

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

31 DECEMBER 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 31 DECEMBER 2015

		31 December 2015 RM'000	31 March 2015 RM'000
Assets			
Cash and short-term funds		3,781,545	4,038,925
Deposits and placements with banks and other financial institutions		578,740	637,033
Investment securities available-for-sale	10	225,434	129,654
Loans, advances and financing	11	5,402,392	2,774,951
Derivative financial assets		933,221	380,250
Other assets		17,583	7,315
Plant and equipment		18,663	20,253
Tax recoverable		10,485	7,685
Total assets		<u>10,968,063</u>	<u>7,996,066</u>
Liabilities			
Deposits from customers	12	4,929,967	3,746,038
Deposits and placements of banks and other financial institutions	13	2,836,239	2,866,292
Bills and acceptances payable		335	749
Derivative financial liabilities		829,970	317,134
Other liabilities		633,661	257,947
Deferred tax liabilities		19,706	13,033
Total liabilities		<u>9,249,878</u>	<u>7,201,193</u>
Equity			
Share capital		1,575,000	700,000
Reserves		79,826	66,416
Retained earnings		63,359	28,457
Total equity attributable to equity holder of the Bank		<u>1,718,185</u>	<u>794,873</u>
Total liabilities and equity		<u>10,968,063</u>	<u>7,996,066</u>
Commitments and contingencies	24	<u>16,812,701</u>	<u>10,721,508</u>

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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 2015**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Interest income	14	64,170	36,249	173,380	88,741
Interest expense	15	(33,564)	(19,308)	(92,226)	(43,833)
Net interest income		<u>30,606</u>	<u>16,941</u>	<u>81,154</u>	<u>44,908</u>
Other operating income	16	20,539	12,837	51,201	30,109
Net operating income		<u>51,145</u>	<u>29,778</u>	<u>132,355</u>	<u>75,017</u>
Other operating expenses	17	(19,966)	(11,943)	(51,201)	(37,813)
Operating profit		<u>31,179</u>	<u>17,835</u>	<u>81,154</u>	<u>37,204</u>
Allowance for impairment on loans, advances and financing	18	(7,660)	(1,376)	(18,595)	(5,754)
Profit before taxation		<u>23,519</u>	<u>16,459</u>	<u>62,559</u>	<u>31,450</u>
Tax expense		(5,051)	(4,031)	(14,500)	(8,135)
Profit after taxation		<u>18,468</u>	<u>12,428</u>	<u>48,059</u>	<u>23,315</u>
Other comprehensive income for the period, net of income tax					
Fair value changes of investment securities available-for-sale		233	(48)	253	13
Total comprehensive income for the period		<u>18,701</u>	<u>12,380</u>	<u>48,312</u>	<u>23,328</u>
Basic earnings per ordinary share (sen)		<u>1.17</u>	<u>1.78</u>	<u>3.74</u>	<u>3.33</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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
At 1 April 2015	700,000	49,673	16,751	(8)	28,457	794,873
Issuance of shares	875,000	-	-	-	-	875,000
Profit for the period	-	-	-	-	48,059	48,059
Fair value changes of available-for-sale financial assets	-	-	-	253	-	253
Total comprehensive income for the period	-	-	-	253	48,059	48,312
Transfer to regulatory reserve	-	-	13,157	-	(13,157)	-
At 31 December 2015	<u>1,575,000</u>	<u>49,673</u>	<u>29,908</u>	<u>245</u>	<u>63,359</u>	<u>1,718,185</u>
At 1 April 2014	700,000	33,006	-	(47)	28,542	761,501
Profit for the period	-	-	-	-	23,315	23,315
Fair value changes of available-for-sale financial assets	-	-	-	13	-	13
Total comprehensive income for the period	-	-	-	13	23,315	23,328
At 31 December 2014	<u>700,000</u>	<u>33,006</u>	<u>-</u>	<u>(34)</u>	<u>51,857</u>	<u>784,829</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	31 December 2015 RM'000	31 December 2014 RM'000
Cash flows from operating activities		
Profit from ordinary activities before taxation	62,559	31,450
Adjustments for non-cash items	(18,972)	(3,401)
Operating profit before working capital changes	43,587	28,049
Changes in working capital:		
Net changes in operating assets	(2,598,011)	(1,468,532)
Net changes in operating liabilities	1,529,176	2,981,955
Net cash (used in)/ generated from operating activities	(1,025,248)	1,541,472
Tax paid	(10,703)	(6,881)
Net cash (used in)/ generated from operating activities	(1,035,951)	1,534,591
Net cash used in investing activities	(96,429)	(50,149)
Net cash generated from financing activities	875,000	-
Net (decrease)/ increase in cash and cash equivalents during the financial period	(257,380)	1,484,442
Cash and cash equivalents at beginning of the financial period	4,038,925	1,661,183
Cash and cash equivalents at end of the financial period	3,781,545	3,145,625
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	18,495	18,166
Money at call and deposit placements maturing within one month	3,763,050	3,127,459
	3,781,545	3,145,625

