0.80	3.19	-
Loans, advances and financing	4.16	1.36	4.04	1.51
Financial liabilities				
Deposits from customers	3.03	0.23	3.02	0.18
Deposits and placements of banks and other financial institutions	2.98	0.20	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:

	31 December 2013 RM'000	31 March 2013 RM'000
<u>Tier 1 Capital</u>		
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	(111)	(42)
	733,937	734,006
Less: Deferred tax assets	(1,882)	(1,882)
Common Equity Tier 1 (CET 1) and Tier-1 Capital	732,055	732,124
<u>Tier 2 Capital</u>		
Collective allowance for impairment	10,367	8,283
Tier 2 Capital	10,367	8,283
Total capital	742,422	740,407
<u>Capital ratios</u>		
CET 1 and Tier 1 Capital Ratio	31,583%	42.925% *
Total Capital Ratio	32.030%	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 :

	31 December 2013 RM'000	31 March 2013 RM'000
Credit risk	2,122,775	1,496,638
Market risk	67,508	74,439
Operational risk	127,592	134,531
Total risk-weighted assets	<u>2,317,875</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:

	← 31 December 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	89,807	44,904	31,816	87,084	43,542	30,546
Short-term self-liquidating trade-related contingencies	753	151	151	929	186	186
Foreign exchange related contracts:						
One year or less	1,729,310	49,304	29,965	1,886,538	43,716	26,535
Over one year to five years	2,136,590	262,694	97,848	1,506,424	185,273	67,612
Over five years	147,657	57,974	18,864	71,930	36,247	9,672
Interest/ profit rate related contracts						
One year or less	28,000	55	11	22,000	70	14
Over one year to five years	230,448	7,306	4,377	174,673	7,048	4,973
Over five years	209,769	21,022	10,917	197,763	20,816	16,348
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	453,895	226,947	226,947	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	502,933	100,587	94,187	304,449	60,890	60,890
Total	5,529,162	770,944	515,083	4,302,976	423,381	242,369

* *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:

Statement of Changes in Equity 1 April 2012			As previously stated RM'000	
	As restated RM'000		RM'000	
Statutory Reserve	3,170		2,132	
Accumulated losses	(1,293)		(2,332)	
	3rd Quarter Ended		Nine Months Ended	
	31 December 2012	31 December 2012	31 December 2012	31 December 2012
Statement of Profit or Loss and Other Comprehensive Income	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Allowance for impairment on loans, advances and financing	(371)	(742)	(5,220)	(10,440)
Tax expense	(1,155)	(1,063)	(9,525)	(8,220)
Statement of Cash Flows 31 December 2012			As previously stated RM'000	
	As restated RM'000		RM'000	
Adjustments for non-cash items	(25,621)		(41,281)	
Net changes in operating assets	(1,055,217)		(1,034,337)	

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MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 31 December 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

24 January 2014