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

1. Basis of Preparation

The unaudited condensed interim financial statements for the third quarter and nine months ended 31 December 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 31 DECEMBER 2015**

1. Basis of Preparation (Continued)

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

The following accounting standards, amendments and interpretations have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by 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 31 DECEMBER 2015**

1. Basis of Preparation (Continued)

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

The initial application of the abovementioned standards, amendments or interpretations 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. 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 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 third quarter and nine months ended 31 December 2015.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 third quarter and nine months ended 31 December 2015.

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 2015.

7. Dividend

No dividend was paid during the third quarter and nine months ended 31 December 2015.

8. Review of Performance

The Bank recorded a profit before taxation of RM62.6 million for the nine months ended 31 December 2015, an increase of RM31.1 million or 98.7% compared to the corresponding period last year. The higher profit was due to higher net operating income of RM57.4 million, mitigated by higher operating expenses of RM13.4 million and allowance for impairment on loans, advances and financing of RM12.8 million.

The higher net operating income was primarily due to higher net interest income of RM36.3 million, gain from derivative financial instruments of RM13.1 million and foreign exchange gain of RM6.6 million.

Total assets at 31 December 2015 stood at RM10.9 billion, RM3.0 billion or 37.9% higher compared against 31 March 2015 with recorded growth in loans, advances and financing of RM2.6 billion.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

9. Current Year Prospects (Continued)

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.

10. Investments Securities Available-for-Sale

	31 December 2015 RM'000	31 March 2015 RM'000
At fair value		
Bank Negara Malaysia Bills	-	89,663
Malaysian Government Treasury Bills	225,434	39,991
	225,434	129,654

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

11. Loans, Advances and Financing

	31 December 2015 RM'000	31 March 2015 RM'000
(a) By type:		
At amortised cost:		
Overdrafts	37,260	-
Term loans		
- Syndicated loans	601,758	500,267
- Bridging loans	16,066	9,826
- Factoring receivables	35,466	45,986
- Other term loans	2,634,826	820,196
Trade bills discounted	47,765	-
Revolving credits	2,064,597	1,415,427
Gross loans, advances and financing	<u>5,437,738</u>	<u>2,791,702</u>
Less: Impairment provision	(35,346)	(16,751)
Net loans, advances and financing	<u>5,402,392</u>	<u>2,774,951</u>
(b) By type of customer:		
Domestic non-bank financial institutions	1,910,960	683,241
Domestic business enterprises	3,270,886	1,744,412
Foreign entities	255,892	364,049
Gross loans, advances and financing	<u>5,437,738</u>	<u>2,791,702</u>
(c) By geographical distribution:		
Malaysia	5,181,846	2,427,653
Other countries	255,892	364,049
Gross loans, advances and financing	<u>5,437,738</u>	<u>2,791,702</u>
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	284,262	143,254
Variable rate		
- Cost-plus	1,847,247	1,031,204
- Other variable rates	3,306,229	1,617,244
Gross loans, advances and financing	<u>5,437,738</u>	<u>2,791,702</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

11. Loans, Advances and Financing (Continued)

	31 December 2015 RM'000	31 March 2015 RM'000
(e) By sector:		
Primary agriculture	78,381	28,805
Mining and quarrying	257,790	325,946
Manufacturing	1,374,652	724,565
Electricity, gas and water	127,616	127,311
Construction	43,231	32,839
Wholesale and retail trade, and restaurants and hotels	661,719	177,140
Transport, storage and communication	114,666	96,646
Finance, insurance, and business services	2,422,577	1,102,352
Real estate	124,305	156,020
Education, health and others	232,801	20,078
Gross loans, advances and financing	<u>5,437,738</u>	<u>2,791,702</u>
(f) By economic purposes:		
Purchase of residential property	28,215	28,446
Purchase of non-residential property - Commercial complexes	174,966	137,081
Purchase of fixed assets other than land and building	198,628	193,700
Construction	170,905	44,127
Working Capital	3,498,655	2,229,561
Other purpose	1,366,369	158,787
Gross loans, advances and financing	<u>5,437,738</u>	<u>2,791,702</u>

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

11. Loans, Advances and Financing (Continued)

	31 December 2015 RM'000	31 March 2015 RM'000
(g) By residual contractual maturity:		
Maturing within one year	2,345,510	1,704,595
One year to three years	1,177,175	622,584
Three years to five years	1,743,149	295,813
More than five years	171,904	168,710
Gross loans, advances and financing	<u>5,437,738</u>	<u>2,791,702</u>
(h) Movements in collective allowance for impairment on loans, advances and financing:		
At beginning of the financial period	16,751	10,925
Allowance made during the financial period	18,595	5,826
At end of the financial period	<u>35,346</u>	<u>16,751</u>
 (As % of gross loans, advances and financing (net of individual allowance))	 <u>0.65%</u>	 <u>0.60%</u>

12. Deposits from Customers

	31 December 2015 RM'000	31 March 2015 RM'000
(a) By type of deposits:		
Demand deposits	1,064,564	1,150,021
Fixed deposits	1,701,056	587,797
Short-term deposits	2,164,347	2,008,220
	<u>4,929,967</u>	<u>3,746,038</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

12. Deposits from Customers (Continued)

	31 December 2015 RM'000	31 March 2015 RM'000
(b) By type of customers:		
Domestic non-bank financial institutions	87,871	89,206
Domestic business enterprises	4,024,800	3,589,006
Foreign banks	720,363	-
Foreign non-bank entities	96,933	67,826
	4,929,967	3,746,038
(c) Maturity structure of fixed deposits:		
Due within six months	915,393	576,688
Six months to one year	65,300	11,109
One year to three years	151,923	-
Three years to five years	568,440	-
	1,701,056	587,797

13. Deposits and Placements of Banks and Other Financial Institutions

	31 December 2015 RM'000	31 March 2015 RM'000
Foreign banks		
- Immediate holding company	1,563	1,466
- Other related corporations	2,834,676	2,864,826
	2,836,239	2,866,292

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

14. Interest Income

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Loans, advances and financing				
- Interest income other than from impaired loans	26,679	15,545	69,332	40,750
Money at call and deposit placements with banks and other financial institutions	35,484	19,563	98,342	45,393
Investment securities available-for-sale	1,911	1,036	5,462	2,305
Others	96	105	244	293
	<u>64,170</u>	<u>36,249</u>	<u>173,380</u>	<u>88,741</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

15. Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Deposits and placement of bank and other financial institutions	7,625	2,935	17,438	5,691
Deposits from customers	25,771	15,938	74,225	36,768
Investment securities available-for-sale	63	-	300	75
Others	105	435	263	1,299
	<u>33,564</u>	<u>19,308</u>	<u>92,226</u>	<u>43,833</u>

16. Other Operating Income

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Fee and commission income				
- Service charges/fees	18	14	44	44
- Guarantee fees	(190)	130	51	392
- Loan related fees	1,151	196	1,478	792
- Commitment fees	397	246	1,075	581
	<u>1,376</u>	<u>586</u>	<u>2,648</u>	<u>1,809</u>
Gain from derivative financial instruments	<u>2,071</u>	<u>1,847</u>	<u>6,634</u>	<u>5,778</u>

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Unrealised net gain/ (loss) on revaluation of derivatives	2,537	(587)	8,126	(4,033)
Foreign exchange net gain	11,646	9,405	28,629	21,971
Other income				
- Management fees	1,933	1,028	2,586	3,246
- Rental of fixed assets	505	158	1,468	466
- Miscellaneous income	471	400	1,110	872
	<u>2,909</u>	<u>1,586</u>	<u>5,164</u>	<u>4,584</u>
	<u>20,539</u>	<u>12,837</u>	<u>51,201</u>	<u>30,109</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

17. Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Personnel costs				
Salaries, allowance and bonuses	5,916	4,032	15,846	11,849
Employees' provident fund	644	318	1,576	1,146
Staff training expenses	146	97	319	305
Other personnel expenses	733	570	3,550	2,925
	<u>7,439</u>	<u>5,017</u>	<u>21,291</u>	<u>16,225</u>
Establishment costs				
Rental of premises	446	280	1,341	840
Depreciation	1,073	413	3,151	1,254
Repair and maintenance	135	92	360	228
Other establishment expenses	4,264	1,630	9,899	5,778
	<u>5,918</u>	<u>2,415</u>	<u>14,751</u>	<u>8,100</u>
Marketing expenses				
Advertisement and publicity	89	86	121	126
Other marketing expenses	35	29	91	80
	<u>124</u>	<u>115</u>	<u>212</u>	<u>206</u>

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Administration and general expenses				
Auditors' remuneration				
- Statutory audit	53	48	161	146
- Other services	25	25	75	75
Professional fees	(9)	273	211	561
Communication expenses	57	44	190	173
Management fees	3,597	3,209	10,613	9,792
License fees and stamp duties	52	28	120	83
Non-executive directors' fees and allowances	90	69	286	266
Other administration and general expenses	2,620	700	3,291	2,186
	<u>6,485</u>	<u>4,396</u>	<u>14,947</u>	<u>13,282</u>
	<u>19,966</u>	<u>11,943</u>	<u>51,201</u>	<u>37,813</u>

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18. Allowance for Impairment on Loans, Advances and Financing

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Collective impairment allowance made	7,660	1,376	18,595	5,754

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 2015.

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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 →						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 2015								
<u>Assets</u>								
Cash and short-term funds	3,764,251	-	-	-	-	17,294	-	3,781,545
Deposits and placements with banks and other financial institutions	-	348,740	230,000	-	-	-	-	578,740
Investment securities available-for-sale	-	165,334	60,100	-	-	-	-	225,434
Loans, advances and financing	1,688,149	494,605	166,582	2,917,234	171,168	(35,346) ^	-	5,402,392
Other assets	6,374	3,076	1,078	-	-	6,650	-	17,178
Derivative assets	49,140	15,630	35,983	97,605	2,650	-	732,213	933,221
Statutory deposits with BNM	-	-	-	-	-	-	-	-
Total assets	5,507,914	1,027,385	493,743	3,014,839	173,818	(11,402)	732,213	10,938,510

^ 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 2015								
<u>Liabilities</u>								
Deposits from customers	(1,693,255)	(1,348,986)	(102,809)	(720,362)	-	(1,064,555)	-	(4,929,967)
Deposits and placements of banks and other financial institutions	(1,536,383)	(1,041,604)	(45,628)	(87,589)	(122,195)	(2,840)	-	(2,836,239)
Bills and acceptances payable	-	-	(335)	-	-	-	-	(335)
Other liabilities	(604,031)	(483)	(6)	(21)	(295)	(28,825)	-	(633,661)
Derivative liabilities	-	-	-	-	-	-	(829,970)	(829,970)
Total liabilities	(3,833,669)	(2,391,073)	(148,778)	(807,972)	(122,490)	(1,096,220)	(829,970)	(9,230,172)
On balance sheet interest rate gap	1,674,245	(1,363,688)	344,965	2,206,867	51,328	(1,107,622)	(97,757)	1,708,338
Off balance sheet interest rate gap	-	769,932	(35,609)	(489,932)	(244,391)	-	-	-
Total interest rate gap	1,674,245	(593,756)	309,356	1,716,935	(193,063)	(1,107,622)	(97,757)	1,708,338

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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 2015								
<u>Assets</u>								
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
Total assets	3,189,662	722,242	716,783	1,863,739	255,373	907,623	312,103	7,967,525

^ 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 2015								
<u>Liabilities</u>								
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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22. Use of Financial Instruments (Continued)

Interest rate risk (continued)

	31 December 2015		31 March 2015	
	MYR	USD	MYR	USD
	%	%	%	%
Financial assets				
Cash and short-term funds	3.23	0.53	3.24	0.09
Deposits and placements with banks and other financial institutions	3.90	0.76	3.76	0.58
Loans, advances and financing	4.30	1.45	4.38	1.34
Financial liabilities				
Deposits from customers	3.73	0.46	3.55	0.16
Deposits and placements of banks and other financial institutions	-	0.46	-	0.27

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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23. 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:

	31 December 2015 RM'000	31 March 2015 RM'000
<u>Tier-1 capital</u>		
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	110	(8)
Common Equity Tier 1 (CET 1) and Tier-1 Capital	1,653,240	778,122
<u>Tier-2 capital</u>		
Collective allowance for impairment	35,346	16,751
Regulatory reserves	29,908	16,751
Tier-2 Capital	65,254	33,502
 Total capital base	 1,718,494	 811,624
<u>Capital ratios</u>		
CET 1 and Tier 1 Capital Ratio	19.006%	15.341%
Total Capital Ratio	19.756%	16.001%

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23. Capital Adequacy (Continued)

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

	30 December 2015 RM'000	31 March 2015 RM'000
Credit risk	8,293,018	4,761,536
Market risk	187,775	128,594
Operational risk	217,740	182,109
Total risk-weighted assets	<u>8,698,533</u>	<u>5,072,239</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 2015 →			← 31 March 2015 →		
	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	165,240	82,620	71,139	131,972	65,986	54,505
Short-term self-liquidating trade-related contingencies	31,562	6,312	6,312	18,070	3,614	3,614
Foreign exchange related contracts:						
One year or less	4,732,112	290,476	176,657	3,666,400	134,979	67,634
Over one year to five years	7,108,642	1,246,113	704,620	4,401,367	620,932	271,771
Over five years	912,657	339,323	161,144	602,100	184,599	58,652
Interest/ profit rate related contracts						
One year or less	38,609	199	141	10,000	51	10
Over one year to five years	489,932	17,126	12,819	189,322	4,012	2,448
Over five years	244,391	17,314	13,293	219,607	17,888	11,445
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,085,285	1,042,642	1,042,213	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	1,004,271	200,854	185,559	287,123	57,425	57,425
Total	16,812,701	3,242,979	2,373,897	10,721,508	1,687,260	1,094,214

* 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 31 December 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 January 2016